SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 21, 2007

ADHEREX TECHNOLOGIES INC.

(Exact name of registrant as specified in its charter)

Canada	**001-32295**	**20-0442384**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer ID Number)**

4620 Creekstone Drive, Suite 200, Durham, North Carolina	**27703**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code 919-484-8484

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 3.02. Unregistered Sales of Equity Securities.

As discussed in Item 8.01, on February 21, 2007, Adherex issued a total of 75,759,000 units at a purchase price of US$0.33 to investors in Canada, the United States, Bermuda and Europe. Each unit consists of one share of Adherex common stock and one-half of a warrant to purchase shares of Adherex common stock, resulting in the issuance of 75,759,000 shares of common stock and warrants to purchase an aggregate of 37,879,500 shares. Each whole warrant entitles the holder to purchase one share of common stock at a purchase price of US$0.40 at any time within three years from the closing.

Adherex is a Canadian company. The units were sold pursuant to a registered offering in three provinces in Canada. The units were distributed in the United States pursuant to the exemption from registration provided by Rule 506 of Regulation D.

In the offering, Adherex raised gross proceeds of US$25 million. Adherex paid the underwriter in the offering an aggregate commission of US$1,500,000, equal to 6% of the gross proceeds. Adherex also issued to the underwriter warrants to purchase, within two years after the closing of the offering, an aggregate of 4,545,540 units at a per unit purchase price of US$0.33. Each unit will be the same as those sold in the offering, consisting of one share of common stock and one-half of a warrant to purchase shares of common stock. The common shares underlying the warrants, including the underwriter warrants, were qualified under the Canadian registration used in the offering.

Item 5.01. Changes in Control of Registrant.

As a result of units purchased in the offering discussed in Items 3.02 and 8.01, the following three entities beneficially own the following amounts and percentages of Adherex common stock:

- Southpoint Capital Advisors LP, New York, New York, now beneficially owns 41,504,000 shares of Adherex common stock, representing 42% of our current issued and outstanding common shares.
- Lawrence Asset Management Inc., Toronto, Ontario, Canada, now owns or exercises control over 15,151,515 shares of common stock, representing approximately 17% of our current issued and outstanding common shares.
- OrbiMed Advisors LLC, New York, New York, now owns or exercises control over 8,829,117 common shares, representing approximately 10% of our current issued and outstanding common shares.

The percentages above assume the exercise of all warrants issued to each entity, but no other outstanding warrants or options. To our knowledge, all of these entities used cash on hand to purchase the units. We have no arrangements or understandings with any of these three entities and their associates with respect to the election of directors or other matters.

Item 8.01. Other Events.

On February 21, 2007, Adherex announced that it had completed the previously announced public offering of units for US$25 million in gross proceeds pursuant to a short form prospectus filed with the securities regulatory authorities in each of the provinces of British Columbia, Alberta and Ontario. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Prior to February 21, 2007, Adherex had been a “foreign private issuer,” as defined under the Securities Exchange Act of 1934. As a result of the offering, Adherex has determined that more than 50% of its outstanding shares of common stock are directly or indirectly owned by residents of the United States. Consequently, Adherex is no longer a “foreign private issuer” and is subject to all of the reporting requirements of the Exchange Act applicable to a U.S. domestic issuer.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description of Document
1.1	Underwriting Agreement dated January 19, 2007 between Adherex Technologies Inc. and Versant Partners Inc.
4.43	Form of Common Stock Warrant dated February 21, 2007
4.44	Form of Underwriter’s Warrant dated February 21, 2007
4.45	Warrant Indenture dated February 21, 2006 between Adherex Technologies Inc. and Computershare Trust Company of Canada
99.1	Press Release dated February 21, 2007

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ADHEREX TECHNOLOGIES INC.

Date: February 22, 2007

/s/ D. Scott Murray
D. Scott Murray
Vice President, General Counsel & Secretary

UNDERWRITING AND AGENCY AGREEMENT

January 19, 2007

Adherex Technologies Inc.
4620 Creekstone Drive, Suite 200
Durham, NC 27703

Attention: William P. Peters, Chief Executive Officer & Chairman

Dear Sirs:

The undersigned, Versant Partners Inc. (the "**Underwriter**") understands that Adherex Technologies Inc. (the "**Corporation**") proposes to, subject to the terms and conditions stated herein, issue and sell to the Underwriter 30,304,000 units (the "**Underwritten Units**") for sale to the public. Each unit (a "**Unit**") will consist of one common share of the Corporation and one-half of a common share purchase warrant of the Corporation (the "**Warrants**"). Each full Warrant will entitle the holder thereof to purchase one additional common share of the Corporation for a purchase price of US$0.40 for a period of three years from closing of the offering of the Underwritten Units. On the basis of the representations, warranties, covenants and agreements contained herein, but subject to the terms and conditions herein set forth, the Corporation agrees to issue and sell to the Underwriter and the Underwriter hereby agrees to purchase from the Corporation the Underwritten Units at a purchase price of US$0.33 per Underwritten Unit for gross proceeds of US$10,000,320.00.

To the extent that substituted purchasers purchase any Underwritten Units at the Initial Closing Date (as hereinafter defined), the obligations of the Underwriter to do so will be reduced by the number of Underwritten Units purchased from the Corporation by such substituted purchasers. Any reference in this Agreement to "the purchasers" shall be taken to be a reference to the Underwriter, as the initial committed purchasers, and to the substituted purchasers, if any.

The Underwriter also agrees to solicit offers to purchase on a best efforts agency basis, up to an additional 45,455,000 Units (the "**Agency Units**" which, together with the Underwritten Units, are hereinafter defined as the "**Units**") at the purchase price of US$0.33 per Agency Unit for additional gross proceeds of up to US $15,000,150.00. The Underwriter, by notice in writing to the Corporation delivered by the Underwriter (the "**Underwriter's Notice**"), at any time and from time to time at least until 24 hours prior to the anticipated closing of such purchase will indicate to the Company the number of Agency Units to be purchased and the anticipated date of closing of such purchase which shall be no earlier than the Initial Closing Date and shall be prior to April 30, 2007.

As compensation to the Underwriter for its commitments hereunder and in consideration of the services rendered and to be rendered by the Underwriter in connection therewith, including but not limited to, acting as financial advisor to the Corporation, assisting in the preparation of the Preliminary Prospectus and the Prospectus and related documentation and fulfilling its obligations as Underwriter in connection with the distribution of the Units, the Corporation shall pay to the Underwriter an amount of per Unit representing 6 % of the gross proceeds of the Units sold at each applicable Closing Date.

In addition, the Corporation will issue to the Underwriter at each applicable Closing Date, non-transferable warrants (the "**Underwriter's Warrants**") to purchase that number of Units equal in number to 6 % of the total number of Units sold at such Closing Date. Each Underwriter's Warrant shall entitle the Underwriter to purchase, at any time within two years from the Initial Closing Date, one Unit,

identical to the Units being sold hereunder, at the price per Unit of this offering. The Warrants comprising part of the Units underlying the Underwriter's Warrant shall have a term of three years commencing on the Initial Closing Date.

The parties acknowledge further that the Units have not been and will not be registered under the U.S. Securities Act (as hereinafter defined) and may not be offered or sold in the United States (as hereinafter defined) except pursuant to exemptions from the registration requirements of the U.S. Securities Act and the applicable laws of any state of the United States. Accordingly, the Corporation and the Underwriter agree that any offers or sales in the United States shall be conducted only in the manner specified in Schedule "A" hereof. All actions to be undertaken by the Underwriter in the United States in connection with the matters contemplated herein shall comply with Regulations D and S under the U.S. Securities Act and be undertaken through one or more of the Underwriter's duly registered broker-dealer affiliates in the United States.

The Underwriter shall be entitled to appoint a soliciting dealer group consisting of other registered dealers acceptable to the Corporation for the purposes of arranging for purchasers of the Units.

The following are the schedules attached to this Agreement, which schedules are deemed to be a part hereof and are hereby incorporated by reference herein:

Schedule "A" – United States Offers and Sales

Schedule "B" – List of Options, Warrants and Convertible Securities

DEFINITIONS

In this Agreement, in addition to the terms defined above or elsewhere in this Agreement, the following terms shall have the following meanings:

"Agreement" means the agreement resulting from the acceptance by the Corporation of the offer made hereby;

"AMEX" means the American Stock Exchange;

"Business Day" means a day which is not a Saturday, Sunday or statutory or civic holiday in the City of Ottawa, Canada;

"Canadian Securities Regulators" means the applicable securities commission or securities regulatory authority in each of the Qualifying Jurisdictions;

"Claim" shall have the meaning ascribed thereto in subparagraph 15(b);

"Closing" means the completion of the issue and sale by the Corporation of Units pursuant to this Agreement;

"Closing Date" means the Initial Closing Date or any Subsequent Closing Date as the case may be;

"Closing Time" means 8:00 a.m. (Ottawa time) on the applicable Closing Date or such other time on the Closing Date as the Corporation and the Underwriter may agree;

"Common Shares" means the common shares of the Corporation which the Corporation is authorized to issue as constituted on the date hereof;

"Corporation's Auditors" means such firm of chartered accountants as the Corporation may have appointed or may from time to time appoint as auditors of the Corporation;

"Documents Incorporated by Reference" means all financial statements, management information circulars, annual information forms, material change reports or other documents issued or filed by the Corporation, whether before or after the date of this Agreement, that are required to be incorporated by reference into the Prospectus;

"Eligible Issuer" means an issuer which meets the criteria and has complied with the requirements of NI 44-101 so as to allow it to offer its securities using a short form prospectus;

"FDA" means the United States Food and Drug Administration;

"Final Prospectus" means the (final) short form prospectus including all of the Documents Incorporated By Reference, to be prepared by the Corporation and relating to the distribution of the Underwritten Units and for which an Mutual Reliance Review System decision document has been issued by the Ontario Securities Commission on its own behalf and on behalf of each of the other Canadian Securities Regulators;

"Financial Statements" means the financial statements of the Corporation included in the Documents Incorporated by Reference, including the notes to such statements and the related auditors' report on such statements, if any;

"Indemnified Party" has the meaning ascribed thereto in subparagraph 15(b);

"Initial Closing Date" means February 20, 2007 or such other date as the Corporation and the Underwriter may agree in writing, but not later than March 6, 2007;

"Material Adverse Effect" when used in connection with an entity means any change, event, violation, inaccuracy, circumstance or effect that is materially adverse to the business, assets (including intangible assets), capitalization, financial condition or results of operations of such entity and its parent (if applicable) or subsidiaries taken as a whole, whether or not arising in the ordinary course of business of such entity;

"Material Agreement" has the meaning ascribed thereto in clause 7(a)(xxi)(B)(3) of this Agreement;

"MI 11-101" means Multilateral Instrument 11-101 – *Principal Regulator System* adopted by certain members of the Canadian Securities Regulators and its related memorandum of understanding;

"misrepresentation", **"material fact", "material change"**, **"affiliate", "associate"**, and **"distribution"** shall have the respective meanings ascribed thereto in the *Securities Act* (Ontario);

"Mutual Reliance Procedures" means the mutual reliance review system procedures provided for under NP 43-201 and MI 11-101;

"NI 44-101" means National Instrument 44-101 – *Short Form Prospectus Distributions*;

"NP 43-201" means National Policy 43-201 – *Mutual Reliance Review System for Prospectuses and Annual Information Forms* adopted by the Canadian Securities Regulators and its related memorandum of understanding;

"Offering" means the issuance and sale of the Units pursuant to this Agreement;

"Offering Documents" has the meaning ascribed thereto in subparagraph 5(a)(iii);

"Person" shall be broadly interpreted and shall include any individual, corporation, partnership, limited liability company, joint venture, association, trust or other legal entity;

"Preliminary Prospectus" means the short form preliminary prospectus to be dated on or about the date hereof prepared by the Corporation relating to the distribution of the Units, including all of the Documents Incorporated By Reference;

"Prospectus" means, collectively, the Preliminary Prospectus and the Final Prospectus;

"Qualifying Jurisdictions" means, collectively, British Columbia, Alberta, Manitoba and Ontario;

"Securities Laws" means, unless the context otherwise requires, all applicable securities laws in each of the Qualifying Jurisdictions and the United States and the respective regulations made thereunder, together with applicable published fee schedules, prescribed forms, policy statements, orders, blanket rulings and other regulatory instruments of the securities regulatory authorities in such jurisdictions;

"Securities Regulators" means, collectively, the TSX, AMEX, and the securities commissions or other securities regulatory authorities in the Qualifying Jurisdictions and the United States, as the case may be;

"Selling Firm" has the meaning ascribed thereto in paragraph 3(a);

"Standard Listing Conditions" has the meaning ascribed thereto in subparagraph 4(a)(v);

"Subsequent Closing" has the meaning given to it in subparagraph 8(b);

"Subsequent Closing Date" means such date or dates after the Initial Closing Date as may be agreed upon between the Corporation and the Underwriter for any Subsequent Closing but in any event shall be not later than April 30, 2007;

"subsidiary" shall have the meaning ascribed thereto in the *Business Corporations Act* (Alberta);

"Subsidiaries" means Oxiquant, Inc and Adherex, Inc., both Delaware corporations and Cadherin Biomedical Inc., a Canadian corporation;

"Supplementary Material" means, collectively, any amendment to the Final Prospectus, any amendment or supplemental prospectus or ancillary materials that may be filed by or on behalf of the Corporation under the Securities Laws in the Qualifying Jurisdictions relating to the distribution of the Units thereunder;

"Transfer Agent" means the registrar and transfer agent of the Corporation, namely, Computershare Investor Services Inc.;

"TSX" means the Toronto Stock Exchange;

"Underwriter's Personnel" shall have the meaning ascribed thereto in subparagraph 15(a);

"United States" means the United States of America as defined in Regulation S under the U.S. Securities Act;

"U.S. Affiliate" means a duly registered U.S. broker-dealer affiliate of the Underwriter;

"U.S. Memorandum" has the meaning ascribed thereto in paragraph 4(a)(iv); and

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

TERMS AND CONDITIONS

1. **Compliance With Securities Laws.** The Corporation covenants and agrees with the Underwriter that the Corporation will as soon as possible and in any event no later than 11:00 p.m. (Toronto time) on January 19, 2007 prepare and file the Preliminary Prospectus and obtain pursuant to the Mutual Reliance Procedures an MRRS decision document evidencing the issuance by the Canadian Securities Regulators of receipts for the Preliminary Prospectus and other related documents in respect of the proposed distribution of the Units. The Corporation will as soon as possible and in any event no later than 5:00 p.m. (Toronto time), January 29, 2007 or such other date as the Corporation and the Underwriters may agree, file the Final Prospectus and obtain pursuant to the Mutual Reliance Procedures an MRRS decision document evidencing the issuance by the Canadian Securities Regulators of receipts for the Final Prospectus in accordance with NP 43-201 and other related documents in respect of the proposed distribution of the Units.

2. **Due Diligence.** Prior to the filing of the Preliminary Prospectus and the Final Prospectus, the Corporation shall have permitted the Underwriter to review each of the Preliminary Prospectus and the Final Prospectus and shall allow the Underwriter to conduct any due diligence investigations it reasonably requires in order to fulfill its obligations as an underwriter under the Securities Laws of the Qualifying Jurisdictions and in order to enable it to responsibly execute the certificate in the Preliminary Prospectus and the Final Prospectus required to be executed by it.

3. **Distribution and Certain Obligations of the Underwriter.**

(a) The Underwriter shall, and shall require any investment dealer or broker (other than the Underwriter) with which the Underwriter has a contractual relationship in respect of the distribution of the Units (each, a "**Selling Firm**") to agree to, comply with the Securities Laws in connection with the distribution of the Units and shall offer the Units for sale to the public directly and through Selling Firms upon the terms and conditions set out in the Final Prospectus and this Agreement. The Underwriter shall, and shall require any Selling Firm to, offer for sale to the public and sell the Units only in those jurisdictions where they may be lawfully offered for sale and sold. The Underwriter shall: (i) use all reasonable efforts to complete and cause each Selling Firm to complete the distribution of the Units as soon as reasonably practicable; and (ii) promptly notify the Corporation when, in their opinion, the Underwriter and the Selling Firms have ceased distribution of the Units and provide a breakdown of the number of Units distributed in each of the Qualifying Jurisdictions where such breakdown is required for the purpose of calculating fees payable to the Securities Regulators.

(b) The Underwriter shall, and shall require any Selling Firm to agree to, distribute the Units in a manner that complies with and observes all applicable laws and regulations in each jurisdiction into and from which they may offer to sell the Units or distribute the Prospectus or any Supplementary Material in connection with the distribution of the Units and will not, directly or indirectly, offer, sell or deliver any Units or deliver the Prospectus or any Supplementary Material to any person in any jurisdiction other than in the Qualifying Jurisdictions except in a manner that will not require the Corporation to comply with the registration, prospectus, filing, continuous disclosure or other similar requirements under the Securities Laws of such other jurisdictions or pay any additional governmental filing fees which relate to such other jurisdictions. Subject to the foregoing, the Underwriter and any Selling Firm shall be entitled to offer and sell the Units:

(i) in the United States, solely pursuant to an applicable exemption or exemptions from the registration requirements of the U.S. Securities Act and applicable state Securities Laws. Any offer or sale of the Units in the United States will be made in accordance with Schedule "A" which forms part of this Agreement; and

(ii) in such other jurisdictions in accordance with any applicable securities and other laws in such jurisdictions in which the Underwriter and/or Selling Firms offer the Units provided that the Corporation is not required to file a prospectus or other disclosure document or become subject to continuing obligations in such other jurisdictions,

in each case in accordance with the provisions of this Agreement.

(c) For the purposes of this paragraph 3, the Underwriter shall be entitled to assume that the Units are qualified for distribution in any Qualifying Jurisdiction where a receipt or similar document for the Final Prospectus shall have been obtained from the applicable Securities Regulators (including a decision document for the Final Prospectus issued under the Mutual Reliance Procedures) following the filing of the Final Prospectus unless otherwise notified in writing.

(d) The Corporation and the Underwriter agree that Schedule "A" to this Agreement is incorporated by reference in and shall form part of this Agreement.

4. **Deliveries on Filing and Related Matters.**

(a) The Corporation shall deliver to the Underwriter:

(i) at the applicable Closing Time, a copy of the Preliminary Prospectus and the Final Prospectus in the English language signed and certified by the Corporation as required by the Securities Laws in the Qualifying Jurisdictions;

(ii) at the applicable Closing Time, a copy of any Supplementary Material required to be filed by the Corporation in compliance with Securities Laws in the Qualifying Jurisdictions;

(iii) concurrently with the filing of the Final Prospectus with the Canadian Securities Regulators, a "long form" comfort letter dated the date of the Final Prospectus, in form and substance satisfactory to the Underwriter, acting reasonably, addressed to the Underwriter and the directors of the Corporation from the Corporation's Auditors with respect to financial and accounting information relating to the Corporation contained in the Final Prospectus, which letter shall be based on a review by the Corporation's Auditors within a cut-off date of not more than two Business Days prior to the date of the letter, which letter shall be in addition to any auditors' consent letter or comfort letter addressed to the Canadian Securities Regulators;

(iv) as soon as practicable after the Preliminary Prospectus, the Final Prospectus and any Supplementary Material are prepared, the U.S. memorandum incorporating the Preliminary Prospectus, the Final Prospectus or any Supplementary Material, as the case may be, prepared for use in connection with the offering for sale of the Units in the United States (the "**U.S. Memorandum**"), and, forthwith after preparation, any amendment to the U.S. Memorandum; and

(v) prior to the filing of the Final Prospectus with the Canadian Securities Regulators, copies of correspondence indicating that the application for the listing and posting for trading on the TSX and AMEX of the Common Shares issuable hereunder has been approved for listing subject only to satisfaction by the Corporation of customary post-closing conditions imposed by AMEX and the TSX (the "**Standard Listing Conditions**").

(b) The Corporation shall also prepare and deliver promptly to the Underwriter signed copies of all Supplementary Material.

(c) Delivery of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material by the Corporation shall constitute the representation and warranty of the Corporation to the Underwriter that, as at their respective dates of filing:

(i) all information and statements (except information and statements relating solely to the Underwriter and provided by the Underwriter) contained in the Preliminary Prospectus or the Final Prospectus or any Supplementary Material, as the case may be, are true and correct, in all material respects, and contain no misrepresentation and constitute full, true and plain disclosure of all material facts relating to the Corporation and the Units;

(ii) no material fact or information has been omitted therefrom (except facts or information relating solely to the Underwriter and provided by the Underwriter) which is required to be stated in such disclosure or is necessary to make the statements or information contained in such disclosure not misleading in light of the circumstances under which they were made; and

(iii) except with respect to any information relating solely to the Underwriter and provided by the Underwriter, such documents comply in all material respects with the requirements of the Securities Laws in the Qualifying Jurisdictions.

Such deliveries shall also constitute the Corporation's consent to the Underwriter's use of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material in connection with the distribution of the Units in the Qualifying Jurisdictions in compliance with this Agreement and the Securities Laws unless otherwise advised in writing.

(d) The Corporation shall:

(i) cause commercial copies of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material to be delivered to the Underwriter without charge, in such numbers and in such cities in the Qualifying Jurisdictions as the Underwriter may reasonably request by oral instructions to the Corporation's financial printer of the Preliminary Prospectus and the Final Prospectus given forthwith after the Underwriter has been advised that the Corporation has complied with the Securities Laws in the Qualifying Jurisdictions. Such delivery shall be effected as soon as possible and, in any event, on or before a date which is two Business Day after compliance with Securities Laws in the Qualifying Jurisdictions with respect to the Preliminary Prospectus and the Final Prospectus, and on or before a date which is two Business Days after the Canadian Securities Regulators issue receipts or accept for filing, as the case may be, any Supplementary Material; and

(ii) cause to be delivered to the Underwriter, as soon as practicable after preparation thereof, without charge, in such numbers and at such locations as the Underwriter may reasonably request, commercial copies of the U.S. Memorandum and any amendments thereto.

(e) During the period commencing on the date hereof and until completion of the distribution of the Units, the Corporation will promptly provide to the Underwriter drafts of any press releases of the Corporation for review by the Underwriter and the Underwriter's counsel prior to issuance.

5. **Material Changes.**

(a) During the period prior to the Underwriter notifying the Corporation of the completion of the distribution of the Units, the Corporation shall promptly inform the Underwriter (and if requested by the Underwriter, confirm such notification in writing) of the full particulars of:

(i) any material change (actual, anticipated, contemplated, threatened, financial or otherwise) in the assets, liabilities (contingent or otherwise), business, affairs, operations or capital of the Corporation and its Subsidiaries taken as a whole;

(ii) any material fact which has arisen or has been discovered and would have been required to have been stated in the Preliminary Prospectus or the Final Prospectus had the fact arisen or been discovered on, or prior to, the date of such documents; and

(iii) any change in any material fact contained in the Preliminary Prospectus, the Final Prospectus or any Supplementary Material (collectively, the "**Offering**

Documents") or whether any event or state of facts has occurred after the date hereof, which, in any case, is, or may be, of such a nature as to render any of the Offering Documents untrue or misleading in any material respect or to result in any misrepresentation in any of the Offering Documents, or which would result in the Final Prospectus or any Supplementary Material not complying (to the extent that such compliance is required) with Securities Laws in the Qualifying Jurisdictions.

(b) The Corporation will comply with Section 57 of the *Securities Act* (Ontario) and with the comparable provisions of the other Securities Laws, and the Corporation will prepare and file promptly any Supplementary Material which may be necessary and will otherwise comply with all legal requirements necessary to continue to qualify the Units for distribution in each of the Qualifying Jurisdictions.

(c) In addition to the provisions of subparagraphs 5(a) and 5(b) hereof, the Corporation shall in good faith discuss with the Underwriter any change, event or fact contemplated in subparagraphs 5(a) and 5(b) that is of such a nature that there is or could be reasonable doubt as to whether notice should be given to the Underwriter under subparagraph 5(a) hereof and shall consult with the Underwriter with respect to the form and content of any amendment or other Supplementary Material proposed to be filed by the Corporation, it being understood and agreed that no such amendment or other Supplementary Material shall be filed with any Securities Regulator prior to the review thereof by the Underwriter and its counsel, acting promptly and reasonably.

(d) If during the period of distribution of the Units there shall be any change in Securities Laws which, in the opinion of the Underwriter, acting reasonably, requires the filing of any Supplementary Material, upon written notice from the Underwriter, the Corporation shall, to the satisfaction of the Underwriter, acting reasonably, promptly prepare and file any such Supplementary Material with the appropriate Securities Regulators where such filing is required.

6. **Covenants of the Corporation.** The Corporation hereby covenants to the Underwriter that the Corporation:

(a) will advise the Underwriter, promptly after receiving notice thereof, of the time when the Preliminary Prospectus, the Final Prospectus and any Supplementary Material has been filed and receipts therefor have been obtained pursuant to the Mutual Reliance Procedures and will provide evidence reasonably satisfactory to the Underwriter of each such filing and copies of such receipts;

(b) will advise the Underwriter, promptly after receiving notice or obtaining knowledge thereof, of:

(i) the issuance by any Securities Regulators of any order suspending or preventing the use of the Preliminary Prospectus, the Final Prospectus or any Supplementary Material;

(ii) the institution, threatening or contemplation of any proceeding for any such purposes;

(iii) any order, ruling, or determination having the effect of suspending the sale or ceasing the trading in any securities of the Corporation (including the Units) has been issued by any Securities Regulator or the institution, threatening or contemplation of any proceeding for any such purposes; or

(iv) any requests made by any Securities Regulators for amending or supplementing the Preliminary Prospectus or the Final Prospectus or for additional information, and will use its commercially reasonable efforts to prevent the issuance of any order referred to in (i) above and, if any such order is issued, to obtain the withdrawal thereof as quickly as possible;

(c) except to the extent the Corporation participates in a merger or business combination transaction which is in the best interest of the Corporation and following which the Corporation is not a "reporting issuer", will use its reasonable best efforts to maintain its status as a "reporting issuer" (or the equivalent thereof) not in default of the requirements of the Securities Laws of each of the Qualifying Jurisdictions which have such a concept to the date which is two years following the Closing Date;

(d) except to the extent the Corporation participates in a merger or business combination transaction which is in the best interest of the Corporation and following which the Corporation is not listed on either AMEX or the TSX, as the case may be, will use its reasonable best efforts to maintain the listing of the Common Shares on the TSX, AMEX or such other recognized stock exchange or quotation system as the Underwriter may approve, acting reasonably, to the date that is two years following the Closing Date so long as the Corporation meets the minimum listing requirements of the TSX, AMEX or such other exchange or quotation system; and

(e) will use the net proceeds of the offering of Units contemplated herein in the manner and subject to the qualification described in the Prospectus under the heading "Use of Proceeds".

7. (a) **Representations and Warranties of the Corporation.** The Corporation represents and warrants to the Underwriter that:

(i) each of the Corporation and the Subsidiaries is a corporation duly incorporated, continued or amalgamated and validly existing under the laws of the jurisdiction in which it was incorporated, continued or amalgamated, as the case may be, has all requisite corporate power and authority and no steps or proceedings have been taken by any person, voluntary or otherwise, requiring or authorizing its dissolution or winding up, and the Corporation has all requisite power and authority to enter into each of this Agreement and to carry out its obligations hereunder;

(ii) the Corporation beneficially owns, directly or indirectly, all of the issued and outstanding shares in the capital of the Subsidiaries free and clear of all mortgages, liens, charges, pledges, security interests, encumbrances, claims or demands of any kind whatsoever, all of such shares have been duly authorized and validly issued and are outstanding as fully paid and non-assessable shares and, except as publicly disclosed, no person has any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming a right, agreement or option, for the purchase from the

Corporation of any interest in any of such shares or for the issue or allotment of any unissued shares in the capital of the Subsidiaries or any other security convertible into or exchangeable for any such shares; and other than the Subsidiaries, the Corporation does not beneficially own or exercise control or direction over, 10% or more of the outstanding voting shares of any company;

(iii) [intentionally deleted];

(iv) each of the Corporation and the Subsidiaries holds all requisite licences, registrations, qualifications, permits and consents necessary or appropriate for carrying on its business as currently carried on and all such licences, registrations, qualifications, permits and consents are valid and subsisting and in good standing in all material respects except where the failure to hold such licences, registrations, qualifications, permits and consents would not have a Material Adverse Effect on the Corporation;

(v) all consents, approvals, permits, authorizations or filings as may be required under Securities Laws necessary for the execution and delivery of this Agreement and the issuance of the Units and the communication of the transaction contemplated hereby, have been made or obtained, as applicable, provided that the Corporation must file any applicable reports of trade along with the applicable filing fee and/or fee checklist, if any, including filings, pursuant to Regulation D under the U.S. Securities Act;

(vi) as at January 19, 2007, the authorized capital of the Corporation consisted of an unlimited number of Common Shares of which 50,381,787 Common Shares were issued and outstanding as fully paid and non-assessable;

(vii) the currently issued and outstanding Common Shares are listed and posted for trading on the TSX and AMEX and no order ceasing or suspending trading in any securities of the Corporation or prohibiting the trading of any of the Corporation's issued securities has been issued and, to the knowledge of the Corporation, no proceedings for such purpose are pending or threatened;

(viii) the definitive form of certificate representing the Common Shares is in proper form under the laws of Canada and complies with the requirements of AMEX and the TSX and does not conflict with the constating documents of the Corporation;

(ix) the Financial Statements (i) have been prepared in accordance with generally accepted accounting principles in Canada consistently applied throughout the period referred to therein, (ii) present fairly, in all material respects, the financial position (including the assets and liabilities, whether absolute, contingent or otherwise) of the Corporation on a consolidated basis as at such dates and results of operations of the Corporation and its subsidiaries for the periods then ended, and (iii) contain and reflect adequate provision or allowance for all reasonably anticipated liabilities, expenses and losses of the Corporation as required under generally accepted accounting principles in Canada, and there has been no change in accounting policies or practices of the Corporation since the date reflected in the most recent Financial Statements;

(x) since December 31, 2005, the Corporation has not declared or paid any dividends or declared or made any other payments or distributions on or in respect of any of its shares and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of its shares or agreed to do so or otherwise effected any return of capital with respect to such shares;

(xi) all taxes (including income tax, capital tax, payroll taxes, employer health tax, workers' compensation payments, property taxes, custom and land transfer taxes), duties, royalties, levies, imposts, assessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto (collectively, "**Taxes**") due and payable by the Corporation and the Subsidiaries have been paid except for where the failure to pay such taxes would not constitute an adverse material fact with respect to the Corporation and the Subsidiaries (taken as a whole) or have a Material Adverse Effect on the Corporation and the Subsidiaries (taken as a whole). All tax returns, declarations, remittances and filings required to be filed by the Corporation and the Subsidiaries have been filed with all appropriate governmental authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading except where the failure to file such documents would not constitute an adverse material fact with respect to the Corporation and the Subsidiaries (taken as a whole) or have a Material Adverse Effect on the Corporation and the Subsidiaries (taken as a whole). To the best of the knowledge of the Corporation, no examination of any tax return of the Corporation and the Subsidiaries is currently in progress and there are no issues or disputes outstanding with any governmental authority respecting any taxes that have been paid, or may be payable, by the Corporation and the Subsidiaries, in any case, except where such examinations, issues or disputes would not constitute an adverse material fact of the Corporation and the Subsidiaries (taken as a whole) or have a Material Adverse Effect on the Corporation and the Subsidiaries (taken as a whole);

(xii) there has not been any reportable event (within the meaning of National Instrument 51-102 of the Canadian Securities Administrators) with the auditors of the Corporation;

(xiii) the auditors of the Corporation which are the auditors who audited the Corporation's most recent annual financial statement are independent public accountants as required under Securities Laws and are registered with the Canadian Public Accountability Board;

(xiv) except as disclosed in writing to the Underwriter or as described in the Preliminary Prospectus, none of the Corporation or the Subsidiaries has approved, is contemplating, has entered into any agreement in respect of, or has any knowledge of: (A) the purchase of any property material to the Corporation or assets or any interest therein or the sale, transfer or other disposition of any property material to the Corporation or assets or any

interest therein currently owned, directly or indirectly, by the Corporation or the Subsidiaries whether by asset sale, transfer of shares or otherwise; or (B) the change of control (by sale or transfer of shares or sale of all or substantially all of the property and assets of the Corporation or the Subsidiaries or otherwise) of the Corporation or any Subsidiaries;

(xv) as at the Closing Date, except as set forth in Schedule "B" to this Agreement or as publicly disclosed, other than the Underwriter, no holder of outstanding securities of the Corporation will be entitled to any pre-emptive or any similar rights to subscribe for any of the Common Shares or other securities of the Corporation and no rights, warrants or options to acquire, or instruments convertible into or exchangeable for, any shares in the capital of the Corporation are outstanding;

(xvi) no claim, litigation, legal or governmental proceeding is pending to which the Corporation or the Subsidiaries is a party or to which its property is subject that would have a Material Adverse Effect on the Corporation and to the Corporation's knowledge no such claim, litigation or proceedings have been threatened against or are contemplated with respect to the Corporation or the Subsidiaries or their respective properties;

(xvii) each of the Corporation and the Subsidiaries is in compliance in all material respects with each material license and permit held by it and them and are not in violation of, or in default in any material respect under, the applicable statutes, ordinances, rules, regulations, orders or decrees of any governmental entities, regulatory agencies or bodies having, asserting or claiming jurisdiction over it or over any part of its respective operations or assets, except in any case where the Corporation has received a valid and effective waiver of such violation or default, or where such violation or default would not have a Material Adverse Effect on the Corporation;

(xviii) each of the Corporation and the Subsidiaries has conducted and is conducting its business in compliance in all material respects with all applicable laws and regulations of each jurisdiction in which it carries on business and has not received a notice of non-compliance, nor knows of, nor has reasonable grounds to know of, any facts that could give rise to a notice of non-compliance with any such laws, regulations or permits which would have a Material Adverse Effect on the Corporation;

(xix) the Corporation and/or the Subsidiaries is the beneficial owner of the properties, business and assets or the interests in the properties, business or assets referred to as owned by it in the Prospectus, all agreements under which the Corporation or the Subsidiaries holds an interest in a property, business or asset are in good standing according to their terms except where the failure to be in such good standing does not and will not have a Material Adverse Effect on the Corporation;

(xx) the Corporation is a reporting issuer under the Securities Laws in each of the Provinces of Canada where such a concept exists; the Corporation is not in default in any material respect of any requirement of such Securities Laws and the Corporation is not included in a list of defaulting reporting issuers

maintained by the securities commissions of any province of Canada. In particular, without limiting the foregoing, the Corporation is in compliance at the date hereof with its obligations to make timely disclosure of all material changes relating to it and, since December 31, 2005 (other than in respect of material change reports previously filed on a confidential basis and thereafter made public), no such disclosure has been made on a confidential basis and there is no material change relating to the Corporation which has occurred and with respect to which the requisite material change statement has not been filed, except to the extent that the Offering and the conditional approval of the listing of the Units on AMEX or the TSX may constitute a material change;

(xxi) the execution and delivery of this Agreement and the performance of the transactions contemplated hereunder, the Offering at the Closing Time and any compliance by the Corporation with the other provisions of this Agreement to be complied with by it does not and will not:

(A) require the consent, approval, authorization, registration or qualification of or with any governmental authority, stock exchange, securities regulatory authority or other third party, except: (i) such as have been obtained or will have been obtained by the Closing Time; (ii) such as may be required under the applicable by-laws, policies, regulations and prescribed forms of AMEX or the TSX; and (iii) filings under Regulation D under the U.S. Securities Act;

(B) result in a breach of or default under, nor create a state of facts which, after notice or lapse of time or both, would result in a breach of or default under, nor conflict with:

(1) any of the terms, conditions or provisions of the constating documents or resolutions of the shareholders, directors or any committee of directors of the Corporation or the Subsidiaries or any material indenture, agreement or instrument to which the Corporation or the Subsidiaries is a party or by which it or they are contractually bound; provided that the Underwriter does not sell the Units in a manner that would contravene the terms of this Agreement; or

(2) any statute, rule, regulation or law applicable to the Corporation, or the Subsidiaries including, without limitation, the Securities Laws of the Qualifying Jurisdictions, or any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Corporation or the Subsidiaries; or

(3) any material mortgage, note, indenture, license, permit, contract, agreement (written or oral), instrument, lease or other document to which the Corporation or the Subsidiaries is a party or by which the Corporation or the Subsidiaries or a material portion of the assets of the Corporation or the Subsidiaries are bound (a "**Material Agreement**"), or any judgment, decree, order, statute, rule or regulation applicable to any of them, which default or breach might reasonably be expected to have a Material Adverse Effect on the Corporation;

(C) give rise to any lien, charge or claim in or with respect to the properties or assets now owned or hereafter acquired by the Corporation or the Subsidiaries or the acceleration of or the maturity of any debt under any indenture, mortgage, lease, agreement or instrument binding or affecting any of them or any of their properties except to the extent that such lien, charge or claim would not have a Material Adverse Effect on the Corporation;

(xxii) none of the Corporation nor its subsidiaries is in violation of its constating documents or in default in the performance or observance of any Material Agreement;

(xxiii) upon the execution and delivery thereof, this Agreement shall constitute a valid and binding obligation of the Corporation and shall be enforceable against the Corporation in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable law;

(xxiv) at the Closing Time, all necessary corporate action will have been taken by the Corporation to validly create and issue the Units and the Common Shares comprising such Units shall be issued as fully paid and non-assessable securities in the capital of the Corporation;

(xxv) the Corporation shall use its commercially reasonable best efforts to ensure that the common shares issuable hereunder are or will be listed and posted for trading on AMEX and the TSX upon their issue and the Corporation shall on or before the Initial Closing Date provide to the Underwriter a copy of the conditional listing approval from the TSX for the same, subject only to the fulfillment of Standard Listing Conditions;

(xxvi) all information which has been prepared by the Corporation relating to the Corporation and the Subsidiaries and their business, property and liabilities, either publicly disclosed or provided to the Underwriter, including the Prospectus and the Documents incorporated by Reference, is, as of the date of such information, true and correct in all material respects, and no fact or facts have been omitted therefrom which would make such information materially misleading;

(xxvii) the Corporation has, and to the best of the Corporation's knowledge the directors and officers of the Corporation have, answered and will continue to answer every question or inquiry of the Underwriter and its counsel in connection with the Underwriter's due diligence investigations truthfully;

(xxviii) except as contemplated hereby (including any Selling Firms) there is no person acting or purporting to act at the request of the Corporation, who is entitled to any brokerage or agency fee in connection with the transactions contemplated herein;

(xxix) the Corporation is not aware of any legislation, or proposed legislation (published by a legislative body), that it anticipates would have a Material Adverse Effect on the Corporation;

(xxx) each of the Corporation and the Subsidiaries is in compliance with all laws respecting employment and employment practices, terms and conditions of employment, pay equity and wages, except where such non-compliance would not have a Material Adverse Effect on the Corporation;

(xxxi) there has not been and there is not currently any labour disruption or conflict involving the Corporation which would have a Material Adverse Effect on the Corporation;

(xxxii) other than as disclosed in the Prospectus, neither the Corporation nor the Subsidiaries has any loans or other indebtedness outstanding which has been made to any of its or their respective shareholders, officers, directors or employees, past or present, or any person not dealing at arm's length with them, which in the aggregate exceed $50,000;

(xxxiii) except as set out in the Prospectus, none of the directors, officers or employees of the Corporation or the Subsidiaries, any known holder of more than ten per cent of any class of shares of the Corporation, or any known associate or affiliate of any of the foregoing persons or companies (as such terms are defined in the *Securities Act* (Ontario)), has had any material interest, direct or indirect, in any material transaction within the previous two years or any proposed material transaction which would have a Material Adverse Effect on the Corporation;

(xxxiv) the Transfer Agent, at its principal offices in the City of Toronto, Ontario, has been duly appointed as transfer agent and registrar in respect of the Common Shares;

(xxxv) each of the Corporation and the Subsidiaries (i) are in compliance in all material respects with all applicable foreign, federal, provincial, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("**Environmental Laws**"), (ii) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses (iii) are in compliance with all terms and conditions of any such permit, license or approval, (iv) to the best knowledge of the Corporation, there have been no past, and there are no pending or threatened claims, complaints, notices or requests for information received by the Corporation or the Subsidiaries with respect to any alleged material violation of any Environmental Law, and (v) no conditions exist at, on or under which, with the passage of time, or the giving of notice or both, would give rise to liability under any Environmental

Law; except where such non-compliance, failure to receive a permit, licence or other approval, claim or condition would not, singly or in the aggregate, have or be expected to have a Material Adverse Effect on the Corporation;

(xxxvi) subsequent to December 31, 2005, except as has been disclosed to the Underwriter or publicly disclosed prior to the date of this Agreement in the Prospectus or otherwise, there has not been any material change (financial or otherwise) in the business, affairs, operations, assets, liabilities (contingent or otherwise) or capital of the Corporation and the Subsidiaries taken as a whole;

(xxxvii) the Corporation is, and will be at the Closing Time on the Closing Date, in material compliance with the by-laws, rules and regulations of AMEX and the TSX and no material change in the consolidated assets, liabilities or obligations (absolute, accrued, contingent or otherwise) business prospects, operations or financial condition relating to the Corporation has occurred and no event has occurred and no state of facts exist since December 31, 2005 with respect to which, under Securities Laws, the requisite material change report has not been filed or disclosed by way of a press release and no such disclosure has been made on a confidential basis;

(xxxviii) each of the Corporation and its subsidiaries has good and valid title to all material intellectual property rights held, used, owned or licensed by the Corporation or relating to the operation of its business, and will have good and valid title to all material intellectual property purchased or otherwise acquired by agreement, including patents (including patent applications), copyrights, industrial designs, trade marks, trade secrets, know how and proprietary rights useful or necessary to carry on its business (the "**Intellectual Property**"), free and clear of any and all encumbrances, except for royalty obligations and security liens incurred or granted, as the case may be, in the ordinary course of business. Except as set forth in the development and license agreement effective as of July 14, 2005 between the Corporation and GlaxoSmithKline or as publicly disclosed, no royalty or other fee is required to be paid by the Corporation or its Subsidiaries to any other person in respect of the use of any of the Intellectual Property. To the knowledge of the Corporation, no employee or independent consultant of the Corporation or its Subsidiaries is in violation of any term of any non disclosure, proprietary rights or similar agreement between such employee and the Corporation or its Subsidiaries or between such employee and any former employer. To the knowledge of the Corporation, all trade secrets developed by and belonging to the Corporation and/or its Subsidiaries which has not been copyrighted or patented has been kept confidential;

(xxxix) there are no material restrictions on the ability of the Corporation or its Subsidiaries or any third party to use, exploit or authorize others to use and exploit all rights in the Intellectual Property. None of the rights of the Corporation or its Subsidiaries in the Intellectual Property will be impaired or affected in any way by the transactions contemplated by this Agreement;

(xl) except as would not reasonably be expected to have a Material Adverse Effect on the Corporation or as disclosed to the Underwriter, to the

Corporation's knowledge: (i) there are no rights of third parties to any such Intellectual Property (ii) there is no pending or threatened action, suit, proceeding or claim by others against the Corporation or the Subsidiaries challenging the Corporation's or the Subsidiaries' rights in or to any such Intellectual Property, and the Corporation is unaware of any facts which, to the Corporation's knowledge, would form a reasonable basis for any such claim; (iii) there is no pending or, to the Corporation's knowledge, threatened action, suit, proceeding or claim by others against the Corporation or the Subsidiaries challenging the validity or scope of any such Intellectual Property, and the Corporation is unaware of any facts which, to its knowledge, would form a reasonable basis for any such claim; and (iv) there is no prior act of which the Corporation is aware that may render any patent held by the Corporation or the Subsidiaries invalid or any patent application held by the Corporation or the Subsidiaries unpatentable which has not been disclosed to the applicable patent-issuing authority;

(xli) each of the Corporation and the Subsidiaries hold all of the permits, licenses and like authorizations necessary for it to carry on its business in each jurisdiction where such business is carried on that are material to the conduct of the business of the Corporation (as such business is currently conducted), including, but not limited to, permits, licenses and like authorizations from the FDA and any foreign regulatory authorities performing functions similar to those performed by the FDA; all such licenses, permits, franchises or other administrative or governmental authorizations which are so required are valid and subsisting and in good standing and none of the same contains any term, provision, condition or limitation which has or would reasonably be expected to affect or restrict the operation of the business of the Corporation and the Subsidiaries, as now carried on or proposed to be carried on, in a manner so as to have a Material Adverse Effect on the Corporation and the Subsidiaries (taken as a whole) and neither the Corporation nor any of the Subsidiaries is in breach thereof or in default with respect to filings to be effected or conditions to be fulfilled in order to maintain such permits, licenses or like authorizations in good standing;

(xlii) to the best of the Corporation's knowledge: (1) the clinical studies (including, without limitation, the human clinical trials) conducted by the Corporation or in which the Corporation has participated that are described in any document or information required to be filed by the Corporation pursuant to Securities Laws or the requirements of any regulatory body or authority, including the TSX and AMEX, or otherwise disseminated or made available to the public by any media, including by way of press release, electronic or print media (collectively, the "**Public Disclosure Documents**") or the results of which are referred to in the Public Disclosure Documents, and any such clinical studies that were conducted by or on behalf of the Corporation were and, if still pending, are being conducted in all material respects: (i) in accordance with the protocols, procedures and controls for such clinical studies; and (ii) in accordance with all applicable laws, rules and regulations; and (2) to the extent publicly disclosed, the descriptions of the results of such clinical studies contained in the Public Disclosure Documents are in all material respects accurate, complete and fair, and the Corporation has no knowledge of any other clinical studies, the results of which call into

question the results described or referred to in the Public Disclosure Documents, and the Corporation has not received any notices or correspondence from the FDA or any other governmental agency requiring the termination, suspension or modification of any studies or tests conducted by, or on behalf of, the Corporation or in which the Corporation has participated that are described in the Public Disclosure Documents or the results of which are referred to in the Public Disclosure Documents that would cause the Corporation to change the descriptions in the Public Disclosure Documents;

(xliii) with respect to each premises of the Corporation or the Subsidiaries and which the Corporation or the Subsidiaries occupies as tenant (the "**Leased Premises**"), the Corporation and/or a Subsidiary has the exclusive right to occupy and use the Leased Premises and each of the leases pursuant to which the Corporation and/or its Subsidiaries occupies the Leased Premises is in good standing and in full force and effect, except where the failure to be so would not have a Material Adverse Effect; and

(xliv) the Corporation and the Subsidiaries have not made any loans to or guaranteed the obligations of any other person.

(b) The Corporation further acknowledges that the Underwriter is relying upon the representations and warranties contained in this Section 7.

8. **Closings**

(a) The purchase and sale of the Underwritten Units and of any Agency Units to be purchased on the Initial Closing Date shall be completed concurrently at the Closing Time on the Closing Date at the offices of LaBarge Weinstein Professional Corporation, Kanata, Ontario and Heenan Blaikie LLP**,** Toronto, Ontario, or at such other place as the Underwriter and the Corporation may agree. At or prior to the Closing Time, the Corporation shall duly and validly deliver to the Underwriter one or more certificate(s) in definitive form representing the Units purchased on such Closing Date registered in the name of "CDS & Co" or in such other name or names as the Underwriter may notify the Corporation in writing not less than 24 hours prior to Closing Time as directed by the Underwriter in writing, against payment by the Underwriter to the Corporation, at the direction of the Corporation, in lawful money of Canada by wire transfer or, if permitted by applicable law, by certified cheque or bank draft payable at par in the City of Ottawa, of an amount equal to the aggregate purchase price for the Units being issued and sold hereunder less the Commission relating to such Units and all of the estimated out-of-pocket expenses of the Underwriter payable by the Corporation to the Underwriter in accordance with paragraph 17 hereof.

(b) In respect of any proposed sale from time to time of any Agency Units on a Subsequent Closing Date, the Underwriter shall advise the Corporation at least 24 hours prior to the Closing Time as to the number of Agency Units that the Underwriter has sold. Any such additional closing shall be referred to as a "**Subsequent Closing**" and shall be conducted in the same manner as the Initial Closing provided, however, that there shall be no minimum number of Units required to be sold at any Subsequent Closing.

9. **Underwriter's Obligation to Purchase**. The obligation of the Underwriter to purchase the Underwritten Units and to place the Agency Units at the Closing Time on a Closing Date shall be subject to the following conditions (it being understood that the Underwriter may waive in whole or in part or extend the time for compliance with any of such terms and conditions without prejudice to its rights in respect of any other of the following terms and conditions or any other or subsequent breach or non-compliance, provided that to be binding on the Underwriter any such waiver or extension must be in writing and signed by it):

(a) the Underwriter shall have received an opinion, dated the Closing Date and subject to customary qualifications, of LaBarge Weinstein Professional Corporation or from local counsel in Qualifying Jurisdictions other than Ontario (it being understood that such counsel may rely to the extent appropriate in the circumstances, (i) as to matters of fact, on certificates of the Corporation executed on its behalf by a senior officer of the Corporation and on certificates of the Transfer Agent, as to the issued capital of the Corporation; and (ii) as to matters of fact not independently established, on certificates of the Corporation's auditors or a public official) with respect to the following matters:

(i) as to the incorporation and subsistence of the Corporation and Subsidiaries and as to the corporate power of the Corporation to carry out its obligations under this Agreement, and to issue the Units;

(ii) as to the authorized and issued capital of the Corporation and the Subsidiaries;

(iii) that the Corporation has taken all necessary corporate action to authorize the execution and delivery of this Agreement and this Agreement constitutes a legal, valid and binding obligation of the Corporation enforceable against the Corporation in accordance with its terms;

(iv) that the execution and delivery of this Agreement and the performance by the Corporation of its obligations thereunder do not and will not conflict with, result in a breach of or create a state of facts which, whether with or without the giving of notice or lapse of time or both, will result in a breach or violation of any of the terms, conditions or provisions of the articles, by-laws or resolutions of the board of directors or the shareholders of the Corporation;

(v) that the Common Shares to be issued at such Closing Time have been duly authorized and validly issued as fully paid and non-assessable securities in the capital of the Corporation;

(vi) the attributes of the Common Shares and the Warrants comprising the Units to be issued at such Closing Time conform in all material respects with the description thereof contained in the Final Prospectus;

(vii) all necessary corporate action has been taken by the Corporation to authorize the execution and delivery of the Preliminary Prospectus and the Final Prospectus and the filing of such documents pursuant to the Securities Laws in each of the Qualifying Jurisdictions;

(viii) no consent, approval, authorization or order of or filing, registration or qualification with any court, governmental agency or body or regulatory authority having jurisdiction is required at this time for the execution and delivery by the Corporation of this Agreement and the performance of its obligations hereunder, except for such as have been made or obtained;

(ix) all approvals, permits, consents, orders and authorizations have been obtained, all necessary documents have been filed and all other legal requirements have been fulfilled under Securities Laws in the Qualifying Jurisdictions to qualify the issuance or distribution and sale of the Units to the public in each of the Qualifying Jurisdictions and the distribution of the Underwriter's Warrants to the Underwriter and to permit the issuance, sale and delivery of such Units to the public through dealers registered under the applicable laws of each of the Qualifying Jurisdictions who have complied with the relevant provisions of such laws and the terms of their registration;

(x) the Units will, as of the date they are issued, be "qualified investments" under the *Income Tax Act* (Canada) and the regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit sharing plans;

(xi) the form of share certificate representing the Common Shares has been duly approved and adopted by the Corporation and complies in all material respects with the constating documents of the Corporation, the *Canada Business Corporations Act* and the requirements of the TSX;

(xii) that the Common Shares have been conditionally approved for listing on the TSX subject only to the Standard Listing Conditions;

(xiii) that the Transfer Agent has been duly appointed as the transfer agent and registrar for the Common Shares; and

(xiv) as to such other matters as the Underwriter's legal counsel may reasonably request prior to the Closing Time;

(b) the Underwriter shall have received a legal opinion addressed to the Underwriter from Wyrick Robbins Yates & Ponton LLP, United States counsel for the Corporation, dated as of the Closing Date, in form and substance satisfactory to the Underwriter, acting reasonably, to the effect that the offer and sale of the Units are not required to be registered under the U.S. Securities Act;

(c) the Underwriter shall have received an incumbency certificate dated the Closing Date including specimen signatures of the Chief Executive Officer, the Chief Financial Officer and any other officer of the Corporation signing this Agreement or any document delivered hereunder;

(d) the Underwriter shall have received a certificate, dated the Closing Date, of the Chief Executive Officer and the Chief Financial Officer of the Corporation, addressed to the Underwriter and their counsel to the effect that, to the best of their knowledge, information and belief, after due enquiry and without personal liability:

(i) the representations and warranties of the Corporation in this Agreement are true and correct in all material respects as if made at and as of the Closing Time and the Corporation has performed all covenants and agreements and satisfied all conditions on its part to be performed or satisfied in all material respects at or prior to the Closing Time;

(ii) no order, ruling or determination having the effect of suspending the sale or ceasing, suspending or restricting the trading of the Corporation's securities in the Qualifying Jurisdictions has been issued or made by any stock exchange, securities commission or regulatory authority and is continuing in effect and no proceedings, investigations or enquiries for that purpose have been instituted or are pending;

(iii) the articles and by-laws of the Corporation delivered at Closing are full, true and correct copies, unamended, and in effect on the date thereof;

(iv) the minutes or other records of various proceedings and actions of the Corporation's Board of Directors relating to the Offering and delivered at Closing are full, true and correct copies thereof and have not been modified or rescinded as of the date thereof;

(v) since the date of the Final Prospectus, there has been no material adverse change in the business, affairs, operations, assets, liabilities or capital of the Corporation and the Subsidiaries taken as a whole; and

(vi) none of the documents filed with applicable securities regulatory authorities since December 31, 2005 contained a misrepresentation as at the time the relevant document was filed that has not since been corrected;

and each such statement shall, in fact, be true and the Underwriter shall have no knowledge to the contrary.

(e) the Underwriter shall have received a letter dated as of the Closing Date, in form and substance satisfactory to the Underwriter, addressed to the Underwriter and the directors of the Corporation from the Corporation's auditors confirming the continued accuracy of the comfort letter to be delivered to the Underwriter pursuant to subparagraph 4(a)(iii) hereof with such changes as may be necessary to bring the information in such letter forward to a date not more than two Business Days prior to the Closing Date, which changes shall be acceptable to the Underwriter;

(f) the Common Shares issued and issuable at the Closing Date shall have been approved for listing on AMEX and the TSX, subject only to the official notices of issuance and fulfilment of the Standard Listing Conditions;

(g) the Underwriter and its counsel shall have been provided with information and documentation, reasonably requested relating to its due diligence inquiries and investigations and acting reasonably have not identified any material adverse charges or misrepresentations or any items that have a Material Adverse Effect on the Corporation's affairs that exist as of the date hereof but which have not been widely disseminated to the public;

(h) the Underwriter shall have received a certificate of status in respect of the Corporation and the Subsidiaries;

(i) the Underwriter shall have received certificates, issued under the Securities Laws in the Qualifying Jurisdictions stating that the Corporation is not in default under such Securities Laws; and

(j) the Underwriter shall have received a certificate from the Transfer Agent as to the number of Common Shares issued and outstanding as at a date no more than two Business Days prior to the Closing Date.

10. **Restrictions on Further Issues or Sales**.

(a) During the period commencing the date hereof and ending on the day which is 90 days following the Initial Closing Date, the Corporation shall not, (and, for greater certainty, shall not publicly announce any intention to do any of the following) without the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed): (i) issue any Common Shares or financial instruments convertible or exchangeable into Common Shares or other securities or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Common Shares or other securities, where any such swap or other arrangement may be settled by delivery of Common Shares or other securities, in cash or otherwise, other than: (i) the issue of the Units pursuant to this Agreement or the issue of Common Shares pursuant to the exercise of any Warrants or Underwriter's Warrants; (ii) the grant or exercise of stock options or deferred stock units or restricted stock units pursuant to any stock option plan and deferred stock unit plan of the Corporation; (iii) the issue of Common Shares pursuant to the exercise of previously issued and outstanding warrants; or (iv) in connection with *bona fide* acquisitions by the Corporation or an affiliate.

(b) In addition, the Corporation shall use reasonable best efforts to cause its executive officers and directors and associates as designated by the Underwriter to enter into agreements on terms and conditions satisfactory to the Underwriter, acting reasonably, in which they will covenant and agree that they will not, for a period of 90 days following the Initial Closing Date, directly or indirectly, offer, sell, contract to sell, lend, swap, or enter into any other agreement to transfer the economic consequences of, or otherwise dispose of or deal with, or publicly announce any intention to offer, sell, contract to sell, grant or sell any option to purchase, hypothecate, pledge, transfer, assign, purchase any option or contract to sell, lend, swap or enter into any agreement to transfer the economic consequences of, or otherwise dispose of or deal with, whether through the facilities of a stock exchange, by private placement or otherwise, securities of the Corporation held by them, directly or indirectly, without first obtaining the written consent of the Underwriter, which consent will not be unreasonably withheld or delayed, and will not be withheld upon the occurrence of a take-over bid or similar transaction involving a change of control of the Corporation.

11. **All Terms to be Conditions.** The Corporation agrees that the conditions contained in paragraph 9 or 10 will be complied with insofar as the same relate to acts to be performed or caused to be performed by the Corporation and that it will use its commercially reasonable efforts to cause all such conditions to be complied with. Any breach or failure to comply with any of the conditions set out in paragraph 9 or 10 shall entitle the Underwriter to terminate its obligation to purchase the Underwritten Units, by written

notice to that effect given to the Corporation at or prior to the Closing Time. It is understood that the Underwriter may waive, in whole or in part, or extend the time for compliance with, any of such terms and conditions without prejudice to the rights of the Underwriter in respect of any such terms and conditions or any other or subsequent breach or non-compliance, provided that to be binding on the Underwriter any such waiver or extension must be in writing.

12. **Termination Events.** The Underwriter may, by written notice given to the Corporation, terminate its obligations in respect of the Underwritten Units on or before the Initial Closing Date if:

(a) there shall have occurred any adverse material change or there shall be discovered any previously undisclosed adverse fact in relation to the Corporation (whether pursuant to the Underwriter's continuing due diligence investigation or otherwise); or

(b) there shall have occurred any change in the Securities Laws of any Qualifying Jurisdiction or any inquiry, investigation or other proceeding is made or any order is issued under or pursuant to any statute of Canada or any province thereof, any statute of the United States or any state thereof, or any stock exchange in relation to the Corporation or any of its securities (except for any inquiry, investigation or other proceeding based upon activities of the Underwriter and not upon activities of the Corporation),

which, in the sole opinion of the Underwriter acting reasonably, prevents or restricts trading in or the distribution of the Common Shares or materially adversely affects or would reasonably be expected to materially adversely affect the market price or value of the Common Shares or the ability of the Underwriter to profitably market the Units;

(c) there shall have occurred any adverse change (actual, intended, anticipated or threatened) in or affecting the business, affairs, operations, prospects, assets, liabilities, capital or control of the Corporation on a consolidated basis, or Common Shares, or in the state of financial markets in Canada, such that, in the reasonable opinion of the Underwriter, all of the Underwritten Units could not be successfully marketed or which would be expected to have a significant adverse effect on the market price or value of the Units or the Common Shares;

(d) there should develop, occur or come into effect or existence any event of any nature, including, without limitation, an action, state, condition or major financial occurrence, catastrophe, war or act of terrorism of national or international consequence or any law or regulation which, in the reasonable opinion of the Underwriter, seriously adversely affects or involves, or will seriously adversely affect or involve, the financial markets or the business, operations or affairs of the Corporation and its subsidiaries, taken as a whole;

(e) except as previously disclosed, there is an investigation (whether formal or informal) in relation to the Corporation or any of the officers or directors of the Corporation or any of its principal shareholders commenced by a securities regulatory authority which, in the sole opinion of the Underwriter acting reasonably, prevents or restricts trading in or the distribution of the Common Shares or materially adversely affects or would reasonably be expected to materially adversely affect the market price or value of the Common Shares;

(f) a cease trading order is made by any securities commission or other competent authority in respect of the Corporation or its respective directors, officers and Underwriter;

(g) the Corporation fails to obtain the conditional approval of AMEX or the TSX for the listing of the Underwritten Units; or

(h) the Corporation is in breach of a material term, condition or covenant of this Agreement or any representation, or warranty given by the Corporation in this Agreement is or becomes false in any material respect.

The Underwriter may, by written notice to the Corporation, terminate its obligations in respect of the Agency Units at any time following the Initial Closing Date and before any Subsequent Closing Date if:

(a) there shall have occurred any adverse material change or there shall be discovered any previously undisclosed adverse material fact in relation to the Corporation; or

(b) there shall have occurred any change in the Securities Laws of any Qualifying Jurisdiction or any inquiry, investigation or other proceeding is made or any order is issued under or pursuant to any statute of Canada or any province thereof, any statute of the United States or any state thereof, or any stock exchange in relation to the Corporation or any of its securities (except for any inquiry, investigation or other proceeding based upon activities of the Underwriter and not upon activities of the Corporation),

which, in the sole opinion of the Underwriter acting reasonably, prevents or restricts trading in or the distribution of the Common Shares or materially adversely affects or would reasonably be expected to materially adversely affect the market price or value of the Common Shares;

(c) there shall have occurred any adverse change (actual, intended, anticipated or threatened) in or affecting the business, affairs, operations, prospects, assets, liabilities, capital or control of the Corporation on a consolidated basis, or Common Shares such that, in the reasonable opinion of the Agent, all of the Underwritten Units could not be successfully marketed or which would be expected to have a significant adverse effect on the market price or value of the Units or the Common Shares;

(d) there should develop, occur or come into effect or existence any event of any nature, including, without limitation, an action, state, condition or major financial occurrence, catastrophe, war or act of terrorism of national or international consequence or any law or regulation which, in the reasonable opinion of the Underwriter, seriously adversely affects or involves, or will seriously adversely affect or involve, the financial markets or the business, operations or affairs of the Corporation and its subsidiaries, taken as a whole;

(e) except as previously disclosed, there is an investigation (whether formal or informal) in relation to the Corporation or any of the officers or directors of the Corporation or any of its principal shareholders commenced by a securities regulatory authority which, in the sole opinion of the Underwriter acting reasonably, prevents or restricts trading in or the distribution of the Common Shares or materially adversely affects or would reasonably be expected to materially adversely affect the market price or value of the Common Shares;

(f) a cease trading order is made by any securities commission or other competent authority in respect of the Corporation or its respective directors, officers and Underwriter;

(g) the Corporation fails to obtain the conditional approval of AMEX or the TSX for the listing of the Underwritten Units;

(h) the Underwriter's or the Underwriter's counsel's continued due diligence investigations under section 2 hereof uncovers information such that, in the reasonable opinion of the Underwriter, the Units could not be successfully marketed or which would be expected to have a significant adverse effect on the market price or value of the Units or the Common Shares;

(i) the state of the financial markets in Canada is such that the Agency Units cannot, in the reasonable opinion of the Underwriter, be profitably marketed; or

(j) the Corporation is in breach of a material term, condition or covenant of this Agreement or any representation, or warranty given by the Corporation in this Agreement is or becomes false in any material respect.

13. **Exercise of Termination Right.** If this Agreement is terminated by the Underwriter pursuant to paragraph 12, there shall be no further liability to the Corporation on the part of the Underwriter or of the Corporation to the Underwriter, except in respect of any liability which may have arisen or may thereafter arise under paragraphs 15, 16 and 17. The right of the Underwriter to terminate its obligations under this Agreement is in addition to such other remedies as it may have in respect of any default, act or failure to act of the Corporation in respect of any of the matters contemplated by this Agreement.

14. **Survival of Representations and Warranties.** All terms, warranties, representations, covenants and agreements herein contained or contained in any documents delivered pursuant to this Agreement and in connection with the transactions herein contemplated shall survive the purchase and sale of the Underwritten Units and will continue in full force and effect for the benefit of the Underwriter and/or the Corporation, as the case may be, regardless of any subsequent disposition of the Units, Common Shares or Warrants or any investigation by or on behalf of the Underwriter with respect thereto for a period ending on the later of: (i) the date that is two years following the Closing Date, and (ii) the latest date under Securities Laws in the Qualifying Jurisdictions (non-residents of Canada being deemed to be resident in the Province of Ontario for such purposes) that an action may be commenced or a right of rescission may be exercised with respect to a misrepresentation contained in the Final Prospectus or, if applicable, any Supplementary Material. The Underwriter will be entitled to rely on the representations and warranties of the Corporation contained in this Agreement or delivered pursuant to this Agreement notwithstanding any investigation which the Underwriter may undertake or which may be undertaken on the Underwriter's behalf.

15. (a) **Indemnity.** The Corporation shall indemnify and save harmless the Underwriter and its respective directors, officers, employees, shareholders and agents (collectively, "**Underwriter's Personnel**"), against all losses (other than loss of profits), claims, damages, liabilities, costs or expenses, whether joint or several, caused or incurred by reason of or in connection with any of the following:

(i) any information or statement (except any information or statement relating solely to the Underwriter) contained in the Preliminary Prospectus or Final Prospectus, together with any and all amendments thereto required to be filed, or documents incorporated by reference therein (collectively, the

"**Offering Documents**"), which at the time and in light of the circumstances under which it was made contains or is alleged to contain a misrepresentation or any omission or any alleged omission to state therein any fact or information (except facts or information relating solely to the Underwriter) required to be stated therein or necessary to make any of the statements therein not misleading in light of the circumstances in which they are made;

(ii) the omission or alleged omission to state in any certificate of the Corporation or of any officers of the Corporation delivered in connection with the Offering any material fact (except facts or information relating solely to the Underwriter) required to be stated therein where such omission or alleged omission constitutes or is alleged to constitute a misrepresentation;

(iii) any order made or any inquiry, investigation or proceeding commenced or threatened by any securities regulatory authority, stock exchange or by any other competent authority, based upon any misrepresentation (as defined in the *Securities Act* (Ontario)) or alleged misrepresentation (except a misrepresentation relating solely to the Underwriter) in the Offering Documents (except any document or material delivered or filed solely by the Underwriter) based upon any failure or alleged failure to comply with Securities Laws (other than any failure or alleged failure to comply by the Underwriter) preventing and restricting the trading in or the sale of the Units, the Common Shares or the Warrants or any of them in the Qualifying Jurisdictions, any state of the United States or internationally;

(iv) the non-compliance or alleged non-compliance by the Corporation with any requirement of Securities Laws, including the Corporation's non-compliance with any statutory requirement to make any document available for inspection; or

(v) a material breach of any representation, warranty or covenant of the Corporation contained in this Agreement or the failure of the Corporation to comply in all material respects with any of its obligations hereunder,

and will reimburse the Underwriter promptly upon demand for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such losses, claims, damages, liabilities or actions in respect thereof, as incurred.

The Corporation shall not, without the prior written consent of the Underwriter, which shall not be unreasonably withheld, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder (whether or not the Underwriter or any of the Underwriter's Personnel are a party to such claim, action, suit or proceeding), unless such settlement, compromise or consent includes an unconditional release of the Underwriter and the Underwriter's Personnel from all liability arising out of such claim, action, suit or proceeding. Notwithstanding the foregoing, an indemnifying party shall not be liable for the settlement of any claim or action in respect of which indemnity may be sought hereunder effected without its written consent, which consent shall not be unreasonably withheld.

(b) **Notification of Claims.** If any matter or thing contemplated by subparagraph 15(a) (any such matter or thing being referred to as a "**Claim**") is asserted against any party in respect of which indemnification is or might reasonably be considered to be provided (an "**Indemnified Party**"), such Indemnified Party will notify the Corporation as soon as possible of the nature of such Claim (but the omission or delay so to notify the Corporation of any potential Claim shall not relieve the Corporation from any liability which it may have to any Indemnified Party and any omission or delay so to notify the Corporation of any actual claim shall affect the Corporation's liability only to the extent that it is prejudiced by that omission or delay) and the Corporation shall be entitled (but not required) to participate in and, to the extent that it shall wish, to assume the defence of any suit brought to enforce such Claim; provided, however, that the defence shall be conducted through legal counsel acceptable to the Indemnified Party, acting reasonably, and that no settlement of any such Claim may be made by the Corporation or the Indemnified Party without the prior written consent of the other party, such consent not to be unreasonably withheld or delayed, and the Corporation shall not be liable for any settlement of any such Claim unless it has consented in writing to such settlement.

(c) **Right of Indemnity in Favour of Others.** With respect to any Indemnified Party who is not a party to this Agreement, the Underwriter shall obtain and hold the rights and benefits of this paragraph 15 and paragraph 16 in trust for and on behalf of such Indemnified Party.

(d) **Retaining Counsel.** In any such Claim, the Indemnified Party shall have the right to retain other counsel to act on his or its behalf and to participate in the defence thereof, provided that the fees and disbursements of such counsel shall be paid by the Indemnified Party unless: (i) the Corporation and the Indemnified Party shall have mutually agreed to the retention of the other counsel; (ii) the Corporation fails to assume the defence of such Claim on behalf of the Indemnified Party within a reasonable time of receiving written notice to assume the defence of such Claim; or (iii) the named parties to any such Claim (including any added third party) include both the Indemnified Party and the Corporation and the Indemnified Party shall have been advised by counsel that representation of the Indemnified Party by counsel for the Corporation is inappropriate as a result of potential or actual differing interests of those represented; in each of which cases the Corporation shall not have the right to assume the defence of such Claim on behalf of the Indemnified Party but the Corporation shall be liable to pay the reasonable fees and disbursements of counsel to the Indemnified Party.

(e) **Applicability.** The foregoing indemnity shall cease to apply if and to the extent that a court of competent jurisdiction in a final judgment that has become non-applicable shall determine that such losses, expenses, claims, damages or liabilities to which the Indemnified Party may be subject were caused by the negligence, wilful misconduct or bad faith of the Indemnified Party.

16. (a) **Contribution.** In order to provide for a just and equitable contribution in circumstances in which the indemnity provided in paragraph 15 would otherwise be available in accordance with its terms but is, for any reason, held to be unavailable to or unenforceable by the Underwriter or enforceable otherwise than in accordance with its terms, the Corporation and the Underwriter shall contribute to the aggregate of all claims, expenses, costs and liabilities (including any legal expenses reasonably incurred by the Indemnified Party in connection with any claim which is the subject of this section) and all losses (other than loss of profits) of a nature contemplated in paragraph 15 in such

proportions so that the Underwriter is responsible for the portion represented by the percentage that the aggregate fee payable by the Corporation to the Underwriter bears to the aggregate purchase price of the Units and the Corporation is responsible for the balance. The Underwriter shall not in any event be liable to contribute, in the aggregate, any amounts in excess of such aggregate fee or any portion of such fee actually received. However, no party who has been engaged in any fraud, wilful misconduct or negligence shall be entitled to claim contribution from any person who has not also been so determined to have engaged in such fraud, wilful misconduct or negligence. The Corporation hereby waives all rights which it may have by statute or common law to recover contribution from the Underwriter in respect of losses, claims, costs, damages, expenses or liabilities which any of them may suffer or incur directly or indirectly (in this paragraph, "losses") by reason of or in consequence of a document containing a misrepresentation; provided, however, that such waiver shall not apply in respect of losses by reason of or in consequence of any misrepresentation which is based upon or results from information or statements furnished by or relating solely to the Underwriter.

(b) **Right of Contribution in Addition to Other Rights.** The rights to contribution provided in this paragraph 16 shall be in addition to and not in derogation of any other right to contribution which the Underwriter may have by statute or otherwise at law.

(c) **Calculation of Contribution.** In the event that the Corporation may be held to be entitled to contribution from the Underwriter under the provisions of any statute or at law, the Corporation shall be limited to contribution in an amount not exceeding the lesser of:

(i) the portion of the full amount of the loss or liability giving rise to such contribution for which the Underwriter is responsible, as determined in subparagraph 16(a) or (b) above, as the case may be; and

(ii) the amount of the aggregate fee actually received by the Underwriter from the Corporation under this Agreement,

and the Underwriter shall in no event be liable to contribute any amount in excess of the Underwriter underwriting fee actually received from the Corporation under this Agreement.

(d) **Notice.** If the Underwriter has reason to believe that a claim for contribution may arise, it shall give the Corporation notice of such claim in writing, as soon as reasonably possible, but failure to notify the Corporation shall not relieve the Corporation of any obligation which it may have to the Underwriter under this paragraph.

17. **Expenses.** The Corporation shall pay all expenses and fees in connection with the offering of Units contemplated by this Agreement, including, without limitation, all expenses of or incidental to the issue, sale or distribution of the Units and all expenses of or incidental to all other matters in connection with the transaction set out in this Agreement, including, without limitation, the fees and expenses payable in connection with the distribution of the Units, the fees and expenses of the Corporation's counsel and of local counsel to the Corporation, the reasonable fees and expenses of the auditors and the transfer agent for the Common Shares, and all costs incurred in connection with the preparation and printing of the Offering Documents and certificates representing the Underwritten Units and the Agency Units. The Corporation shall be responsible for the reasonable fees and disbursements of the Underwriter's counsel (up to a maximum of CAD$75,000 (not including disbursements and taxes)).

18. **Advertisements.** The Corporation acknowledges that the Underwriter shall have the right, subject always to this Agreement, at its own expense, subject to the prior consent of the Corporation, such consent not to be unreasonably withheld, to place such advertisement or advertisements relating to the sale of the Units contemplated herein as the Underwriter may consider desirable or appropriate and as may be permitted by applicable law. The Corporation and the Underwriter each agree that they will not make or publish any advertisement in any media whatsoever relating to, or otherwise publicize, the transaction provided for herein so as to result in any exemption from the prospectus and registration or other similar requirements under applicable securities legislation in any of the provinces of Canada or any other jurisdiction in which the Units shall be offered and sold being unavailable in respect of the sale of the Units to prospective purchasers.

19. **Notices.** Unless otherwise expressly provided in this Agreement, any notice or other communication to be given under this Agreement (a "**notice**") shall be in writing addressed as follows:

(a) If to the Corporation, to:

Adherex Technologies Inc.
4620 Creekstone Drive, Suite 200
Durham, NC 27703

Fax: (919) 484-8001
Attention: Scott Murray, Vice President, General Counsel and Secretary

with a copy (for information purposes only and not constituting notice) to:

LaBarge Weinstein Professional Corporation
515 Legget Drive, Suite 800
Kanata, Ontario
K2K 3G4

Fax: (613) 599-0018
Attention: Randy Taylor

(b) to the Underwriter, to:

Versant Partner Inc.
1350 Sherbrooke St. West
12th Floor
Montreal, Quebec H3B 1J1

Fax: (514) 845-4437
Attention: William Murray

with a copy (for information purposes only and not constituting notice) to:

Heenan Blaikie LLP
Suite 2600, South Tower
Royal Bank Plaza
200 Bay Street
Toronto, Ontario M5J 2J4

Fax: 1-866-285-9466
Attention: Sonia Yung

and if so given, shall be deemed to have been given and received upon receipt by the addressee or a responsible officer of the addressee if delivered, or one hour after being telecopied and receipt confirmed during normal business hours, as the case may be. Any party may, at any time, give notice in writing to the others in the manner provided for above of any change of address or telecopier number.

20. **Time of the Essence.** Time shall, in all respects, be of the essence hereof.

21. **U.S. Dollars.** All references herein to dollar amounts are to lawful money of the United States, unless otherwise specified.

22. **Headings.** The headings contained herein are for convenience only and shall not affect the meaning or interpretation hereof.

23. **Singular and Plural, etc.** Where the context so requires, words importing the singular number include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders.

24. **Entire Agreement.** This Agreement constitutes the only agreement between the parties with respect to the subject matter hereof and shall supersede any and all prior negotiations and understandings,. This Agreement may be amended or modified in any respect by written instrument only.

25. **Severability.** If one or more provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

26. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. Each of the Corporation and the Underwriter irrevocably agrees that the courts of the Province of Ontario shall have non-exclusive jurisdiction to hear and decide any suit, action or proceedings, and/or to settle any disputes, which may arise out of or in connection with this Agreement and the transactions contemplated hereby ("**Proceedings**") and, for these purposes, each of them irrevocably submits to the jurisdiction of the Ontario courts and waives (and irrevocably agrees not to raise) any objection which it may have now or hereafter to the laying of the venue of any Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and further irrevocably agrees that a judgment in any Proceedings brought in any Ontario court shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

27. **Successors and Assigns.** The terms and provisions of this Agreement shall be binding upon and enure to the benefit of the Corporation and the Underwriter and their respective successors and permitted assigns.

28. **Further Assurances.** Each of the parties hereto shall do or cause to be done all such acts and things and shall execute or cause to be executed all such documents, agreements and other instruments as may reasonably be necessary or desirable for the purpose of carrying out the provisions and intent of this Agreement.

29. **Effective Date.** This Agreement is intended to and shall take effect as of the date first set forth above, notwithstanding its actual date of execution or delivery.

30. **Counterparts and Facsimile Copies.** This Agreement may be executed in any number of counterparts and by facsimile, which taken together shall form one and the same agreement.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK.]

If the Corporation is in agreement with the foregoing terms and conditions, please so indicate by executing a copy of this Agreement where indicated below and delivering the same to the Underwriter.

Yours very truly,

VERSANT PARTNERS INC.

Per: _____
Authorized Signing Officer

The foregoing is hereby accepted on the terms and conditions therein set forth.

DATED as of the 19 day of January, 2007.

ADHEREX TECHNOLOGIES INC.

Per: _____
Authorized Signing Officer

Exhibit 1.1

SCHEDULE "A"

UNITED STATES OFFERS AND SALES

As used in this Schedule "A" and related appendices, capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Underwriting and Agency Agreement to which this Schedule "A" is annexed and the following terms shall have the meanings indicated:

(a) "**Accredited Investor**" means those "accredited investors" specified in Rule 501 of Regulation D;

(b) "**Directed Selling Efforts**" means directed selling efforts as that term is defined in Regulation S. Without limiting the foregoing, but for greater clarity in this Schedule, it means, subject to the exclusions from the definition of directed selling efforts contained in Regulation S, any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the Units and includes the placement of any advertisement in a publication with a general circulation in the United States that refers to the offering of the Units;

(c) "**Foreign Issuer**" shall have the meaning ascribed thereto in Regulation S. Without limiting the foregoing, but for greater clarity, it means any issuer which is (a) the government of any country other than the United States, of any political subdivision thereof or a national of any country other than the United States; or (b) a corporation or other organization incorporated under the laws of any country other than the United States, except an issuer meeting the following conditions: (1) more than 50 percent of the outstanding voting securities of such issuer are held of record either directly or indirectly by residents of the United States; and (2) any of the following: (i) the majority of the executive officers or directors are United States citizens or residents, (ii) more than 50 percent of the assets of the issuer are located in the United States, or (iii) the business of the issuer is administered principally in the United States;

(d) "**General Solicitation**" and "**General Advertising**" means "general solicitation" and "general advertising", respectively, as used under Rule 502(c) under the U.S. Securities Act, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio, television or the internet, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising or in any other manner involving a public offering within the meaning of Section 4(2) of the U.S. Securities Act;

(e) "**Regulation D**" means Regulation D adopted by the SEC under the U.S. Securities Act;

(f) "**Regulation S**" means Regulation S adopted by the SEC under the U.S. Securities Act;

(g) "**SEC**" means the United States Securities and Exchange Commission;

(h) "**Substantial U.S. Market Interest**" means "substantial U.S. market interest" as that term is defined in Regulation S; and

(i) "**U.S. Exchange Act**" means the United States Securities Exchange Act of 1934, as amended.

Representations, Warranties and Covenants of the Underwriter

Each of the Underwriter and its respective U.S. Affiliate acknowledges that the Units have not been and will not be registered under the U.S. Securities Act and may be offered and sold only in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act and state securities laws. Accordingly, each of the Underwriter and the U.S. Affiliates represents, warrants and covenants to the Corporation that:

1. It has not offered and sold, and will not offer and sell, any Units except (a) in an offshore transaction in accordance with Rule 903 of Regulation S or (b) in the United States as provided in paragraphs 2 through 10 below. Accordingly, neither the Underwriter nor its U.S. Affiliate nor any persons acting on its behalf has engaged or will engage in any Directed Selling Efforts in the United States with respect to the Units.
2. It has not entered and will not enter into any contractual arrangement with respect to the distribution of the Units, except with its affiliates, any selling group members or with the prior written consent of the Corporation. It shall require each selling group member to agree, for the benefit of the Corporation, to comply with, and shall use its best efforts to ensure that each selling group member complies with, the provisions of this Schedule "A" applicable to the Underwriter as if such provisions applied to such selling group member.
3. All offers and sales of Units in the United States shall be or have been made through a U.S. Affiliate in compliance with all applicable U.S. broker-dealer requirements.
4. In connection with offers and sales of Units in the United States no form of General Solicitation or General Advertising shall be or has been used.
5. Any offer, sale or solicitation of an offer to buy Units that has been made or will be made in the United States was or will be made only to Accredited Investors in transactions that are exempt from registration under the U.S. Securities Act and applicable state securities laws.
6. Each offeree in the United States shall be provided, prior to time of purchase of any Units, with a copy of the U.S. Memorandum attached to a copy of the Final Prospectus and no other written material will be used in connection with the offer or sale of the Units in the United States.
7. It will offer the Units in the United States only to offerees with respect to which it has a pre-existing relationship and has reasonable grounds to believe that each offeree is an Accredited Investor.
8. Prior to any sale of Units in the United States or to a person offered Units in the United States, it shall cause each such U.S. purchaser thereof to execute a Purchaser's Letter in the form attached hereto as Appendix I.
9. At least one business day prior to the Closing Time, the transfer agent will be provided with a list of all purchasers of the Units in the United States.
10. At closing, Versant Partners Inc. and its U.S. Affiliate, will provide a certificate, substantially in the form of Appendix II, relating to the manner of the offer and sale of the Units in the United States.

Representations, Warranties and Covenants of the Corporation

The Corporation represents, warrants, covenants and agrees that:

1. The Corporation is a Foreign Issuer with no Substantial U.S. Market Interest in the Units.
2. The Corporation is not, and as a result of the sale of the Units contemplated hereby will not be, required to register as an "investment company" pursuant to the *United States Investment Company Act of 1940*, as amended.
3. Except with respect to offers and sales to Accredited Investors in reliance upon an exemption from registration under the U.S. Securities Act, neither the Corporation nor any of its affiliates, nor any person acting on its or their behalf, has made or will make: (A) any offer to sell, or any solicitation of an offer to buy, any Units to a person in the United States; or (B) any sale of Units unless, at the time the buy order was or will have been originated, the purchaser is (i) outside the United States or (ii) the Corporation, its affiliates, and any person acting on their behalf reasonably believe that the purchaser is outside the United States.
4. Neither it nor any of its affiliates, nor any person acting on its or their behalf (other than the Underwriter, its affiliates and any person acting on its or their behalf, as to which no representation is made), has made or will make any Directed Selling Efforts in the United States with respect to the Units, or has taken or will take any action that would cause the applicable exemptions and exclusions from the registration requirements of the U.S. Securities Act to be unavailable for offers and sales of the Units pursuant to this Agreement.
5. None of the Corporation, any of its affiliates or any person acting on its or their behalf (other than the Underwriter, their affiliates and any person acting on their behalf, as to which no representation is made) have engaged or will engage in any form of General Solicitation or General Advertising with respect to offers or sales of the Units in the United States.
6. Except with respect to the offer and sale of the Units offered hereby, neither the Corporation nor any person acting on behalf of the Corporation has, within six months prior to the date hereof, sold, offered for sale or solicited any offer to buy any of the Corporation's securities of the same or similar class to that of the Units in the United States.
7. For as long as any of the Units are outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, and if the Corporation is not subject to and in compliance with the reporting requirements of Section 13 or Section 15(d) of the U.S. Exchange Act or exempt from such reporting requirements pursuant to Rule 12g3-2(b) thereunder, the Corporation will provide to any holder of such Units, or to any prospective purchaser of such Units designated by such holder, upon the request of such holder or prospectus purchaser, at or prior to the time of resale, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act.

Exhibit 1.1

APPENDIX I TO SCHEDULE "A"

FORM OF U.S. PURCHASER'S LETTER

Adherex Technologies Inc.
4620 Creekstone Drive, Suite 200
Durham, NC 27703

Versant Partners USA, Inc.
c/o Versant Partners Inc.
1350 Sherbrooke St. West
12th Floor
Montreal, Quebec H3B 1J1

Re: Purchase of Units of Adherex Technologies Inc.

Ladies and Gentlemen:

In connection with its agreement to purchase units ("**Units**") of Adherex Technologies Inc. (the "**Corporation**"), each such unit consisting of one common share of the Corporation (the "**Common Shares**") and one-half of a warrant (the "**Warrants**") to purchase a Common Share of the Corporation, the undersigned represents, warrants and covenants to you as follows:

(1) it is authorized to consummate the purchase of the Units;

(2) it understands that the Units have not been and will not be registered under the *United States Securities Act of 1933*, as amended (the "**U.S. Securities Act**"), or any applicable state securities laws and that the offer and sale of Units to it is being made in reliance on an exemption to "**Accredited Investors**" (as such term is defined in Regulation D of the U.S. Securities Act);

(3) it has received a copy, for its information only, of the U.S. offering memorandum, into which the Canadian Final Short Form Prospectus is incorporated by reference, relating to the offering in the United States of the Units and it has had access to such additional information, if any, concerning the Corporation as it has considered necessary in connection with its investment decision to acquire the Units;

(4) it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Units and is able to bear the economic risks of such investment;

(5) it is an Accredited Investor or, if the Units are to be purchased for one or more accounts ("**investor accounts**") for which it is acting as a fiduciary or agent, each such investor account is an Accredited Investor;

(6) it is acquiring the Units for its own account or for one or more investor accounts for which it is acting as fiduciary or agent, in each case for investment, and not with a view to any resale, distribution or other disposition of any portion of the Units in violation of United States securities laws or applicable state securities laws;

(7) it acknowledges that it has not purchased the Units as a result of any general solicitation or general advertising (as those terms are used in Regulation D under the U.S. Securities Act), including, but not limited to, any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over radio, television or the internet, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;

(8) it agrees that if it decides to offer, sell or otherwise transfer any of the Common Shares or Warrants, such Common Shares or Warrants may be offered, sold or otherwise transferred, directly or indirectly, only, (i) to the Corporation, (ii) outside the United States in accordance with Rule 904 of Regulation S under the U.S. Securities Act and in compliance with applicable local laws and regulations; (iii) within the United States in accordance with (A) Rule 144A under the U.S. Securities Act ("**Rule 144A**") to a person the seller reasonably believes is a Qualified Institutional Buyer (as defined in Rule 144A under the U.S. Securities Act), that is purchasing for its own account or for the account of a Qualified Institutional Buyer and to whom notice is given that the offer, sale or transfer is being made in reliance on Rule 144A or (B) the exemption from registration under the U.S. Securities Act provided by Rule 144 thereunder, if applicable, and in compliance with any applicable state securities laws; or (iv) in another transaction that does not require registration under the U.S. Securities Act or any applicable state securities laws after, in the case of proposed transfers pursuant to clauses (iii) or (iv), providing a legal opinion satisfactory to the Corporation to the effect that the proposed transfer may be effected without registration under the U.S. Securities Act or state securities laws;

(9) it understands and acknowledges that upon the original issuance of the Units and until such time as the same is no longer required under applicable requirements of the U.S. Securities Act or applicable state securities laws, certificates representing the Common Shares and Warrants and all certificates issued in exchange therefor or in substitution thereof, shall bear the following legend:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE COMPANY THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO ADHEREX TECHNOLOGIES INC. (THE "COMPANY"), (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (C) WITHIN THE UNITED STATES IN ACCORDANCE WITH (1) THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER, (2) THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF APPLICABLE, OR (3) ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND IN EACH CASE, IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD

DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA. PROVIDED THAT THE COMPANY IS A "FOREIGN ISSUER" WITHIN THE MEANING OF REGULATION S AT THE TIME OF SALE, A NEW CERTIFICATE BEARING NO LEGEND MAY BE OBTAINED FROM THE REGISTRAR AND TRANSFER AGENT OF THE COMPANY UPON DELIVERY OF THIS CERTIFICATE AND A DULY EXECUTED DECLARATION, IN A FORM SATISFACTORY TO THE COMPANY'S REGISTRAR AND TRANSFER AGENT AND THE COMPANY, TO THE EFFECT THAT SUCH SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT.";

provided, that if Common Shares are being sold under paragraph (8)(ii) above, and provided that the Corporation is a "foreign issuer" (within the meaning of Regulation S under the U.S. Securities Act) at the time of sale, any such legend may be removed from the Common Shares by providing a declaration to Computershare Investor Services Inc., as registrar and transfer agent for the Common Shares, in either case to the effect set forth in Annex A hereto (or as the Corporation may prescribe from time to time); and provided further, that, if any such securities are being sold under paragraph (8)(iii) above, the legend may be removed by delivery to Computershare Investor Services Inc. and the Corporation of an opinion of counsel, of recognized standing reasonably satisfactory to the Corporation, to the effect that such legend is no longer required under applicable requirements of the U.S. Securities Act or state securities laws;

(10) it consents to the Corporation making a notation on its records or giving instructions to any transfer agent of the Common Shares or Warrants in order to implement the restrictions on transfer set forth and described herein;

(11) it understands and acknowledges that the Corporation is not obligated to file and has no present intention of filing with the U.S. Securities and Exchange Commission or with any state securities administrator any registration statement in respect of resales of the Common Shares or Warrants in the United States;

(12) it understands and acknowledges that the Corporation is not obligated to remain a "foreign issuer" within the meaning of Regulation S under the U.S. Securities Act;

(13) if required by applicable securities legislation, regulatory policy or order or by any securities commission, stock exchange or other regulatory authority, it will execute, deliver and file and otherwise assist the Corporation in filing reports, questionnaires, undertakings and other documents with respect to the issue of the Units; and

(14) it understands and acknowledges that it is making the representations and warranties and agreements contained herein with the intent that they may be relied upon by the Corporation, the underwriter and its U.S. Affiliate in determining its eligibility to purchase the Units.

By this letter the undersigned represents and warrants that the foregoing representations and warranties are true at the closing of the purchase of the Units with the same force and effect as if they had been made by it at such closing and that they shall survive the purchase by it of the Units and shall continue in full force and effect notwithstanding any subsequent disposition by the undersigned of Common Shares and/or the Warrants.

You are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

Registration of the certificates representing the Common Shares and Warrants should be made as follows (if space is insufficient, attach a list):

Name: _____
Address: _____
_____
Number of Units Purchased: _____
Total Purchase Price: _____

A certified cheque or bank draft in the amount set forth above accompanies this letter or other acceptable payment arrangements have been made.

The certificates representing the securities underlying the Units should:

* ☐ be mailed by registered mail to the registered holder(s) at the address set forth in the prior paragraph; or

* ☐ be made available to be picked up at the principal office of the Corporation's Registrar and Transfer Agent in the City of Toronto, Ontario.

*Please check one box, failing which such certificate will be mailed by registered mail to the registered holder(s) as described above.

Dated: _____ _____

By: _____
Name:
Title:

ANNEX A

FORM OF DECLARATION FOR REMOVAL OF LEGEND

TO: COMPUTERSHARE INVESTOR SERVICES INC.
as registrar and transfer agent
for Common Shares of
ADHEREX TECHNOLOGIES INC.

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

Dated: _____

_____
Name of Seller

By: _____
Name:
Title:

Exhibit 1.1

APPENDIX II

TO SCHEDULE "A"

UNDERWRITER'S CERTIFICATE

In connection with the exempt offering in the United States of units (the "Units") of Adherex Technologies Inc. (the "Corporation"), with U.S. accredited investors (the "U.S. Purchasers") pursuant to U.S. Purchaser's Letters dated as of ·, 2007 and pursuant to an underwriting and agency agreement (the "Underwriting Agreement") dated ·, 2007 between the Corporation and the underwriter named therein, the undersigned, Versant Partners Inc. ("Versant"), and Versant Partners USA, Inc., the U.S. registered broker-dealer affiliate of Versant, on behalf of itself, hereby certify as follows:

(i) each U.S. Affiliate of the Underwriter is a duly registered broker or dealer with the United States Securities and Exchange Commission and is a member of and is in good standing with the National Association of Securities Dealers, Inc. on the date hereof;

(ii) all offers and sales of Units in the United States were made only through the U.S. Affiliates and to "Accredited Investors" (as defined in Rule 501 of Regulation D under the Securities Act of 1933, as amended ("Regulation D")) and have been effected in accordance with all applicable U.S. broker-dealer requirements;

(iii) each offeree was provided with a copy of the U.S. memorandum (the "U.S. Memorandum"), including the Canadian final short form prospectus relating to the offering of the Units and no other written material was used in connection with the offer and sale of Units in the United States;

(iv) immediately prior to transmitting the U.S. Memorandum, including the Canadian final short form prospectus relating to the offering of the Units to such offerees, we had reasonable grounds to believe and did believe that each offeree was an "Accredited Investor", and, on the date hereof, we continue to believe that each U.S. Purchaser purchasing Units from us is an Accredited Investor;

(v) no form of general solicitation or general advertising (as those terms are used in Regulation D) was used by us, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising, in connection with the offer or sale of the Units in the United States;

(vi) the offering of the Units in the United States has been conducted by us in accordance with the terms of the Underwriting Agreement; and

(vii) prior to any sale of Units in the United States or to a person who was offered Units in the United States we caused each U.S. Purchaser to execute a U.S. Purchaser's Letter in the form of Appendix I to Schedule "A" to the Underwriting Agreement.

Terms used in this certificate have the meanings given to them in the Underwriting Agreement unless otherwise defined herein.

Dated this __ day of _____, 2007.

VERSANT PARTNERS INC.

By: _____
Name: _____
Title: _____

VERSANT PARTNERS USA, INC.

By: _____
Name: _____
Title: _____

Schedule "B" to Underwriting and Agency Agreement
January 19, 2007

Exhibit 4.43

ADHEREX TECHNOLOGIES INC.

This Certificate, and the Warrants evidenced hereby, will be void and of no value unless exercised on or before 5:00 p.m. (Toronto time) on February 21, 2010.

February 21, 2007

CUSIP No.: 00686R150
ISIN No.: CA00686R1507

NO. __ _____ WARRANTS

WARRANT TO PURCHASE COMMON SHARES

THIS IS TO CERTIFY THAT for value received _____, the registered holder hereof is entitled for each whole Warrant represented hereby to purchase one fully paid and non-assessable common share ("**Common Share**") in the capital of Adherex Technologies Inc. (the "**Company**") at a price per share of US$0.40, subject to adjustment as hereinafter referred to.

Such right to purchase may be exercised by the registered holder hereof at any time on the date of issue hereof up to and including 5:00 p.m. (Toronto time) on February 21, 2010 (the "**Warrant Expiry Time**") by surrender of this Warrant Certificate to Computershare Trust Company of Canada (the "**Warrant Agent**") at the principal transfer offices of the Warrant Agent in Toronto, Ontario, together with the subscription form attached hereto as Appendix A duly executed and completed for the number of Common Shares which the holder hereof is entitled to purchase and the purchase price of such Common Shares as herein provided.

This Warrant Certificate and such payment shall be deemed not to have been surrendered and made except upon personal delivery thereof or, if sent by post or other means of transmission, upon actual receipt thereof by the Warrant Agent at the office specified above.

The purchase price of Common Shares subscribed for hereunder shall be paid by certified cheque, money order or bank draft in lawful money of the United States payable to the order of the Company at par in the city where this Warrant Certificate is delivered.

Certificates for the Common Shares subscribed for will be mailed to the persons specified in the subscription form at their respective addresses specified therein or, if so specified in such subscription form, delivered to such persons at the office where the applicable Warrant Certificate was surrendered, when the transfer registers of the Company have been open for five business days after the due surrender of such Warrant Certificate and payment as aforesaid. In the event of a purchase of a number of Common Shares fewer than the number which can be purchased pursuant to this Warrant Certificate, the holder shall be entitled to receive without charge a new Warrant Certificate in respect of the balance of such Warrants.

This Warrant Certificate and other Warrant Certificates are issued under and pursuant to a certain warrant indenture (herein referred to as the "**Indenture**") dated February 21, 2007 between the Company and the Warrant Agent, to which Indenture and any instruments supplemental thereto reference is hereby made for a description of the terms and conditions upon which such Warrant Certificates are issued and are to be held all to the same effect as if the provisions of the Indenture and all instruments supplemental thereto were herein set forth, to all of which provisions the holder of this Warrant Certificate by acceptance hereof assents. The

Company will furnish to the holder of this Warrant Certificate, upon request and without charge, a copy of the Indenture. Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Indenture.

Subject to the Company's right to purchase the Warrants under the Indenture and to any restriction under applicable law or policy of any applicable regulatory body, the Warrants and Warrants Certificates and the rights thereunder shall only be transferable by the registered holder hereof in compliance with the conditions prescribed in the Indenture and the due completion, execution and delivery of a Transfer Form (in the form attached hereto as Appendix B) in accordance with the terms of the Indenture. THE TRANSFER OF THE WARRANTS EVIDENCED HEREBY MAY BE RESTRICTED BY APPLICABLE SECURITIES LAWS. HOLDERS ARE ADVISED TO CONSULT THEIR LEGAL COUNSEL IN THIS REGARD.

Neither the Warrants evidenced by this Warrant Certificate nor the Common Shares issuable upon the exercise thereof have been or will be registered under the United States *Securities Act* of 1933, as amended (the "**U.S. Securities Act**"), and may not be offered or sold to a person in the United States, except pursuant to an exemption from registration under the U.S. Securities Act. Compliance with the securities laws of any jurisdiction is the responsibility of the holder of this Warrant Certificate or its transferee. Accordingly, all certificates representing the Common Shares issued to a U.S. Person or to any person in the United States upon exercise of this Warrant Certificate will have the following legend endorsed thereon:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE COMPANY THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO ADHEREX TECHNOLOGIES INC. (THE "COMPANY"), (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) WITHIN THE UNITED STATES IN ACCORDANCE WITH (1) THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER, OR (2) THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF APPLICABLE, OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS AFTER, IN THE CASE OF PROPOSED TRANSFERS PURSUANT TO CLAUSES (C) OR (D), PROVIDING A LEGAL OPINION SATISFACTORY TO THE COMPANY TO THE EFFECT THAT THE PROPOSED TRANSFER MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA. PROVIDED THAT THE

COMPANY IS A "FOREIGN ISSUER" WITHIN THE MEANING OF REGULATION S AT THE TIME OF SALE, A NEW CERTIFICATE BEARING NO LEGEND MAY BE OBTAINED FROM THE REGISTRAR AND TRANSFER AGENT OF THE COMPANY UPON DELIVERY OF THIS CERTIFICATE AND A DULY EXECUTED DECLARATION, IN A FORM SATISFACTORY TO THE COMPANY'S REGISTRAR AND TRANSFER AGENT AND THE COMPANY, TO THE EFFECT THAT SUCH SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT."

provided that:

(i) if any such securities are being sold under clause (B) of the above legend and in compliance with Canadian local laws and regulations, and provided that the Company is a "foreign issuer" within the meaning of Regulation S at the time of sale, the legend may be removed by providing a declaration to the Company and Computershare Trust Company of Canada, as registrar and transfer agent, in the form attached as Appendix C to this Warrant Certificate to the effect that the Shares are being sold in compliance with Rule 904 of Regulation S, together with any documentation as may be required by the Company or its transfer agent to the effect that an exemption from the registration requirements of the U.S. Securities Act is available; and

(ii) if any such securities are being sold under clause (C) or (D) of the above legend, the legend may be removed by delivery to the Company and Computershare Trust Company of Canada of an opinion of counsel, of recognized standing reasonably satisfactory to the Company, that such legend is no longer required under applicable requirements of the U.S. Securities Act or state securities laws.

The holding of this Warrant Certificate shall not constitute the holder hereof a holder of Common Shares nor entitle him to any right of interest in respect thereof.

The Indenture provides for adjustment in the number of Common Shares to be delivered upon the exercise of the right of purchase hereby granted and to the Exercise Price in certain events therein set forth.

The Indenture contains provisions making binding upon all holders of Warrants outstanding thereunder resolutions passed at meetings of such holders held in accordance with such provisions by the warrantholders entitled to purchase a specified majority of the Common Shares which may be purchased pursuant to all then outstanding Warrants.

The holder of this Warrant Certificate may at any time up to and including the Warrant Expiry Time upon the surrender hereof to the Warrant Agent at its principal transfer offices in Toronto, Ontario, and payment of any charges provided for in the Indenture, exchange this Warrant Certificate for other Warrant Certificates entitling the holder to subscribe in the aggregate for the same number of Common Shares as is expressed in this Warrant Certificate.

This Warrant Certificate shall not be valid for any purpose whatever unless and until it has been countersigned by the Warrant Agent for the time being under the Indenture.

Nothing contained herein or in the Indenture shall confer any right upon the holder hereof or any other person to subscribe for or purchase any Common Shares of the Company at any time subsequent to the Warrant Expiry Time. After the Warrant Expiry Time this Warrant Certificate and all rights thereunder shall be void and of no value.

Time is of the essence hereof.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF this Warrant Certificate has been executed on behalf of Adherex Technologies Inc. as of the 21st day of February, 2007.

ADHEREX TECHNOLOGIES INC.

By: _____
Authorized Signing Officer

Countersigned:

COMPUTERSHARE TRUST COMPANY OF CANADA

Dated: _____ By: _____
Authorized Signing Officer

APPENDIX "A" TO WARRANT CERTIFICATE
EXERCISE FORM

By Mail, Registered Mail, by Hand or by Courier

TO: Computershare Trust Company of Canada
100 University Avenue
9th Floor
Toronto, Ontario M5J 2Y1

The undersigned registered holder of the within Warrant Certificate, subject to that certain warrant indenture (the "**Indenture**") dated as of February 21, 2007 between Adherex Technologies Inc. (the "**Company**") and Computershare Trust Company of Canada, as Warrant Agent, hereby:

a) ***subscribes for _____ common shares ("Common Shares") (or such number of Common Shares or other securities or property to which such subscription entitles the undersigned in lieu thereof or in addition thereto under the Indenture) of the Company at the price per share of US$0.40 (or such adjusted price which may be in effect under the provisions of the Indenture) and in payment of the exercise price encloses a certified cheque, money order or bank draft, in any case in lawful money of the United States payable to "Adherex Technologies Inc."; and***

b) ***delivers herewith the above-mentioned Warrant Certificate entitling the undersigned to subscribe for the above-mentioned number of Common Shares.***

The undersigned hereby directs that the said Common Shares be registered as follows:

Name(s) in full	Address(es) (including Postal Code)	Number(s) of Common Shares

The undersigned represents that it (A) has had access to such current public information concerning the Company as it considered necessary in connection with its investment decision, and (B) understands that the securities issuable upon exercise hereof have not and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**").

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

A. ☐ The undersigned holder at the time of exercise of this Warrant (i) is not in the United States as defined in Regulation S under the U.S. Securities Act ("**Regulation S**"); (ii) is not a U.S. Person as defined in Regulation S; (iii) is not exercising this Warrant on behalf of, or for the account or benefit of a U.S. Person or a person in the United States; and (iv) did not receive an offer to exercise this Warrant or execute or deliver this Subscription Form in the United States, and has, in all other respects, complied with the terms of Regulation S or any successor rule or regulation.

B. ☐ The undersigned holder was the original purchaser of the Warrant being exercised directly from the Company and is resident in the United States or is a U.S. Person who is a resident of the jurisdiction referred to in the address appearing below, and is an accredited investor (an "**Accredited Investor**") as such term is described in Regulation D under the U.S. Securities Act **and has completed the U.S. Accredited Investor Status Certificate in the form attached to this Exercise Form as Exhibit "A"**; or

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

The undersigned holder understands that unless box A above is checked, the certificate representing the Common Shares will bear a legend in the form required by the Warrant Certificate restricting transfer without registration under or exemption from the U.S. Securities Act and applicable state securities laws.

Note: Certificates representing Common Shares will not be registered or delivered to an address in the United States unless box B or C above is checked.

If the undersigned has indicated that the undersigned is an Accredited Investor by marking box B above, the undersigned represents and warrants to the Company that:

1. the undersigned has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Common Shares subscribed for herein, and the undersigned is able to bear the economic risk of loss of his or her entire investment;

2. the undersigned is: (i) purchasing the Common Shares for his or her own account or for the account of one or more Accredited Investors with respect to which the undersigned is exercising sole investment discretion, and not on behalf of any other person; (ii) is purchasing the Common Shares for investment purposes only and not with a view to resale, distribution or other disposition in violation of United States federal or state securities laws; and (iii) in the case of the purchase by the undersigned of the Common Shares as agent or trustee for any other person or persons (each a "**Beneficial Owner**"), the undersigned holder has due and proper authority to act as agent or trustee for and on behalf of each such Beneficial Owner in connection with the transactions contemplated hereby; provided that: (y) if the undersigned holder, or any Beneficial Owner, is a Company or a partnership, syndicate, trust or other form of unincorporated organization, the undersigned holder or each such Beneficial Owner was not incorporated or created solely, nor is it being used primarily to permit purchases without a prospectus or registration statement under applicable law; and (z) each Beneficial Owner, if any, is an Accredited Investor; and

3. the undersigned has not exercised the Warrants as a result of any form of general solicitation or general advertising, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio, television or other form of telecommunications, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.

If the undersigned has indicated that the undersigned is an Accredited Investor by marking box B above, the undersigned also acknowledges and agrees that:

1. the Company has provided to the undersigned the opportunity to ask questions and receive answers concerning the terms and conditions of the offering, and the undersigned has had access to such information concerning the Company as he or she has considered necessary or appropriate in connection with his or her investment decision to acquire the Common Shares subscribed for herein;

2. if the undersigned decides to offer, sell or otherwise transfer any of the Common Shares subscribed for herein, the undersigned must not, and will not, offer, sell or otherwise transfer any of such Common Shares directly or indirectly, unless:

   (a) the sale is to the Company;

   (b) the sale is made outside the United States in a transaction meeting the requirements of Rule 904 of Regulation S under the U.S. Securities Act and in compliance with applicable local laws and regulations;

   (c) the sale is made pursuant to the exemption from the registration requirements under the U.S. Securities Act provided by Rule 144, if available, thereunder and in accordance with any applicable state securities or “blue sky” laws; or

   (d) the Common Shares subscribed for herein are sold in a transaction that does not require registration under the U.S. Securities Act or any applicable state laws and regulations governing the offer and sale of securities,

   and, in the case of (c) or (d), it has prior to such sale furnished to the Company an opinion of counsel reasonably satisfactory to the Company confirming that such sale is exempt from the registration requirements of the U.S. Securities Act;

3. the Common Shares subscribed for herein are “restricted securities” under applicable federal securities laws and that the U.S. Securities Act and the rules of the United States Securities and Exchange Commission provide in substance that the undersigned may dispose of the Common Shares only pursuant to an effective registration statement under the U.S. Securities Act or an exemption therefrom;

4. the Company has no obligation to register any of the Common Shares subscribed for herein or to take action so as to permit sales pursuant to the U.S. Securities Act (including Rule 144 thereunder);

5. the certificates representing the Common Shares subscribed for herein (and any certificates issued in exchange or substitution for such Common Shares) will bear a

legend, in the form required by the certificate representing the Warrants, stating that such securities have not been registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered for sale or sold unless 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

6. it consents to the Company making a notation on its records or giving instructions to any transfer agent of the Company in order to implement the restrictions on transfer set forth and described in this Subscription Form.

DATED this __ day of _____, 20__.

Signature of Warrantholder guaranteed by:

_____

_____

_____
(Signature of Warrantholder)

_____
(Print Name of Warrantholder)*

_____

_____

_____
(Address of Warrantholder in full)

(*The name of the Warrantholder must correspond with the name upon the face of the certificate in every particular and the Company reserves the right to require reasonable assurance that such signature is genuine and effective.)

Instructions

1. The registered holder may exercise its right to receive Common Shares by completing this form and surrendering this form and the Warrant Certificate representing the Warrants being exercised along with a certified cheque, money order or bank draft in lawful money of the United States payable to the order of the Company at par in an amount equal to the exercise price applicable at the time of such surrender in respect of each Common Share which the Warrantholder desires to acquire (being not more than those which the Warrantholder is entitled to acquire pursuant to the Warrants represented by the Warrant Certificate so surrendered) to Computershare Trust Company of Canada, at its principal offices at:

   By Mail, Registered Mail, by Hand or by Courier
   Computershare Trust Company of Canada
   100 University Avenue
   9th Floor
   Toronto, Ontario M5J 2Y1

2. The certificates will be mailed by registered mail to the address appearing in this Exercise Form.

3. If Common Shares are issued to a person other than the registered Warrantholder, the signature of that person must be signature guaranteed by a Schedule 1 Canadian Chartered Bank or a major trust company or by a medallion signature guarantee from a member of a recognized signature medallion guarantee program and the Transfer Form must be completed.

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

The Warrants will expire at 5:00 p.m. (Toronto Time) on February 21, 2010 and must be exercised before that time, otherwise the same shall expire and be void and of no value.

EXHIBIT "A" TO THE WARRANT EXERCISE FORM

U.S. ACCREDITED INVESTOR STATUS CERTIFICATE

In connection with the exercise of certain outstanding warrants of ADHEREX TECHNOLOGIES INC. (the "**Company**") by the holder, the holder hereby represents and warrants to the Company that the holder, and each beneficial owner (each a "**Beneficial Owner**"), if any, on whose behalf the holder is exercising such warrants, satisfies one or more of the following categories of Accredited Investor **(please write "U/H" for the undersigned holder, and "B/O" for each beneficial owner, if any, on each line that applies)**:

____ (1) Any bank as defined in Section 3(a)(2) of the U.S. Securities Act of 1933, as amended (the "**1933 Act**"), or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the 1933 Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the U.S. Securities Exchange Act of 1934; or any insurance company as defined in Section 2(a)(13) of the 1933 Act; any investment company registered under the U.S. Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the U.S. Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of US$5,000,000; any employee benefit plan within the meaning of the U.S. Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of US$5,000,000, or, if a self-directed plan, with investment decisions made solely by persons that are "accredited investors" (as such term is defined in Rule 501 of Regulation D of the 1933 Act);

____ (2) Any private business development company as defined in Section 202(a)(22) of the U.S. Investment Advisers Act of 1940;

____ (3) Any organization described in Section 501(c)(3) of the U.S. Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of US$5,000,000;

____ (4) Any trust with total assets in excess of US$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person (being defined as a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the prospective investment);

____ (5) Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds US$1,000,000;

____ (6) Any natural person who had an individual income in excess of US$200,000 in each of the two most recent years or joint income with that person's spouse in excess of US$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year; or

____ (7) Any entity in which all of the equity owners are Accredited Investors by virtue of satisfying one or more of the definitions above in paragraphs (1) through (6).

APPENDIX "B" TO THE WARRANT CERTIFICATE
TRANSFER FORM

FOR value received I/we (the "**Transferor**") hereby sell, assign, and transfer unto:

(Name of Transferee)

(Address of Transferee)

(Social Insurance Number)

Warrants of

(Quantity & Class)

ADHEREX TECHNOLOGIES INC. (the "**Company**")

represented by:

(List Certificate Numbers)

and the undersigned hereby irrevocably constitutes and appoints:

(Leave Blank)

the attorney to transfer the said Warrants on the books of the Company with full power of substitution in the premises.

The Transferor hereby certifies that (check either A or B):

____ (A) The sale of the Warrants is being made in an offshore transaction outside of the United States in reliance on Rule 904 of Regulation S under the U.S. Securities Act of 1933, as amended (the "1933 Act"), and certifies that:

(1) the Transferor is not an "affiliate" (as defined in Rule 405 under the 1933 Act) of the Company, or a "distributor", as defined in Regulation S, or an affiliate of a "distributor";

(2) the offer of such securities was not made to a person in the United States and either at the time the buy order was originated, the transferee was outside the United States, or the Transferor and any person acting on the Transferor's behalf reasonably believe that the transferee was outside the United States;

(3) neither the Transferor nor any person acting on the Transferor's behalf engaged in any directed selling efforts in connection with the offer and sale of the Warrants;

(4) the sale is bona fide and not for the purpose of "washing off" the resale restrictions imposed because the Warrants are "restricted securities" (as such term is defined in Rule 144(a)(3) under the 1933 Act);

(5) the Transferor does not intend to replace the securities sold in reliance on Rule 904 of the 1933 Act with fungible unrestricted securities; and

(6) the contemplated sale is not a transaction, or part of a series of transactions which, although in technical compliance with Regulation S, is part of a plan or a scheme to evade the registration provisions of the 1933 Act.

____ (B) This transfer of Warrants is being completed pursuant to an exemption from the registration requirements of the 1933 Act, in which case the Transferor has delivered or caused to be delivered by the Transferee a written opinion of U.S. legal counsel acceptable to the Company to the effect that the transfer of the Warrants is exempt from the registration requirements of the 1933 Act.

DATED this __ day of _____, 20__.

Signature Guaranteed By:

_____
(Signature of Warrantholder)

_____
(Name of Warrantholder, Please Print)

_____
(Capacity of Authorized Representative)

Instructions:

1. The signature on this assignment must correspond with the name as written upon the face of the certificate, in every particular, without alteration or enlargement, or change whatever.

2. The signature must be guaranteed by a Canadian schedule 1 chartered bank, major Trust Company or by a member firm of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, MSP). The stamp must bear the words "Signature Medallion Guaranteed".

3. In the United States of America, signature guarantees must be done by members of a Medallion Signature Guarantee Program only. Signature guarantees are not accepted from Treasury Branches, Credit Unions or Caisses Populaires unless they are members of an acceptable Medallion Program.

TRANSFEREE ACKNOWLEDGMENT

In connection with this transfer (check one), the undersigned transferee (the "**Transferee**") certifies that (check either A or B):

____ (A) The Transferee hereby certifies that (i) it was not offered the Warrants while in the United States and did not execute this certificate while within the United States; and (ii) it is not a U.S. Person or a person within the United States and it is not acquiring any of the Warrants on behalf of a U.S. Person or any person within the United States.

____ (B) The Transferor or Transferee is delivering a written opinion of U.S. Counsel acceptable to the Company to the effect that this transfer of Warrants has been registered under the 1933 Act or is exempt from registration thereunder.

_____
(Signature of Transferee)

_____ _____
Date Print full name

The Warrants and the securities issuable upon exercise of the Warrants shall only be transferable in accordance with applicable laws. The Warrants may only be exercised in the manner required by the Warrant Certificate and the Exercise Form attached thereto. Any securities acquired pursuant to this exercise of Warrants shall be subject to applicable hold periods and any certificate representing such securities will bear restrictive legends, each in accordance with the Warrant Indenture dated February 21, 2007, between the Company and Computershare Trust Company of Canada that governs the Warrants and the Warrant Certificate.

APPENDIX "C" TO THE WARRANT CERTIFICATE

FORM OF DECLARATION FOR REMOVAL OF LEGEND

TO: COMPUTERSHARE TRUST COMPANY OF CANADA
as registrar and transfer agent for Common Shares of
ADHEREX TECHNOLOGIES INC.

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

Dated: _____

_____
Name of Seller

By: _____
Name:
Title:

Affirmation by Seller's Broker-Dealer

We have read the foregoing representations of our customer, _____ (the "**Seller**"), dated _____, with regard to our sale, for such Seller's account, of the _____ Shares, represented by certificate number _____ (the "**Shares**"), of the Company

described therein, and on behalf of ourselves we certify and affirm that (A) we have no knowledge that the transaction had been prearranged with a buyer in the United States, (B) the transaction was executed on or through the facilities of the Toronto Stock Exchange and (C) neither we, nor any person acting on our behalf, engaged in any directed selling efforts in connection with the offer and sale of such Securities. Terms used herein have the meanings given to them by Regulation S.

_____

Name of Firm

By: _____

Authorized Office

THE COMMON SHARES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT") OR ANY APPLICABLE STATE SECURITIES LAWS. THIS SECURITY MAY NOT BE EXERCISED WITHIN THE UNITED STATES OR ON BEHALF OF ANY U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE 1933 ACT) UNLESS REGISTERED UNDER THE 1933 ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.

THE COMPENSATION OPTIONS EVIDENCED HEREBY ARE EXERCISABLE ON OR BEFORE 5:00 P. M. (TORONTO TIME) ON FEBRUARY 21, 2009, AFTER WHICH TIME THE WARRANTS EVIDENCED HEREBY SHALL BE DEEMED TO BE VOID AND OF NO FURTHER FORCE OR EFFECT.

NO. _____ February 21, 2007

UNDERWRITER'S WARRANT
TO ACQUIRE
COMPENSATION UNITS OF
ADHEREX TECHNOLOGIES INC.

THIS CERTIFIES that, for value received, _____ in trust for Versant Partners Inc., 330 Bay St., Suite 711, Toronto, Ontario M5H 2S8 (the "**Holder**"), is the registered holder of _____ (_____) Underwriter's Warrants (the "**Underwriter's Warrants**") of Adherex Technologies Inc. (the "**Corporation**"), each Underwriter's Warrant entitling the Holder, subject to the terms and conditions set forth in this Certificate, to acquire from the Corporation, one (1) compensation unit (a "**Compensation Unit**") at a price as US$0.33 per Compensation Unit (the "**Exercise Price**") at any time, and from time to time, commencing on the date hereof and continuing until 5:00 p.m. on February 21, 2009 ("**Time of Expiry**"). Each Compensation Unit shall, subject to adjustment in certain events, be comprised of one common share in the capital of the Corporation (an "**Option Share**") , and one-half of one common share purchase warrant (each whole warrant a "**Compensation Warrant**" and collectively, the "**Compensation Warrants**").

All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the underwriting and agency agreement between the Corporation and Versant Partners Inc. (the "**Underwriter**"), dated January 19, 2007 (the "**Underwriter's Agreement**").

The Holder may exercise the Underwriter's Warrants at any time, and from time to time, until the Time of Expiry by completing the "Election to Exercise" attached as Schedule "A" to this Certificate.

In the event that the Underwriter's Warrants are exercised by the Holder for Compensation Units in accordance with the terms hereof, the Compensation Warrants shall have the terms and conditions set forth in the Warrant Indenture dated February 21, 2007 by and between the Corporation and Computershare Trust Company of Canada, including the form of warrant certificate annexed thereto as Schedule "A" (the "**Warrant Indenture**"), which provides, among other things, that each whole Compensation Warrant shall be exercisable by the holder for one Common Share at a price of US$0.40 on or before the date which is 3 years following the Initial Closing Date.

1. Manner of Exercise of Underwriter's Warrants.

The Holder may exercise the Underwriter's Warrants to purchase, to the extent hereinafter provided, all or any part of the Compensation Units, during and until the earlier of the Time of Expiry or until all of the Underwriter's Warrants have been exercised.

2. Notice of Exercise of the Underwriter's Warrants and Payment.

The Underwriter's Warrants shall be exercised in whole or in part upon providing notice in writing to the Corporation addressed to the Secretary or President of the Corporation at such place as the Corporation's executive office may then be located (the "**Notice**"), in substantially the form of the Election to Exercise appended hereto as Schedule "A" or in such other form as may be acceptable to the Corporation, together with a certified cheque or bank draft representing the subscription price for the applicable number of Compensation Units. The "**Exercise Date**" shall be the date the Corporation receives the Notice and the subscription price for the Compensation Units to be purchased. In the event the Underwriter's Warrants are exercised in part, the Corporation shall, contemporaneously with the issuance of the Compensation Units issuable on the exercise of the Underwriter's Warrants so exercised, issue to the Holder Underwriter's Warrants on identical terms in respect of that number of Compensation Units in respect of which the Holder has not exercised the Underwriter's Warrants. These Underwriter's Warrants shall effectively be surrendered, only upon personal delivery hereof or, if sent by mail or other means of transmission, upon actual receipt thereof by the Corporation at the office referred to above.

3. Rights of a Shareholder and Warrantholder.

As promptly as possible and in any event within five (5) business days after receipt of the Notice and payment in full of the exercise price for the total number of Compensation Units to be purchased, the Corporation shall cause the Holder, or such person as may be designated by the Holder, to be recorded in its register of shareholders and warrantholders, as the case may be, as holder of the number of fully paid, non-assessable Option Shares and Compensation Warrants comprising the Compensation Units so issued (the date upon which the Holder is so recorded as registered holder being referred to in this paragraph 3 as the "**Registry Date**"). The Holder shall have full rights as a shareholder and warrantholder, as the case may be, with respect to Option Shares and Compensation Warrants acquired upon the due exercise of the Underwriter's Warrants on or after the Registry Date. The Corporation agrees to issue share certificates and warrant certificates in respect of all Option Shares and Compensation Warrants so purchased as soon as possible after the Registry Date, and in any event within five (5) business days thereafter.

4. Fractional Units.

No fractional Option Shares or Compensation Warrants shall be issued upon exercise of any Compensation Option. If any fractional interest in an Option Share or Compensation Warrant would, except for the provisions of the first sentence of this paragraph, be deliverable upon the exercise of a Compensation Option, the Corporation shall instead deliver to the Holder the nearest whole number of Option Shares or Compensation Warrants, as the case may be.

5. Adjustment in Option Shares Subject to the Underwriter's Warrants.

(a) Corporate Changes. If, at any time after the Closing Date but prior to the Time of Expiry, the Corporation shall be a party to any reorganization, merger, dissolution or sale of all or substantially all of its assets, whether or not the Corporation is the surviving entity, as a result of which an adjustment is made to the Common Shares, the number of Option Shares issuable on exercise of each Underwriter's Warrant shall be adjusted so as to

apply to the securities to which the holders of that number of Option Shares of the Corporation subject to the unexercised Underwriter's Warrants would have been entitled by reason of such reorganization, merger, dissolution or sale of all or substantially all of its assets (the "**Event**"), and the Exercise Price in effect immediately prior to the Event shall be adjusted to reflect such Event.

(b) Subdivision or Consolidation of Shares.

(i) If, at any time prior to the Time of Expiry, the Corporation shall subdivide its outstanding common shares into a greater number of shares, the Exercise Price in effect immediately prior to such subdivision shall be proportionately reduced, and conversely, in case the outstanding common shares of the Corporation shall be consolidated into a smaller number of shares, the Exercise Price in effect immediately prior to such consolidation shall be proportionately increased.

(ii) Upon each adjustment of the Exercise Price as provided herein, the Holder shall thereafter be entitled to acquire, at the Exercise Price resulting from such adjustment, the number of Option Shares (calculated to the nearest tenth of an Option Share) obtained by multiplying the Exercise Price in effect immediately prior to such adjustment by the number of Option Shares which may be acquired hereunder immediately prior to such adjustment and dividing the product thereof by the Exercise Price resulting from such adjustment.

(c) Change or Reclassification of Common Shares. If, at any time prior to the Time of Expiry, the Corporation shall change or reclassify its outstanding common shares into a different class of securities, the rights to purchase Option Shares evidenced by the Underwriter's Warrants hereunder shall be adjusted as follows so as to apply to the successor class of securities:

(i) the number of the successor class of securities which the Holder shall be entitled to acquire shall be that number of the successor class of securities which a holder of that number of Option Shares subject to the unexercised Underwriter's Warrants immediately prior to the change or reclassification would have been entitled to by reason of such change or reclassification; and

(ii) the Exercise Price in effect immediately prior to such change or reclassification shall be adjusted to reflect such change or reclassification.

(d) Rights Offering to Shareholders. If, at any time prior to the Time of Expiry, the Corporation shall fix a record date or if a date of entitlement to receive is otherwise established (any such date being hereinafter referred to in this Subsection (d) as the "record date") for the issuance of rights, options or warrants to all or substantially all the holders of the outstanding common shares of the Corporation entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase common shares of the Corporation or securities convertible into or exchangeable for common shares at a price per share or, as the case may be, having a conversion or exchange price per share less than 95% of the Fair Market Value (as hereinafter defined) on such record date, the Exercise Price shall be adjusted immediately after such record date to reflect the event discussed in this section (d); common shares owned by or held for the account of the Corporation or any subsidiary of the Corporation shall be deemed not to be outstanding for the purpose of any such computation; such adjustment shall be

made successively whenever such a record date is fixed; to the extent that any rights or warrants are not so issued or any such rights or warrants are not exercised prior to the expiration thereof, the Exercise Price shall then be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed or to the Exercise Price which would then be in effect based upon the number of common shares or conversion or exchange rights contained in convertible or exchangeable securities actually issued upon the exercise of such rights or warrants, as the case may be.

(e) Carry Over of Adjustments. No adjustment of the Exercise Price shall be made if the amount of such adjustment shall be less than 1% of the Exercise Price in effect immediately prior to the event giving rise to the adjustment, provided, however, that in such case any adjustment that would otherwise be required then to be made shall be carried forward and shall be made at the time of and together with the next subsequent adjustment which, together with any adjustment so carried forward, shall amount to at least 1% of the Exercise Price.

(f) Notice of Adjustment. Upon any adjustment of the number of Option Shares and upon any adjustment of the Exercise Price, then and in each such case the Corporation shall give written notice thereof to the Holder, which notice shall state the Exercise Price and the number of Option Shares or other securities subject to the unexercised Underwriter's Warrants resulting from such adjustment, and shall set forth in reasonable detail the method of calculation and the facts upon which such calculation is based. Upon the request of the Holder, there shall be transmitted promptly to the Holder a statement of the firm of independent chartered accountants retained to audit the financial statements of the Corporation to the effect that such firm concurs in the Corporation's calculation of the change.

(g) Other Notices. In case at any time prior to the Time of Expiry:

(i) the Corporation shall declare any dividend upon its common shares payable in common shares or other securities of the Corporation;

(ii) the Corporation shall offer for subscription *pro rata* to the holders of its common shares any additional shares of any class or other rights;

(iii) there shall be any capital reorganization or reclassification of the capital stock of the Corporation, or consolidation, amalgamation or merger of the Corporation with, or sale of all or substantially all of its assets to, another corporation; or

(iv) there shall be a voluntary or involuntary dissolution, liquidation or winding-up of the Corporation,

then, in any one or more of such cases, the Corporation shall give to the Holder (A) at least 10 days' prior written notice of the date on which a record shall be taken for such dividend, distribution or subscription rights or for determining rights to vote in respect of any such reorganization, reclassification, consolidation, amalgamation, merger, sale, dissolution, liquidation or winding-up and (B) in the case of any such reorganization, reclassification, consolidation, amalgamation, merger, sale, dissolution, liquidation or winding-up, at least 10 days' prior written notice of the date when the same shall take place. Such notice in accordance with the foregoing clause (A) shall also specify, in the case of any such dividend, distribution or subscription rights, the date on which the

holders of common shares shall be entitled thereto, and such notice in accordance with the foregoing clause (B) shall also specify the date on which the holders of common shares shall be entitled to exchange their common shares for securities or other property deliverable upon such reorganization, reclassification, consolidation, amalgamation, merger, sale, dissolution, liquidation or winding-up, as the case may be.

(h) Common Shares to be Reserved. The Corporation will at all times keep available, and reserve if necessary under applicable law, out of its authorized common shares, solely for the purpose of issue upon the exercise of the Underwriter's Warrants, such number of common shares as shall then be issuable upon the exercise of the Underwriter's Warrants and Compensation Warrants. The Corporation covenants and agrees that all common shares which shall be so issuable will, upon payment of the Exercise Price, and in the case of the Compensation Warrants, upon the due and proper exercise of the Compensation Warrants and payment of the purchase price therefor, be duly authorized and issued as fully paid and non-assessable. The Corporation will take all such actions as may be necessary to ensure that all such common shares may be so issued without violation of any applicable law or of any applicable requirements of any exchange upon which the common shares of the Corporation may be listed or in respect of which the common shares are qualified for unlisted trading privileges.

(i) Listing. The Corporation will, at its expense and as expeditiously as possible, use its reasonable commercial efforts to cause all Option Shares and common shares underlying the Compensation Warrants issuable upon the exercise of the Underwriter's Warrants to be duly listed on the Toronto Stock Exchange (the "**TSX**") and/or any other stock exchange upon which the common shares of the Corporation may be then listed prior to the issuance of such shares.

(j) Issue Tax. The issuance of certificates for Option Shares and Compensation Warrants upon the exercise of Underwriter's Warrants shall be made without charge to the Holder for any issuance tax in respect thereto.

(k) Fair Market Value. For the purposes of any computation hereunder, the "Fair Market Value" of the Common Shares at any date shall be Current Market Price, as defined in the Warrant Indenture.

6. Compensation Warrants; Adjustment to Compensation Warrants.

The Compensation Warrants shall be in the form of the warrant certificate annexed as Schedule "A" to the Warrant Indenture. All adjustments in connection with the Compensation Warrants shall be made in accordance with the terms of the Warrant Indenture, whether or not these Compensation Warrants have been issued.

7. Proceedings Prior to any Action Requiring Adjustment.

As a condition precedent to the taking of any action which would require an adjustment in any of the acquisition rights pursuant to any of the Underwriter's Warrants, including the number of Common Shares which are to be received upon the exercise thereof, the Corporation shall take any corporate action which may, in the opinion of its counsel, be necessary in order that the Corporation or a successor corporation has unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all the securities which the holders of such Underwriter's Warrants are entitled to receive on the full exercise thereof in accordance with the provisions hereof.

8. Replacement.

Upon receipt of evidence satisfactory to the Corporation of the loss, theft, destruction or mutilation of this Certificate and, if requested by the Corporation, upon delivery of a bond of indemnity satisfactory to the Corporation (or, in the case of mutilation, upon surrender of this Agreement), the Corporation will issue to the Holder a replacement certificate (containing the same terms and conditions as this Certificate).

9. No Further Rights.

Upon the exercise of the Underwriter's Warrants in accordance with the terms herein, the Underwriter's Warrants so exercised will be void and of no value or effect and the Holder shall have no further rights under this Certificate, other than the right to receive the Option Shares and Compensation Warrants duly exercised in accordance with the terms herein. The Holder will not have any rights under this Certificate after the Time of Expiry and this Certificate shall be deemed surrendered, shall be void and of no value or effect and the Holder shall have no further rights under this Certificate and the Certificate shall be cancelled by the Corporation.

10. No Right as Shareholder.

The holding of the Underwriter's Warrants evidenced by this Certificate shall not constitute the Holder a shareholder or warrantholder of the Corporation or entitle the Holder to any right or interest in respect thereof.

11. United States Securities Laws.

The Underwriter's Warrants represented hereby and securities which may be acquired hereunder have not been registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state and, in the absence of such registration or the consent of the Corporation (which shall not be unreasonably withheld), may not be transferred to or exercised by or on behalf of any U.S. person or in the United States unless registered under the U.S. Securities Act and applicable state laws.

12. Inability to Deliver Compensation Units.

If for any reason the Corporation is unable to issue and deliver the Option Shares, or Compensation Warrants as contemplated herein to the Holder the proper exercise by the Holder of the Underwriter's Warrants evidenced hereby, the Corporation will pay, at the option of the Holder and in complete satisfaction of its obligations hereunder, to the Holder, in cash, an amount equal to the amount, if any, by which (as applicable);

(l) the Fair Market Value of such Option Shares exceeds the Exercise Price as of the Exercise Date; and/or

(m) the Fair Market Value of the common shares in the capital of the Corporation underlying the Compensation Warrants exceeds the exercise price of the Compensation Warrants as of the Exercise Date,

within 30 days after being requested to do so in writing by the Holder in accordance with the provisions hereof.

13. Successors and Assigns.

This certificate shall enure to the benefit of and be binding upon the Corporation, its successors and assigns, the Holder and, subject as hereinbefore provided, its permitted successors and assigns.

14. Time of the Essence.

Time shall be of the essence in this Agreement.

15. Expiry Date.

The Underwriter's Warrants shall expire and all rights to purchase Compensation Units hereunder shall cease and become null and void at 5:00 p.m. (Toronto time) on February 21, 2009.

16. Covenant.

Except to the extent the Corporation participates in a merger or business combination transaction which is in the best interest of the Corporation and following which the Corporation is not a "reporting issuer", so long as any Underwriter's Warrants remain outstanding the Corporation covenants that it shall use all reasonable efforts to maintain its status as a reporting issuer not in default in the Offering Jurisdictions in which it is a reporting issuer (as such term is defined in the *Securities* Act (Ontario)) at the date hereof.

17. Governing Law.

This Agreement and the Underwriter's Warrants granted hereunder shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF the Corporation has caused this Certificate to be signed by its duly authorized officers.

DATED as of February ·, 2007.

ADHEREX TECHNOLOGIES INC.

Per: _____

Authorized Signing Officer

Schedule "A"
Election to Exercise

The undersigned hereby irrevocably elects to exercise the number of Underwriter's Warrants of Adherex Technologies Inc. set out below for the number of Option Shares and Compensation Warrants (or other property or securities subject thereto) as set forth below:

(n) Number of Underwriter's Warrants to be Exercised _____

(o) Number of Option Shares to be Acquired _____

(p) Number of Compensation Warrants to be Acquired _____

(q) Exercise Price (per Compensation Unit) _____

(r) Aggregate Purchase Price [(a) multiplied by (d)] _____

and hereby tenders a certified cheque, bank draft or cash for such aggregate purchase price, and hereby directs that certificate(s) evidencing such Option Shares and Compensation Warrants to be registered as indicated below.

Please check the applicable box:

☐ (i) the undersigned is not a U.S. person and these Underwriter's Warrants are not being exercised within the United States or on behalf of a U.S. person; or

☐ (ii) the undersigned has delivered herewith to the Corporation a written opinion of counsel to the effect that the exercise of these Underwriter's Warrants by the undersigned is not subject to registration under the *Securities Act of 1933*, as amended, or the securities laws of any state of the United States.

DATED this __ day of _____.

[NAME OF HOLDER]

Per: _____
Name:
Title:

Direction as to Registration

Name of Registered Holder: _____

Address of Registered Holder: _____

WARRANT INDENTURE

ADHEREX TECHNOLOGIES INC.

- AND -

COMPUTERSHARE TRUST COMPANY OF CANADA

**Providing for the Issue
of Warrants**

February 21, 2007

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SCHEDULE “A”
FORM OF WARRANT CERTIFICATE
SCHEDULE “B”
FORM OF U.S. PURCHASER LETTER

THIS WARRANT INDENTURE is made as of the 21st day of February, 2007.

BETWEEN:

ADHEREX TECHNOLOGIES INC., a corporation existing under the laws of Canada

(hereinafter the "**Company**")

AND:

COMPUTERSHARE TRUST COMPANY OF CANADA, a trust company registered under the laws of Canada and duly authorized to carry on the trust business in each Province of Canada

(hereinafter called the "**Warrant Agent**").

RECITALS

WHEREAS:

A. The Company and Versant Partners Inc. (the "**Underwriter**") have entered into an underwriting and agency agreement dated January 19, 2007 (the "**Underwriting and Agency Agreement**"), pursuant to which: (i) the Company agreed to sell and the Underwriter agreed to purchase 30,304,000 Units; and (ii) the Underwriter agreed to conditionally offer on a best efforts basis a maximum of 45,455,000 additional Units, the whole subject to prior sales, as and when issued by the Company and accepted by the Underwriter in accordance with the conditions contained in the Underwriting and Agency Agreement, at a price of US$0.33 per Unit.

B. Each Unit consists of one Common Share (as hereinafter defined) and one-half of one Warrant (as hereinafter defined), subject to adjustment, upon the terms and conditions herein set forth;

C. The Company has agreed to issue to the Underwriter underwriter's warrants which are exercisable for up to an additional 2,272,770 Warrants.

D. Each whole Warrant will entitle the holder thereof to acquire, on exercise, subject to adjustment in accordance with this Warrant Indenture (the "**Indenture**"), one Common Share for the Exercise Price (as hereinafter defined) at any time before the Warrant Expiry Time (as hereinafter defined) on the Warrant Expiry Date (as hereinafter defined), all upon the terms and conditions set forth in this Indenture;

E. The Company proposes to issue Warrants in the manner set forth in this Indenture and is duly authorized to create and issue the Warrants and complete the transactions contemplated in this Indenture;

F. All acts and deeds necessary have been done and performed to make the Warrants, when issued as provided in this Indenture, legal, valid and binding upon the Company with the benefits and subject to the terms of this Indenture;

G. The foregoing recitals are made by the Company and not by the Warrant Agent; and

H. The Warrant Agent has agreed to enter into this Indenture and to hold all rights, interests and benefits contained herein for and on behalf of those persons who become holders of the Warrants issued pursuant to this Indenture from time to time.

NOW THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged, the Company hereby appoints the Warrant Agent as trustee, for the Warrantholders, to hold all rights, interests and benefits contained herein for and on behalf of those persons who become holders of Warrants from time to time issued pursuant to this Indenture and the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Indenture and in the Warrant Certificates:

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

"**Accredited Investor**" means an "accredited investor" as that term is defined in Rule 501 of Regulation D;

"**Applicable Legislation**" means the provisions of the *Canada Business Corporations Act*, as from time to time amended, and any statute of Canada or a province thereof, and the regulations and rules under any such named or other statute relating to trust indentures or the rights, duties or obligations of corporations and trustees under trust indentures as are from time to time in force and applicable to this Indenture;

"**auditors**" of the Company means a chartered accountant or firm of chartered accountants as may be duly appointed as auditor of the Company from time to time;

"**business day**" means a day that is not a Saturday, Sunday or civic or statutory holiday in the City of Toronto, Ontario;

"**Closing Date**" means the date of initial closing of the Offering as confirmed in writing by the Company;

"**Convertible Securities**" means securities of the Company or any other issuer that are convertible into or exchangeable or exercisable for or otherwise carry the right to acquire Shares, and "**Convertible Security**" means any one of them;

"**Corporate Reorganization**" has the meaning ascribed thereto in Section 3.6(7);

"**Current Market Price**" means, at any date, (i) the volume weighted average trading price per Share at which the Shares have traded on the Exchange, or (ii) the United States dollar equivalent (calculated using the inverse of the noon buying rate in the City of New York for cable transfers in Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York on the day prior to such date) of the volume weighted average trading price per Share at which the Shares have traded on TSX, if TSX constitutes the principal trading market (by volume) for the Shares during the twenty consecutive trading days before such date, and the volume weighted average trading price shall be determined by dividing the aggregate sale price (or United States dollar equivalent thereof calculated as above if applicable) of all Shares sold on the Exchange or TSX, as the case may be, during the five consecutive trading days before such date by the number of Shares sold. Whenever the Current Market Price is required to be determined hereunder, the Company shall deliver to the Warrant Agent a certificate of an officer specifying such Current Market Price and setting out the details of its calculation. In the event of any subsequent dispute as to the determination of the Current Market Price, the Company's auditors shall make such determination which, absent manifest error, shall be binding for all purposes hereunder;

"**Date of Issue**" means the date hereof, notwithstanding that Warrants may be issued and countersigned later than the date hereof;

"**Directors**" means the board of directors of the Company for the time being and reference without more to action by the Directors shall mean action by the Directors as a board or by any authorized committee thereof;

"**dividends**" means dividends (payable in cash or in securities, property or assets of equivalent value) declared payable on the Shares;

"**Dividends Paid in the Ordinary Course**" means cash dividends paid on the Shares in any financial year of the Company provided that the amount of such dividends in the aggregate does not in such financial year exceed the greater of: (i) 150% of the aggregate amount of dividends paid by the Company on the Shares in its immediately preceding financial year; or (ii) 100% of the consolidated net income of the Company (before extraordinary items but after dividends payable on all shares ranking prior to or on a parity with the Shares with respect to the payment of dividends) for its immediately preceding financial year, determined in accordance with generally accepted accounting principles applicable in Canada from time to time;

"**Exchange**" means the American Stock Exchange;

"**Exercise Price**" means US$0.40 per Share, as adjusted in accordance with the terms of this Indenture, from time to time;

"**Extraordinary Resolution**" means an extraordinary resolution of Warrantholders as defined in Section 5.12 and includes a written instrument signed by Warrantholders pursuant to the provisions of Section 5.12;

"**Offering**" means the public offering of up to 75,759,000 Units of the Company by way of short form prospectus in British Columbia, Alberta and Ontario, and by way of exempt offering in the United States;

"**Original U.S. Purchaser**" means a person that purchased the Warrants in the United States directly from the Company pursuant to a written subscription agreement for the purchase of Units;

"**person**" means an individual, a corporation, a partnership, a government or any department or agency thereof, a joint venture, a trust, an estate, an unincorporated organization and the heirs, executors, administrators or other legal representatives of an individual; and pronouns and other words importing persons have a similarly extended meaning;

"**Qualifying Jurisdictions**" means the Provinces of British Columbia, Alberta and Ontario and other jurisdictions which are agreed to by the Company and the Underwriter;

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

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

"**Securities Commissions**" means, collectively, the securities commissions or other securities regulatory authorities under the applicable Securities Laws of each of the Canadian Qualifying Jurisdictions;

"**Securities Laws**" means, collectively, the applicable securities laws of each of the Canadian Qualifying Jurisdictions and the respective regulations made and forms prescribed thereunder together with all applicable published policy statements, rules, instruments, blanket orders and rulings of the Securities Commissions;

"**Share Reorganization**" has the meaning ascribed thereto in Section 3.6(2);

"**Shareholder**" means an owner of record of one or more Shares or shares of any other class or series of the Company;

"**Shares**" means the common shares without par value in the capital of the Company as constituted on the date hereof, provided that in the event of any adjustment pursuant to Article 3, "**Shares**" will thereafter mean the shares or other securities or property resulting from such adjustment that a Warrantholder is entitled to acquire on exercise of a Warrant after the adjustment;

"**Subsidiary**" means a corporation, a majority of the outstanding voting shares of which are owned, directly or indirectly, by the Company, or by one or more Subsidiaries of the Company and, as used in this definition, "**voting shares**" means shares of a class or

classes ordinarily entitled to vote for the election of a majority of the directors of a corporation irrespective of whether or not shares of any other class or classes shall have or might have the right to vote for directors by reason of the happening of any contingency, whether or not such contingency shall have happened;

"**this Indenture**", "**hereto**", "**herein**", "**hereby**", "**hereunder**", "**hereof**" and similar expressions refer to this instrument and not to any particular Article, section, paragraph, clause, subdivision or other portion hereof, and include any and every instrument supplemental or ancillary hereto or in implementation hereof;

"**Time of Exercise**" means the time that surrender of the Warrant Certificate, the Warrant Exercise Form (attached hereto as part of Schedule "A") and payment of the Exercise Price is effected by a Warrantholder according to the provisions of Section 3.1 hereof;

"**trading day**" means a day on which the Exchange is open for business;

"**TSX**" means the Toronto Stock Exchange;

"**Underwriter**" means Versant Partners Inc.;

"**Unit**" means a Unit of the Company, consisting of one Common Share and one-half of a Warrant, issued pursuant to the Offering at a purchase price of US$0.33 per Unit;

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

"**Warrant Agent**" means Computershare Trust Company of Canada or any lawful successor thereto from time to time under this Indenture;

"**Warrant Certificate**" means a certificate substantially in the form specified in Schedule "A" hereto evidencing one or more Warrants;

"**Warrant Exercise Form**" means the exercise form forming part of each Warrant Certificate as more particularly described in Section 3.1(3) hereof;

"**Warrant Expiry Date**" means the date that is three years after the Closing Date;

"**Warrant Expiry Time**" means 5:00 p.m. (Toronto time) on the Warrant Expiry Date;

"**Warrantholder**", "**holder**" or "**holder of Warrants**" means with respect to the Warrants, a person entered on the register to be maintained under Section 2.9 as the registered holder of a Warrant for the time being; and

"**Warrants**" means the warrants to purchase Shares of the Company issued and certified hereunder and for the time being outstanding, each exercisable into one Share upon due exercise and payment of the Exercise Price.

1.2 Meaning of "outstanding" for Certain Purposes

Every Warrant Certificate certified and delivered by the Warrant Agent hereunder shall be deemed to be outstanding until the Warrant Expiry Time, or until it shall be surrendered to the Warrant Agent upon the exercise thereof pursuant to Article 3, provided however that:

(a) a Warrant which has been partially exercised shall be deemed to be outstanding only to the extent of the unexercised part of the Warrant;

(b) where a Warrant Certificate has been issued in substitution for a Warrant Certificate which has been lost, stolen or destroyed, only one of them shall be counted for the purpose of determining the number of Warrants outstanding; and

(c) for the purpose of any provision of this Indenture entitling holders of outstanding Warrants to vote, sign consents, requests or other instruments or take any other action under this Indenture, Warrants owned legally or equitably by the Company or any Subsidiary thereof shall be disregarded, except that:

(i) for the purpose of determining whether the Warrant Agent shall be protected in relying on any such vote, consent, request or other instrument or other action, only the Warrants of which the Warrant Agent has notice that they are so owned by the Company or any Subsidiary shall be so disregarded; and

(ii) Warrants so owned which have been pledged in good faith other than to the Company or any Subsidiary thereof shall not be so disregarded if the pledgee shall establish to the satisfaction of the Warrant Agent the pledgee's right to vote the Warrants in his discretion free from the control of the Company or any Subsidiary thereof, as the case may be, and the terms of the pledge thereof as to the right to vote shall govern.

1.3 Day not a Business Day

If the day on or before which any action (other than the exercise of a Warrant) would otherwise be required to be taken or is contemplated to commence hereunder is not a business day, that action will be required to be taken and such procedure will commence on or before the requisite time on the next succeeding day that is a business day.

1.4 Words Importing the Singular

Words importing the singular include the plural and *vice versa* and words importing a particular gender include all genders.

1.5 Time of the Essence

Time shall be of the essence in this Indenture and in the Warrant Certificates.

1.6 Interpretation not Affected by Headings, etc.

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

1.7 Applicable Law

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

1.8 Trust Indenture Legislation

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

(2) Each of the Company and the Warrant Agent will at all times in relation to this Indenture and any action to be taken hereunder observe and comply with and be entitled to the benefits of Applicable Legislation.

1.9 Severability

In the event that any provision hereof shall be determined to be invalid or unenforceable in any respect, such determination shall not affect such provision in any other respect or any other provision hereof, all of which shall remain in full force and effect.

1.10 Entire Agreement

This Indenture and the agreements referred to herein constitute the entire agreement between the parties hereto relating to the subject matter hereof and supersede all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties and there are no general or specific warranties, representations or other agreement by or among the parties in connection with the entering into of this Indenture or the subject matter hereof except as specifically set forth herein.

1.11 Currency and Language

Unless otherwise stated, all dollar amounts referred to in this Indenture are references to United States dollars. The parties hereto confirm their express wish that this Indenture and all documents relating hereto be drawn up in the English language.

ARTICLE 2
ISSUE OF WARRANTS

2.1 Creation and Issue of Warrants

(1) A total of 40,152,270 Warrants are hereby created and authorized to be issued.

(2) Subject to adjustment as provided in this Indenture, each Warrant issued hereunder will entitle the holder thereof to purchase one Share at any time from and after the Date of Issue of the Warrant to and including the Warrant Expiry Time upon payment of the Exercise Price.

2.2 Form and Terms of Warrant Certificates

Warrant Certificates shall be substantially in the form set out in Schedule "A" hereto with such additions, variations or omissions as may be permitted by the provisions of this Indenture or may from time to time be agreed upon between the Company and the Warrant Agent and shall be numbered in the manner as the Company, with the approval of the Warrant Agent, may prescribe. No Warrant Certificates representing fractional Warrants will be issued under this Indenture, and any fractional Warrants will be rounded down to the nearest whole Warrant.

2.3 Issue of Warrant Certificates

Warrant Certificates to be issued and delivered from time to time under this Indenture shall be executed by the Company and certified by the Warrant Agent pursuant to or upon the written order of the Company, without the Warrant Agent receiving any consideration therefor.

2.4 Warrantholder not a Shareholder

Nothing in this Indenture or in the ownership of a Warrant evidenced by a Warrant Certificate, or otherwise, will be construed as conferring on a Warrantholder any right or interest whatsoever as a Shareholder of the Company, including but not limited to any right to vote at, to receive notice of, or to attend, any meeting of Shareholders or any other proceeding of the Company or any right to receive any dividend or other distribution.

2.5 Execution of Warrant Certificates

Warrant Certificates may be signed by any one director or officer of the Company manually or may be engraved, lithographed or printed in facsimile and shall be dated the Date of Issue. Notwithstanding that any of the persons whose signature appears on any Warrant Certificates as one of the officers or directors may no longer, before the certification and delivery of the Warrant Certificate, hold the official capacity in which he signed, any Warrant Certificate signed as aforesaid shall be valid and binding upon the Company when the Warrant Certificate has been certified by the Warrant Agent in accordance with Section 2.6 and the registered holder thereof shall be entitled to the benefits of this Indenture.

2.6 Certification by Warrant Agent

(1) No Warrant Certificate shall be issued, or if issued, shall be valid or entitle the holder to the benefit hereof until it has been certified by the Warrant Agent by being countersigned by or on behalf of the Warrant Agent and the countersignature upon any Warrant Certificate shall be conclusive evidence as against the Company that the Warrant Certificate so countersigned has been duly issued hereunder and is a valid obligation of the Company, and that the holder is entitled to the benefit hereof.

(2) The countersigning by or on behalf of the Warrant Agent on any Warrant Certificate issued hereunder shall not be construed as a representation or warranty by the Warrant Agent as to the validity of this Indenture or of the Warrants and the Warrant Agent shall in no respect be liable or answerable for the use made of any Warrant Certificate or of the consideration therefor, except as otherwise specified herein. The countersignature of or on behalf of the Warrant Agent shall, however, be a representation and warranty by the Warrant Agent that the Warrant Certificate has been duly countersigned by or on behalf of the Warrant Agent pursuant to the provisions of this Indenture.

2.7 Exchange of Warrant Certificates

The holder of a Warrant Certificate may at any time after the date of issue thereof and before the Warrant Expiry Time, upon surrender thereof to the Warrant Agent at its principal transfer offices in the City of Toronto or at any other place that is designated by the Company with the approval of the Warrant Agent, exchange the same for Warrant Certificates entitling the holder to subscribe in the aggregate for the same number of Shares for which the holder may subscribe under the surrendered Warrant Certificate. On each exchange the Warrant Agent may levy a charge sufficient to reimburse it for any tax or other governmental charge required to be paid, which shall be paid by the party requesting the exchange, and, in addition, a reasonable charge for every Warrant Certificate issued upon the exchange and such additional charge shall be paid by the Company, as a condition precedent thereto. The Company shall execute and the Warrant Agent shall certify in accordance with Sections 2.5 and 2.6 all Warrant Certificates necessary to carry out exchanges contemplated herein.

2.8 Issue in Substitution for Lost Certificates

(1) If a Warrant Certificate becomes mutilated or is lost, destroyed or stolen, the Company, subject to applicable law and subject to subsection (2), will issue and thereupon the Warrant Agent will countersign or certify and deliver a new certificate of like denomination, date and tenor as the one mutilated, lost, destroyed or stolen in exchange for and in place of and on surrender and cancellation of the mutilated certificate or in lieu of and in substitution for the lost, destroyed or stolen certificate, and the substituted Warrant Certificate shall entitle the holder thereof to the same rights and benefits and will bear the same legends, if any, as the certificate being replaced and shall rank equally in accordance with its terms with all other Warrant Certificates issued or to be issued hereunder.

(2) The applicant for the issue of a new certificate pursuant to this section will bear the cost of the issue thereof and in case of loss, destruction or theft will, as a condition precedent to the issue thereof:

(a) furnish to the Company and the Warrant Agent such evidence of ownership and of the loss, destruction or theft of the certificate to be replaced as is satisfactory to the Company and to the Warrant Agent in their discretion;

(b) if so required, furnish an indemnity and surety bond in amount and form satisfactory to the Company and to the Warrant Agent acting reasonably; and

(c) pay the reasonable charges of the Company and the Warrant Agent in connection therewith.

2.9 Registration and Transfer of Warrants

(1) The Company shall cause to be kept by and at the principal offices of the Warrant Agent in the City of Toronto and by the Warrant Agent or such other registrar as the Company, with the approval of the Warrant Agent, may appoint, at such other place or places, if any, as the Company may designate with the approval of the Warrant Agent, registers in which shall be entered in alphabetical order the names and addresses (including street and number, if any) of the holders of Warrants and particulars of the Warrants held by them respectively. Such registration shall be noted on the Warrant Certificates by the Warrant Agent or other registrar.

(2) No transfer of a Warrant shall be valid unless made on any one of the registers upon surrender of the Warrant Certificate to the Warrant Agent or other registrar accompanied by a written instrument of transfer in form satisfactory to the Warrant Agent or other registrar executed by the registered holder or his executors, administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and execution satisfactory to the Warrant Agent or other registrar and upon compliance with such reasonable requirements, including those set forth in Section 2.14 hereof, if applicable, as the Warrant Agent or other registrar may prescribe, nor, except in the case where a new Warrant Certificate is issued upon a transfer, unless the transfer shall have been noted by the Warrant Agent or other registrar.

(3) The registered holder of Warrants may at any time and from time to time have the registration of the Warrants transferred from the register in which the registration thereof appears to another authorized register upon compliance with such reasonable requirements as the Warrant Agent or other registrar may prescribe.

(4) The Company shall also cause to be kept by and at the principal offices of the Warrant Agent in the City of Toronto and by the Warrant Agent or such other registrar as the Company may appoint, with the approval of the Warrant Agent, at such other place or places, if any, as the Company may designate with the approval of the Warrant Agent, registers in which all transfers of Warrants and the date and other particulars of each transfer shall be set out.

(5) The transferee of Warrants shall, after the Warrant Certificate and the appropriate form of transfer are lodged with the Warrant Agent or other registrar and upon compliance with all other conditions in that behalf required by this Indenture or by law, be entitled to be entered on one of the registers as the owner of the Warrants free from all equities or rights of set-off or counterclaim between the Company and his transferor or any previous holder of the Warrants, save in respect of the equities of which the Company is required to take notice by statute or by order of a court of competent jurisdiction or by applicable law. The receipt by the registered holder of Warrants of the Shares purchasable pursuant thereto will be a good discharge to the Company and the Warrant Agent therefor and neither the Company nor the Warrant Agent will be bound to inquire into the title of the holder except as aforesaid.

(6) Subject to applicable law, neither the Company nor the Warrant Agent nor any registrar shall be bound to take notice of or see to the execution of any trust, whether express, implied or constructive, in respect of any Warrant or Warrant Certificate, and may transfer the same on the direction of the person registered as the holder thereof, as though that person were the beneficial owner thereof.

(7) The registers required to be kept in the City of Toronto shall at all reasonable times be open for inspection by the Company or any Warrantholder. The Warrant Agent and every registrar shall from time to time when requested to do so by the Company, by the Warrant Agent or by a Warrantholder, furnish the Warrant Agent or upon payment by the Company or Warrantholder of a reasonable fee, the Company or the Warrantholder, as the case may be, with a list of names and addresses of holders of Warrants entered on the registers kept by them and showing the number of Warrants held by each such holder.

2.10 Enforcement of Rights of Warrantholders

(1) All or any of the rights conferred upon a Warrantholder by the terms of the Warrants held by him and/or by the terms of this Indenture may be enforced by such Warrantholder by appropriate legal proceedings, but without prejudice to the right that is hereby conferred upon the Warrant Agent and subject to the provisions of Section 7.1. The Warrant Agent shall also have the power at any time and from time to time to institute and to maintain such suits and proceedings as it may reasonably be advised shall be necessary or advisable to preserve and protect the interests of the Warrantholder.

(2) No recourse under or upon any obligation, covenant or agreement contained in this Indenture or in the Warrant Certificates shall be had against any shareholder, officer or director, past, present or future, of the Company or of any of its Subsidiaries or of any successor corporation or any subsidiary, either directly or through the Company, or the Subsidiaries or otherwise, by any legal or equitable proceeding by virtue of any statute or otherwise.

(3) This Indenture and the Warrants issued hereunder are solely obligations of the Company and no personal liability whatsoever shall attach to or be incurred by the shareholders, officers or directors, past, present or future, of the Company, or of any of its Subsidiaries, or any successor corporations, under or by reason of the obligations, covenants or agreements contained in this Indenture or in the Warrant Certificates; and any personal liability of any nature whatsoever either at common law, in equity or by statute, and any right or claim against any such shareholder, officer or director are hereby expressly waived as a condition of and as consideration for the execution of this Indenture and the issue of the Warrants.

2.11 Warrants to Rank Pari Passu

Except as otherwise provided herein, all Warrants will rank *pari passu*, whatever may be the actual dates of issue thereof.

2.12 Notice to Warrantholders

(1) Unless herein otherwise expressly provided, a notice to be given hereunder to Warrantholders will be deemed to be validly given if the notice is sent by ordinary mail or air mail, postage prepaid, addressed to the holders or delivered by hand or prepaid courier (or so mailed to certain holders and so delivered to the other holders) at their respective addresses appearing on any of the registers above mentioned; and if in the case of joint holders of any Warrant more than one address appears on the register in respect of the joint holding, the notice shall be addressed or delivered, as the case may be, only to the first address so appearing. The Warrant Agent shall give, in the same manner as for Warrantholders set out above, a copy of each such notice to Versant Partners Inc., Attention: Syndication (Facsimile No. 514-845-4437, with a copy to Heenan Blaikie LLP, Attention: Sonia Yung (Facsimile No. 416-360-8425). Any notice so given by mail or so delivered by hand shall be deemed to have been given on the fifth business day after it has been mailed or on the day upon which it has been delivered, or if sent by facsimile on the first business day following the transmission, as the case may be. In determining under any provision hereof the date when notice of any meeting or other event must be given, the date of giving the notice shall be included and the date of the meeting or other event shall be excluded. Accidental error or omission in giving notice or accidental failure to mail notice to any Warrantholder shall not invalidate any action or proceeding founded thereon.

(2) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, a notice to be given to the Warrantholders hereunder could reasonably be considered unlikely to reach or to be delayed in reaching its destination, the notice will be valid and effective only if it is published once in the Report on Business section in the national edition of *The Globe and Mail* newspaper, or, if there is a disruption of circulation of that newspaper, once in an English language newspaper of general circulation and approved by the Warrant Agent in the City of Toronto and, in the case of notice convening a meeting of Warrantholders, with such additional publications, in the same or in other cities or

both, as the Warrant Agent deems necessary for the reasonable protection of the Warrantholders or to comply with any applicable requirement of law or a stock exchange on which the Shares are listed and if a daily newspaper of general circulation is not, for any reason, published at the time in the English language in any city, the notice may be published in any other publication available in that city as is acceptable to the Warrant Agent. A notice so given will be deemed to have been given on the day on which it has been published in all of the cities in which publication was required (or first published in all the cities if more than one publication in any of them is required).

(3) Any mailings to or from outside of Canada shall be made by postage prepaid mail or by prepaid courier.

2.13 Notice to the Company or the Warrant Agent

(1) Unless herein otherwise expressly provided, a notice to be given hereunder to the Company or the Warrant Agent will be validly given if delivered or if sent by postage prepaid mail or if transmitted by facsimile:

(a) if to the Company:

Adherex Technologies Inc.
4620 Creekstone Drive, Suite 200
Durham, NC 27703

Attention: Scott Murray
Facsimile: 919-484-8001

With a copy, which shall not constitute notice to the Company, to:

LaBarge Weinstein Professional Corporation
515 Legget Drive, Suite 800
Ottawa, Ontario K2K 3G4

Attention: Randy Taylor
Facsimile: 613-599-0018

(b) if to the Warrant Agent:

Computershare Trust Company of Canada
100 University Avenue
9th Floor
Toronto, Ontario M5J 2Y1

Attention: Manager, Corporate Trust
Facsimile: 416-981-9777

and any notice delivered in accordance with the foregoing will be deemed to have been received on the date of delivery or, if mailed, on the fifth business day following the day of the mailing of the notice, or if transmitted by facsimile, on the first business day following the transmission.

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

(3) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, a notice to be given to the Warrant Agent or to the Company hereunder by registered mail could reasonably be considered unlikely to reach or to be delayed in reaching its destination, the notice will be valid and effective only if it is delivered to an officer of the party to which it is addressed or if it is delivered to that party at the appropriate address provided in subsection (1) by cable, facsimile, telegram, or other means of prepaid transmitted, recorded communication, and any notice delivered in accordance with the foregoing will be deemed to have been received on the date of delivery to the officer or if delivered by cable, facsimile, telegram, telex or other means of prepaid, transmitted, recorded communication, on the first business day following the date of the sending of the notice.

(4) Any mailings to or from outside of Canada shall be made by registered airmail, postage prepaid or by prepaid courier.

2.14 Transfer Restrictions and Legends

(1) The Warrant Agent understands and acknowledges that the Warrants and the Shares issuable upon exercise of the Warrants have not been and will not be registered under the 1933 Act or the securities laws of any state of the United States.

(2) Certificates representing Warrants issued in the United States or to a U.S. Person or on behalf of a U.S. Person and Shares issued in the United States or to a U.S. Person upon exercise of Warrants in the United States or by or on behalf of a U.S. Person, and all certificates issued in exchange thereof or in substitution thereof, until such time as it is no longer required under the applicable requirements of the 1933 Act or applicable U.S. state laws and regulations, shall bear the following legend:

> "THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE

COMPANY THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO ADHEREX TECHNOLOGIES INC. (THE "COMPANY"), (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) WITHIN THE UNITED STATES IN ACCORDANCE WITH (1) THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER, OR (2) THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF APPLICABLE, OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS AFTER, IN THE CASE OF PROPOSED TRANSFERS PURSUANT TO CLAUSES (C) OR (D), PROVIDING A LEGAL OPINION SATISFACTORY TO THE COMPANY TO THE EFFECT THAT THE PROPOSED TRANSFER MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA. PROVIDED THAT THE COMPANY IS A "FOREIGN ISSUER" WITHIN THE MEANING OF REGULATION S AT THE TIME OF SALE, A NEW CERTIFICATE BEARING NO LEGEND MAY BE OBTAINED FROM THE REGISTRAR AND TRANSFER AGENT OF THE COMPANY UPON DELIVERY OF THIS CERTIFICATE AND A DULY EXECUTED DECLARATION, IN A FORM SATISFACTORY TO THE COMPANY'S REGISTRAR AND TRANSFER AGENT AND THE COMPANY, TO THE EFFECT THAT SUCH SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT."

provided that:

(i) if any such securities are being sold under clause (B) of the above legend and in compliance with Canadian local laws and regulations, and provided that the Company is a "foreign issuer" within the meaning of Regulation S at the time of sale, the legend may be removed by providing a declaration to the Company and the Warrant Agent, in the form attached as Appendix C to Schedule A to this Indenture to the effect that the securities

are being sold in compliance with Rule 904 of Regulation S, together with any documentation as may be required by the Company or its transfer agent to the effect that an exemption from the registration requirements of the 1933 Act is available; and

(ii) if any such securities are being sold under clause (C) or (D) of the above legend, the legend may be removed by delivery to the Company and the Warrant Agent of an opinion of counsel, of recognized standing reasonably satisfactory to the Company, that such legend is no longer required under applicable requirements of the 1933 Act or state securities laws.

In addition, the Warrants with the above legend will bear the following legend:

> "THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE. THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF A PERSON IN THE UNITED STATES OR A U.S. PERSON UNLESS THE WARRANT AND THE UNDERLYING SECURITIES HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. THE TERMS "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN THEM UNDER REGULATION S PROMULGATED PURSUANT TO THE U.S. SECURITIES ACT."

The Company shall use its commercial best efforts to cause the Warrant Agent to remove such legend, and to deliver a certificate which does not bear such legend, within five business days of the receipt of such a declaration or, in the case of Shares being sold pursuant to Rule 144 under the 1933 Act, receipt of the foregoing evidence.

(3) The Warrant Agent acknowledges that the Warrants evidenced by any Warrant Certificate or Share certificate issued with respect to an exercise of Warrants which includes the legend set forth in subsection 2.14(2) above may not be transferred except pursuant to registration or compliance with exemptions therefrom under the 1933 Act and all applicable state securities laws, and the Warrant Agent agrees not to register any transfer of the Warrants or Shares so legended unless, in addition to the other requirements set forth herein:

(a) the transferor has executed and delivered to the Warrant Agent a declaration in the form set forth in subsection 2.14(2) (or as the Company may otherwise prescribe) to the effect that the transfer is being made

pursuant to Rule 904 of Regulation S under the 1933 Act, and in such case the Warrant Certificate or Share certificate issued to the transferee shall not include the legend set forth in subsection 2.14(2) unless the Company has, before the issuance thereof, informed the Warrant Agent that it has ceased to be a "foreign issuer" as defined in Rule 902 under the U.S. Securities Act; or

(b) the transferor has delivered to the Warrant Agent and the Company an opinion of counsel to the effect that the transfer is in compliance with the requirements of the 1933 Act and all applicable state securities laws, and the Company has confirmed in writing to the Warrant Agent that such opinion is satisfactory to the Company, and in such case the Warrant Certificate or Share certificate issued to the transferee shall include the legend set forth in subsection 2.14(2) unless such opinion states that the legend is no longer required; or

(c) the Company has confirmed in writing to the Warrant Agent that it has received other evidence satisfactory to it that the transfer is in compliance with the requirements of the 1933 Act and all applicable state securities laws, and has instructed the Warrant Agent regarding the inclusion or omission of the legend set forth in subsection 2.14(2) on the Warrant Certificate or Share certificate issued to the transferee; or

(d) the transferee is the Company.

2.15 Reliance by the Warrant Agent

The Warrant Agent shall have no obligation to ensure or verify compliance with any applicable laws or regulatory requirements on the issue, exercise or transfer of any Warrants or any Shares issuable upon the exercise thereof, provided such issue, exercise or transfer, as the case may be, is effected in accordance with the terms of this Agreement. The Warrant Agent shall be entitled to process all transfers and exercises of Warrants upon the presumption that such transfers or exercises are permissible pursuant to all applicable laws and regulatory requirements. The Warrant Agent may assume for the purposes of this Agreement that any address on the register of the Warrantholders is the holder's actual address and is also determinative as to residency and that the address of any transferee to whom any Shares or Warrants are to be registered, as shown on the transfer document, is the transferee's residency. The Warrant Agent shall have no obligation to ensure that legends appearing on the Share certificates or Warrant Certificates comply with regulatory requirements or securities laws of any applicable jurisdiction, but shall ensure that the applicable legends required to be placed on the certificates evidencing the Shares and Warrants pursuant to this Agreement are placed thereon.

ARTICLE 3
EXERCISE OF WARRANTS

3.1 Method of Exercise of Warrants

(1) Each Warrant may be exercised by the holder thereof at any time on or after the Date of Issue, but not after the Warrant Expiry Time, upon the terms and subject to the conditions set forth herein.

(2) Subject to and upon compliance with the provisions of this Article, the holder of any Warrant Certificate may exercise the right of purchase therein provided for by surrendering the Warrant Certificate to the Warrant Agent at its principal transfer offices in the City of Toronto or at such additional place or places as may be designated by the Company from time to time with the approval of the Warrant Agent during normal business hours on a business day at that place before the Warrant Expiry Time, together with the Warrant Exercise Form duly completed and executed by the holder for the number of Shares which the holder desires to purchase and payment of the aggregate Exercise Price applicable at the time of the surrender calculated in accordance with the provisions of this Indenture. The aggregate Exercise Price for Shares subscribed for under the Warrants shall be paid by certified cheque, bank draft or money order in lawful money of the United States payable to or to the order of the Company at the city where the Warrant Certificate is surrendered. Surrender of a Warrant Certificate with the Warrant Exercise Form duly completed and payment of the aggregate Exercise Price will be deemed to have been effected, and Warrants shall be deemed to have been exercised, only on personal delivery thereof to, or if sent by mail or other means of transmission on actual receipt thereof by, the Warrant Agent at one of the offices specified in this section.

(3) Every Warrant Exercise Form:

(a) shall be signed by the holder of the Warrant Certificate who desires to exercise in whole or in part the right of purchase therein provided for;

(b) shall specify the number of Shares that the subscriber wishes to purchase (being not more than he is entitled to purchase under the Warrant Certificate), the person or persons in whose name or names the Shares which the subscriber desires to purchase are to be issued and his or their address or addresses and the number of Shares to be issued to each such person and if more than one is so specified, the form shall have one of the boxes in the Warrant Exercise Form checked; and

(c) shall be substantially in the form set out in the Warrant Certificate.

(4) If any Shares subscribed for are to be issued to a person or persons other than the Warrantholder, the Warrantholder must pay to the Company or to the Warrant Agent on his behalf an amount equal to all applicable transfer taxes or other government charges, and the Company will not be required to issue or deliver any

certificate evidencing any Shares unless or until that amount has been so paid or the Warrantholder has established to the satisfaction of the Company that the taxes and charges have been paid or that no taxes or charges are owing.

(5) The Warrants and the Shares issuable upon exercise thereof have not been registered under the 1933 Act or the securities law of any state of the United States, and the Warrants may not be exercised within the United States or by or on behalf of any U.S. Person unless the Shares are registered under the 1933 Act and the securities laws of all applicable states of the United States or an exemption from such registration requirements is available. No exercise of any Warrants shall be effective, and no certificate representing Shares shall be issued pursuant to the exercise of Warrants, unless the appropriate box on the Warrant Exercise Form is selected specifying one of the following:

(a) the holder is not in the United States or a U.S. Person, is not exercising the Warrants on behalf of a U.S. Person, and did not execute or deliver the Warrant Exercise Form in the United States;

(b) the holder is an Original U.S. Purchaser that remains an Accredited Investor and is exercising the Warrants on its own behalf and not for the account or benefit of any other person in which case the holder shall, concurrent with exercise of the Warrants, provide a letter in substantially the form set out in Appendix “A” to the Warrant Exercise Form; or

(c) the holder is resident in the United States or is a U.S. Person and provides an opinion of counsel of recognized standing in form and substance satisfactory to the Company to the effect that registration under the 1933 Act and applicable state securities laws is not required.

The certificates representing any Shares issued in connection with the exercise of Warrants pursuant to clause (b) or (c) of this Section 3.1(5) shall bear the legend set forth in Section 2.14(2) of this Indenture. No certificates for Shares shall be registered or delivered to an address in the United States unless the holder complies with clause (b) or (c) of this Section 3.1(5).

3.2 Effect of the Exercise of Warrants

(1) Subject to subsection (2) and Section 3.8, on exercise of a Warrant, the Company shall cause to be issued to the person or persons in whose name or names the Shares so subscribed for are to be issued as specified in the Warrant Exercise Form, the number of Shares to be issued to such person or persons and such person or persons shall become a Shareholder or Shareholders of the Company in respect of those Shares with effect from the date on which the Warrant is exercised and shall be entitled to delivery of a certificate or certificates evidencing the Shares and the Company shall cause the certificate or certificates to be mailed by first class, insured mail or delivered as specified to such person or persons (or, if applicable, the trustee under the registered retirement savings plan which holds the Shares) at the address or addresses specified in the Warrant Exercise Form within five business days of the date on which the Warrant is exercised.

(2) Notwithstanding any provision herein contained to the contrary, the Company shall not be required to deliver certificates for Shares in any period while the share transfer books of the Company are closed and, in the event of the exercise of any Warrant during any such period, the Shares subscribed for shall be issued and such person shall be deemed to have become the holder of record of such Shares on the date to which such delivery of certificates for Shares may be postponed (such period not exceeding three business days after the date of the re-opening of the share transfer books).

3.3 Partial Exercise of Warrants

A Warrantholder may subscribe for and purchase any lesser number of Shares than the number of Shares to which such holder is entitled upon the exercise of Warrants, in which case the Warrantholder shall be entitled to receive forthwith a new Warrant Certificate in respect of the Shares purchasable under the original Warrant Certificate and not then subscribed for and purchased, and the Warrant Agent shall issue a new Warrant Certificate upon surrender of the Warrant Certificate, if satisfied that the new Warrant Certificate is properly issuable.

3.4 Cancellation of Warrants

All Warrants exercised as provided in Section 3.1, partially exercised as provided in Section 3.3, or exchanged for other Warrants as provided in Section 2.7 or otherwise surrendered to the Warrant Agent shall be cancelled and either held by the Warrant Agent until termination of this Indenture or resignation of the Warrant Agent or destroyed by the Warrant Agent at the direction of the Company and, if required by the Company, the Warrant Agent shall furnish the Company with a certificate as to the destruction.

3.5 Expiration of Warrants

After the Warrant Expiry Time, all rights under this Indenture and under any Warrant that has not been exercised shall wholly cease and terminate and the Warrant Certificate therefor shall be wholly void and of no effect.

3.6 Adjustment of the Exercise Price and Subscription Rights

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

(2) If and whenever at any time from the date hereof until the Warrant Expiry Time, the Company:

(a) subdivides, redivides or changes the outstanding Shares into a greater number of shares,

(b) combines, consolidates or reduces the outstanding Shares into a lesser number of shares, or

(c) issues Shares or Convertible Securities to all or substantially all of the holders of Shares by way of stock dividend or other distribution, other than the issue from time to time of Shares or Convertible Securities by way of stock dividend to Shareholders who elect to receive Shares or Convertible Securities in lieu of a Dividend Paid in the Ordinary Course;

(each of such events being herein called a "**Share Reorganization**"), the Exercise Price will be adjusted effective immediately on the record date for the dividend or, in the case of a subdivision, redivision, change, combination, consolidation or reduction, effective immediately on the record date, or the effective date if no record date is fixed, to the number that is the product of:

(d) the Exercise Price in effect immediately before that effective date or record date; and

(e) the fraction of which:

(i) the numerator is the total number of Shares outstanding on that effective date or record date before giving effect to the Share Reorganization, and

(ii) the denominator is the total number of Shares that are or would be outstanding immediately after that effective date or record date after giving effect to the Share Reorganization and assuming all Convertible Securities issued as part of the Share Reorganization had then been converted into or exchanged for Shares or all rights to acquire Shares had then been exercised.

For the purpose of determining the number of Shares outstanding at any particular time there shall be included that number of Shares which would have resulted from the conversion or exchange at that time of all Convertible Securities of the Company (other than any Convertible Securities issued to holders of Shares by way of a stock dividend or other distribution and otherwise included in computing the denominator in clause (ii) hereof). Shares (and Shares issuable upon conversion or exchange of Convertible Securities) issued or to be issued under a Share Reorganization shall be deemed to be outstanding on the record date or effective date for such Share Reorganization for the purpose of calculating the number of outstanding Shares under subsections (3) and (5). To the extent that any Convertible Securities issued to holders of Shares by way of a stock dividend or other distribution are not so converted or exchanged into or for Shares before the expiration of the right to do so, the conversion price shall then be readjusted to the conversion price which would then be in effect based upon the number of Shares actually issued upon the conversion or exchange of the Convertible Securities.

(3) If and whenever at any time from the date hereof to the Warrant Expiry Time, the Company shall fix a record date for the issuance or distribution of rights, options or warrants to all or substantially all of the holders of the outstanding Shares entitling them, for a period expiring not more than 45 days after the record date, to subscribe for or purchase Shares or Convertible Securities at a price per Share (or having a conversion price per Share) less than 95% of the Current Market Price on the record date (any such issuance being herein called a "**Rights Offering**"), the Exercise Price will be adjusted on the record date for the Rights Offering to the number which is the product of the Exercise Price in effect immediately before the record date and the fraction:

(i) the numerator of which shall be the total of (A) the number of Shares outstanding immediately before the record date and (B) a number of Shares equal to the number arrived at by multiplying the total number of additional Shares offered for subscription or purchase under the Rights Offering or into or for which the total number of Convertible Securities so offered under the Rights Offering are convertible or exchangeable by the quotient obtained by dividing the purchase or subscription price for each Share offered for subscription or purchase or the conversion price for each Convertible Security so offered by such Current Market Price for the Shares, and

(ii) the denominator of which shall be the total number of Shares outstanding immediately before such record date plus the total number of additional Shares offered for subscription or purchase under the Rights Offering or into or for which the total number of Convertible Securities so offered under the Rights Offering are convertible or exchangeable.

The adjustment shall be made successively whenever a record date is fixed, and shall become effective immediately after the record date for determination of shareholders entitled to receive such Shares or Convertible Securities, provided that if two or more such record dates or dates of announcement, as applicable, referred to in subsection (3) are fixed within a period of 35 trading days, the adjustment shall be made successively as if each of such record dates occurred on the earliest of such record dates. To the extent that any rights, options or warrants are not so issued or any of the rights, options or warrants so issued are not exercised before the expiration thereof, or any Convertible Securities are not so converted into or exchanged for Shares before the expiration of the right to do so, the Exercise Price will be readjusted to the Exercise Price in effect immediately before the record date, and the Exercise Price will be further adjusted based upon the number of additional Shares actually delivered upon the exercise of the rights, options or warrants, or issued upon the conversion or exchange of the Convertible Securities, as the case may be.

(4) If and whenever at any time from the date hereof to the Warrant Expiry Time, the Company shall fix a record date for the issue of rights, options or warrants to all or substantially all the holders of the outstanding Shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Shares or Convertible Securities at a price per Share (or having a conversion price per Share) not less than 95% of the Current Market Price on the record date, the Exercise Price will not be adjusted.

(5) If and whenever at any time from the date hereof to the Warrant Expiry Time the Company shall fix a record date for the making of an issue or distribution to all or substantially all the holders of its outstanding Shares of (a) shares or securities of any class, excluding Shares or Convertible Securities referred to in paragraph 2(a), whether of the Company or any other corporation, or (b) rights, options or warrants, excluding those referred to in subsection (3) or (4), or (c) evidences of its indebtedness, or (d) property, cash or other assets, excluding Dividends Paid in the Ordinary Course or property distributed in lieu thereof at the option of the Shareholders (any of such events being herein called a "**Special Distribution**") then, in each such case, the Exercise Price shall be adjusted on the record date to the number that is the product of the Exercise Price in effect immediately before the record date and the fraction:

(i) the numerator of which shall be the total number of Shares outstanding immediately before the record date multiplied by the Current Market Price on the day immediately before such record date, less the aggregate fair market value (as determined by the Directors, subject to prior written approval of the Exchange which determination, absent manifest error, shall be conclusive) of the shares or rights, options or warrants or evidence of indebtedness or property, cash or assets so distributed pursuant to such Special Distribution, and

(ii) the denominator of which shall be the total number of Shares outstanding immediately before the record date multiplied by such Current Market Price.

The adjustment shall be made successively whenever a record date is fixed, and shall become effective immediately after the record date for the determination of Shareholders entitled to receive such Special Distribution, provided that if two or more such record dates or dates of announcement, as applicable, referred to in subsection (5) are fixed within a period of 35 trading days, the adjustment shall be made successively as if each of such record dates occurred on the earliest of such record dates. To the extent that any Special Distribution is not so made, the Exercise Price shall then be readjusted to the Exercise Price which would then be in effect if the record date had not been fixed or to the Exercise Price which would then be in effect based upon the shares or rights, options or warrants or evidences of indebtedness or property, cash or assets actually distributed, as the case may be.

(6) On any adjustment of the Exercise Price pursuant to subsection (2), (3) or (5), including any readjustment, the number of Shares purchasable on exercise of a Warrant will be adjusted, effective at the same time as the adjustment of the Exercise Price, by multiplying the number of Shares so purchasable immediately before the adjustment by a fraction, the numerator of which shall be the Exercise Price in effect immediately before the adjustment and the denominator of which shall be the Exercise Price resulting from such adjustment.

(7) Subject to the prior written approval of the Exchange and TSX (if required), if and whenever at any time from the date hereof to the Warrant Expiry Time there is:

(a) a reclassification or redesignation of the Shares outstanding, a change of Shares into other shares or securities, or any other capital reorganization of the Company except as described in subsections (2), (3) and (5),

(b) a consolidation, merger, arrangement or amalgamation of the Company with or into another body corporate or other entity resulting in a reclassification or redesignation of outstanding Shares or a change of Shares into other shares or securities, or

(c) a transaction whereby all or substantially all the Company's undertaking and assets become the property of another corporation or other entity,

(any of those events being herein called a "**Corporate Reorganization**"), a holder who thereafter exercises Warrants will be entitled to receive and will accept, for the Exercise Price then in effect, in lieu of the Shares (and any other securities to which Warrantholders are then entitled on the exercise of Warrants) to which he would otherwise have been entitled on exercise immediately before the Corporate Reorganization, the kind and amount of shares or other securities or property (including cash) that he would have been entitled to receive as a result of the Corporate Reorganization if, on the effective date thereof, he had been the holder of the number of Shares (and any other securities to which Warrantholders are then entitled on the exercise of Warrants) to which he would have been entitled on the exercise of the Warrant or Warrants immediately before the Corporate Reorganization.

(8) As a condition precedent to taking any action that would require an adjustment pursuant to subsection (7), the Company will take all action that, in the opinion of counsel, is necessary in order that the Company, any successor or any successor to its assets and undertaking, shall be obligated to and may validly and legally issue as fully paid and non-assessable all the Shares or other shares or securities or property to which Warrantholders will be entitled on the exercise of Warrants thereafter.

(9) Subject to the prior written consent of the Exchange and TSX (if required), if necessary as a result of any Corporate Reorganization, appropriate adjustments will be made in the application of the provisions set forth in this Article 3 with

respect to the rights and interests of Warrantholders to the end that the provisions set forth in this Article 3 will thereafter correspondingly be made applicable as nearly as may reasonably be possible to any shares or other securities or property thereafter deliverable on the exercise of a Warrant. Any such adjustment will be made by and set forth in an amendment hereto approved by the Directors and by the Warrant Agent, each acting reasonably, and will for all purposes, absent manifest error, be conclusively deemed to be an appropriate adjustment.

(10) Subject to the prior written consent of the Exchange and TSX (if required), if the purchase price provided for in any right, warrant or option issued in connection with a Rights Offering is decreased, or the conversion price for Convertible Securities issued in connection with a Share Reorganization is increased, the Exercise Price shall forthwith be changed to whatever Exercise Price would have been obtained had the adjustment made in connection with the issuance of all such rights, warrants, options or Convertible Securities been made upon the basis of the purchase price as so decreased or the conversion price as so increased, provided that the provisions of this subparagraph shall not apply to any increase or decrease resulting from provisions in any rights, warrants, options or securities designed to prevent dilution if the increase or decrease shall not have been proportionately greater than the change, if any, in the Exercise Price to be made at the same time pursuant to the provisions of this section.

(11) Subject to the prior written consent of the Exchange and TSX (if required), if and whenever at any time before the Warrant Expiry Time the Company shall take any action affecting or relating to the Warrants, other than any action described in this section, which in the opinion of the Warrant Agent, acting reasonably and in good faith, based upon the advice of counsel, would prejudicially affect the rights of any holders of Warrants, the Exercise Price will be adjusted in such manner, if any, and at such time, as the Warrant Agent, may in its sole discretion determine to be equitable in the circumstances to such holders.

3.7 Adjustment Rules for Exercise Price

The following rules and procedures will be applicable to adjustments made pursuant to Section 3.6:

(a) the adjustments and readjustments provided for in Section 3.6 shall be cumulative and, subject to paragraph (b), will apply (without duplication) to successive issues, subdivisions, combinations, consolidations, distributions and other events that require an adjustment;

(b) no adjustment in the Exercise Price, or resulting adjustment in the number of Shares issuable on exercise of Warrants, will be made unless the adjustment would result in a change of at least one percent (1%) in the prevailing Exercise Price and the number of Shares purchasable upon the exercise of the Warrants would change by at least one one-hundredth of a Share; provided, that any adjustment that would have been required to be made except for the provisions of this paragraph will be carried forward and taken into account in the next adjustment;

(c) no adjustment will be made in respect of an event described in paragraph 3.6(2)(b) or subsections 3.6(3) or 3.6(5) if the Warrantholders are entitled to participate in the event on the same terms, *mutatis mutandis*, as if they had exercised their Warrants immediately before the effective date of or record date for the event, such participation being subject to the prior written consent of the Exchange and TSX;

(d) for the purposes of subsections (2), (3) and (5) of Section 3.6, there will be deemed not to be outstanding:

(i) any Share owned by or held for the account of the Company,

(ii) any Share owned by or held for the account of any Subsidiary of the Company;

(e) subject to the prior written consent of the Exchange and TSX (if required), any dispute that arises at any time with respect to any adjustment pursuant to this Indenture will be conclusively determined (as between the Company, the Warrantholders, the Warrant Agent and all transfer agents and shareholders of the Company) by the auditor of the Company or, if the auditor of the Company is unable or unwilling to act, by such firm of independent chartered accountants as is selected by the Directors and is acceptable to the Warrant Agent and any determination by them, absent manifest error, will be binding on the Company, the Warrantholders, the Warrant Agent and all transfer agents and Shareholders of the Company, and the Company shall notify the Warrantholders thereof;

(f) in the absence of a resolution of the Directors fixing the record date for an event referred to in Section 3.6, the Company will be deemed to have fixed as the record date therefor the date on which the event is effected or such other date as may be required by law;

(g) subject to the prior written consent of the Exchange and TSX (if required), as a condition precedent to the taking of any action which would require an adjustment in any of the rights under the Warrants, the Company will take any action which, in the opinion of counsel to the Company, may be necessary in order that the Company, or any successor to the Company or successor to the undertaking or assets of the Company will be obligated to and may validly and legally issue all the Shares or securities which the holders of the Warrants would be entitled to receive thereafter and to exercise such Warrants in accordance with the provisions hereof;

(h) subject to Sections 7.2 and 7.3, the Warrant Agent shall not at any time be under any duty or responsibility to any Warrantholder to determine whether any facts exist which may require any adjustment contemplated

by Section 3.6, or with respect to the nature or extent of any such adjustment made, or with respect to the method employed in making same. The Warrant Agent shall not be accountable for the validity or value of any Shares delivered upon the exercise or deemed exercise of any Warrants and shall not be responsible for any failure of the Company to make any payment, or to issue or deliver any securities or certificates represented hereby upon the exercise or deemed exercise of any Warrants; and

(i) subject to the prior written consent of the Exchange and TSX (if required), if the Company, after the date hereof, shall take any action affecting any Shares which in the opinion of the Directors acting reasonably and in good faith would materially affect the rights of Warrantholders, the Exercise Price and number of Shares issuable upon exercise of Warrants shall be adjusted in such manner, if any, and at such time, as the Directors, in their sole discretion acting reasonably and in good faith, may determine to be equitable in the circumstances to adjust the rights of the Warrantholders to protect against dilution in accordance with the intent and purposes of Section 3.6 and Section 3.7. Failure of the taking of action by the Directors so as to provide for an adjustment in the Exercise Price before the effective date of any action by the Company affecting the Shares shall be conclusive evidence (absent manifest error) that the Directors have determined that it is equitable to make no adjustment in the circumstances, subject to the prior written consent of the Exchange and TSX (if required).

3.8 Postponement of Issue of Shares, etc.

In any case in which Section 3.6 requires an adjustment to take effect immediately after the effective date of or record date for an event, and a Warrant is exercised after that date and before the consummation of the event (which in the case of rights, options and warrants will be the date the rights, options and warrants are issued), the Company may postpone until consummation issuing to the Warrantholder such of the Shares, securities or property to which he is entitled if the Warrant had been exercised immediately before that date, provided however, that the Company will deliver to the Warrantholder an appropriate instrument evidencing such holder’s right to receive such additional Shares, securities or property upon the occurrence and consummation of such event and the right to receive any dividend or other distribution in respect of such additional Shares, securities or property declared in favour of the holders of record of Shares or of such securities or property on or after that date or such later date as such holder would, but for the provisions of this Section, have become the holder of record of such additional Shares or of such securities or property pursuant to Section 3.6.

3.9 Notice of Certain Events

(1) At least 14 days before the effective date of or record date for any event referred to in Section 3.6, other than a subdivision or consolidation of the Shares, that requires or might require an adjustment in the subscription rights pursuant to a Warrant, including the Exercise Price and the number of Shares purchasable on exercise of a Warrant, the Company will:

(a) file with the Warrant Agent a certificate of the Company specifying the particulars of the event and, to the extent determinable, any adjustment required and the computation of the adjustment, and

(b) give notice to the Warrantholders of the particulars of the event and, to the extent, determinable, any adjustment required.

The notice need only set forth particulars as have been determined at the date that notice is given.

(2) If any adjustment for which a notice pursuant to subsection (1) is given is not then determinable, the Company will promptly after the adjustment is determinable:

(a) file with the Warrant Agent a certificate of the Company showing the computation of the adjustment, and

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

(3) In the event of a subdivision or consolidation of the Shares, the Company will, before giving effect thereto, file with the Warrant Agent a certificate of the Company specifying the particulars of the subdivision or consolidation and specifying the number of Shares purchasable upon exercise of a Warrant after giving effect to such subdivision or consolidation.

3.10 No Fractional Shares

The Company will not, pursuant to Section 3.6 or under any other circumstances, be obligated to issue any fraction of a Share upon the exercise of a Warrant or Warrants. Subscriptions for fractional Shares will not be accepted as such and will be deemed to be a subscription for the next smallest whole number of Shares. To the extent that the holder of one or more Warrants would otherwise have been entitled to receive on the exercise or partial exercise thereof a fraction of a Share, that holder may exercise such right in respect of the fraction only in combination with another Warrant or Warrants that in the aggregate entitle the holder to purchase a whole number of Shares. If not so exercised, the Company shall not pay any amounts to the holder in satisfaction of the right to otherwise have received a fraction of a Share.

3.11 Reclassification, Reorganizations, etc.

(1) In case of:

(a) any reclassifications or change of the Shares (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or consolidation);

(b) any amalgamation, consolidation or merger of the Company with, or amalgamation, consolidation or merger of the Company into, any other corporation (other than an amalgamation, consolidation or merger in which the Company is the continuing corporation and which does not result in any reclassification or change, other than as aforesaid, of the Shares);

(c) a reorganization of the Company; or

(d) any sale, transfer or other disposition of all or substantially all of the assets of the Company,

the Company or the corporation formed by the amalgamation or the corporation into which the Company shall have been merged or been consolidated or the reorganized Company, or the corporation which shall have acquired such assets, as the case may be, shall execute and deliver to the Warrant Agent a supplemental indenture providing that the holder of each Warrant then outstanding shall have the right thereafter (until the Warrant Expiry Time) to exercise Warrants only into the kind and amount of shares and other securities and property (including cash) receivable upon such reclassification, change, amalgamation, consolidation, merger, reorganization, sale, transfer or other disposition by a holder of the number of Shares which were purchasable upon the exercise of the Warrants had the Warrants been exercised immediately before the reclassification, change, amalgamation, consolidation, merger, reorganization, sale, transfer or other disposition.

(2) The supplemental indenture shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article.

(3) The provisions of this section shall apply to successive reclassifications, changes, amalgamations, consolidations, mergers, reorganizations, sales, transfers or other dispositions.

ARTICLE 4
RIGHTS AND COVENANTS OF THE COMPANY

4.1 Optional Purchases by the Company

The Company may from time to time purchase, by private contract or otherwise, any of the Warrants. Any such purchase shall be made at the lowest price or prices at which, in the opinion of the directors, such Warrants are then obtainable, plus reasonable costs of purchase, and may be made in such manner, from such persons and on such other terms as the Company, in its sole discretion, may negotiate. Any Warrant Certificates representing the Warrants purchased pursuant to this Section 4.1 shall forthwith be delivered to and cancelled by the Warrant Agent. No Warrants shall be issued in replacement thereof. If required by the Company, the Warrant Agent will furnish the Company with a certificate as to such cancellation.

4.2 General Covenants

The Company represents, warrants and covenants with the Warrant Agent for the benefit of the Warrantholders that:

(a) except to the extent the Company participates in a merger or business combination transaction which is in the best interest of the Company, it will at all times maintain its existence, carry on and conduct its business as currently carried on, and keep or cause to be kept proper books of account in accordance with generally accepted accounting principles;

(b) it is duly authorized to create and issue the Warrants to be issued hereunder and the Warrant Certificates when issued and certified as herein provided will be legal, valid, binding and enforceable obligations of the Company;

(c) subject to the provisions of this Indenture, it will cause the Shares from time to time subscribed for and purchased pursuant to the exercise of Warrants and the certificates representing such Shares to be duly issued and delivered in accordance with the Warrants and the terms hereof;

(d) at all times while any Warrants are outstanding it shall reserve and there shall remain unissued and conditionally allotted out of its authorized capital a number of Shares sufficient to enable the Company to meet its obligations to issue Shares on the exercise of Warrants outstanding hereunder from time to time;

(e) upon the exercise by the holder of any Warrant of the right of purchase provided for therein and herein and upon payment of the Exercise Price applicable thereto for each Share in respect of which the right of purchase is so exercised, all Shares issuable upon the exercise shall be issued as fully paid and non-assessable;

(f) it will use its commercially reasonable best efforts to ensure that the Shares issuable upon exercise of the Warrants will be listed for trading on the Exchange and TSX and any other stock exchange on which the Shares are then listed and posted for trading upon their issue

(g) except to the extent the Company participates in a merger or business combination transaction which is in the best interest of the Company and following which the Company is not a “reporting issuer”, the Company will use its commercially reasonable best efforts to maintain its status as a “reporting issuer” (or the equivalent thereof) not in default of the requirements of the Securities Laws in each of the Qualifying Jurisdictions that have such a concept to the date that is two years following the date hereof;

(h) the issue of the Warrants does not and will not result in a breach by the Company of, and does not and will not create a state of facts which, after notice or lapse of time or both, will result in a breach by the Company of any applicable laws, and does not and will not conflict with any of the terms, conditions or provisions of the articles of incorporation of the Company, as amended, or any material trust indenture, loan agreement or any other agreement or instrument to which the Company is a party or by which it is contractually bound on the date of this Indenture;

(i) it shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all other acts, deeds and assurances in law as the Warrant Agent may reasonably require for better accomplishing and effecting the intentions and provisions of this Indenture;

(j) it will make all requisite filings under applicable laws and regulations, including, without limitation, Securities Laws;

(k) with respect to any notices to be given or other acts to be performed or which may be given or performed by the Warrant Agent under or pursuant to this Indenture, the Company shall provide to the Warrant Agent in a timely manner all such information and documents as the Warrant Agent may reasonably request and are within the knowledge or control of the Company in order to verify the factual circumstances relating to such notices or acts and, if requested, such notices or acts and, if requested, such information and documents shall be certified as correct by an officer of the Company; and

(l) generally, it will well and truly perform and carry out all of the acts or things to be done by it as provided in this Indenture and will not take any action which might reasonably be expected to deprive holders of Warrants their rights to acquire Shares on the exercise thereof.

4.3 Securities Qualification Requirements

(1) If, in the opinion of either counsel to the Warrant Agent or counsel to the Company, any instrument is required to be filed with, or any permission, order or ruling is required to be obtained from, any securities administrator or any other step is required under any federal or provincial law of Canada or any other Qualifying Jurisdiction before the Shares may be issued or delivered to an initial Warrantholder on the exercise of the Warrants or resold by such Warrantholder, the Company covenants that it will use its commercially reasonable best efforts to file such instrument, obtain such permission, order or ruling or take all such other actions, at its expense, as is required or appropriate in the circumstances.

(2) The Company will give written notice of the issue of Shares pursuant to the exercise of Warrants, in such detail as may be required, to each securities administrator in each jurisdiction in which there is legislation requiring the giving of any such notice.

4.4 Warrant Agent's Remuneration and Expenses

The Company will pay to the Warrant Agent from time to time such reasonable remuneration for its services hereunder as are set out in the "Schedule of Fees" entered into between the Company and the Warrant Agent dated January 26, 2007, or as may otherwise be agreed upon between the Company and the Warrant Agent and will pay or reimburse the Warrant Agent upon its request for all reasonable out-of-pocket expenses, disbursements and advances properly incurred or made by the Warrant Agent in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of its counsel and all other advisors and assistants not regularly in its employ), both before any default hereunder and thereafter until all duties of the Warrant Agent shall be finally and fully performed, except any such expense, disbursement or advance as may arise from the gross negligence or fraud of the Warrant Agent, its servants or its agents or other advisors or assistants aforesaid. Any amount owing under this Section and unpaid thirty (30) days after request for such payment, will bear interest from the expiration of such thirty (30) days at a rate per annum equal to the then current rate charged by the Warrant Agent, payable on demand.

4.5 Notice to Warrantholders of Certain Events

The Company covenants with the Warrant Agent for the benefit of the Warrant Agent and the Warrantholders that, so long as any of the Warrants are outstanding, it will not:

(a) pay any dividend payable in shares of any class to the holders of its Shares or make any other distribution (other than a cash distribution made as a Dividend Paid in the Ordinary Course) to the holders of its Shares;

(b) offer to the holders of its Shares rights to subscribe for or to purchase any Shares or shares of any class or any other securities, rights, warrants or options;

(c) make any repayment of capital on, or distribution of evidences of indebtedness on any of its assets (excluding cash dividends) to the holders of, its Shares;

(d) amalgamate, consolidate or merge with any other person or sell or lease the whole or substantially the whole of its assets or undertaking;

(e) effect any subdivision, redivision, consolidation, reduction or reclassification of its Shares; or

(f) liquidate, dissolve or wind-up,

unless, in each such case, the Company shall have given notice, in the manner specified in Section 2.12, to each Warrantholder, of the action proposed to be taken and the date on which: (i) the books of the Company shall close or a record shall be taken for such dividend, repayment,

distribution, subscription rights or other rights, warrants or securities; or (ii) such subdivision, redivision, consolidation, reduction, reclassification, amalgamation, merger, sale or lease, dissolution, liquidation or winding-up shall take place, as the case may be, provided that the Company shall only be required to specify in the notice those particulars of the action as shall have been fixed and determined at the date on which the notice is given. The notice shall also specify the date as of which the holders of Shares of record shall participate in the dividend, repayment, distribution, subscription of rights or other rights, warrants or securities, subdivision, redivision, consolidation, reduction, reclassification or shall be entitled to exchange their Shares for securities or other property deliverable upon such reclassification, amalgamation, merger, sale or lease, other disposition, dissolution, liquidation or winding-up, as the case may be. The notice shall be given, with respect to the actions described above not less than 14 days before the record date or the date on which the Company's transfer books are to be closed with respect thereto.

4.6 Closure of Share Transfer Books

The Company further covenants and agrees that it will not during the period of any notice given under Section 4.5 close its share transfer books or take any other corporate action which might deprive the Warrantholders of the opportunity of exercising their Warrants; provided that nothing contained in this section shall be deemed to affect the right of the Company to do or take part in any of the things referred to in Section 4.5 or to pay any cash dividends on the shares of any class or classes in its capital from time to time outstanding.

4.7 Performance of Covenants by Warrant Agent

If the Company shall fail to perform any of its covenants contained in this Indenture, the Warrant Agent may notify the Warrantholders of the failure on the part of the Company or may itself perform any of the said covenants capable of being performed by it, but shall be under no obligation to do so or to notify the Warrantholders. All sums expended or advanced by the Warrant Agent in so doing shall be repayable as provided in Section 4.4. No performance, expenditure or advance by the Warrant Agent shall be deemed to relieve the Company of any default hereunder.

4.8 Representation and Warranty

The Company represents and warrants to the Warrant Agent and the holders of the Warrants and/or Shares that it is a "foreign issuer" as that term is defined in Regulation S.

ARTICLE 5
MEETINGS OF WARRANTHOLDERS

5.1 Right to Convene Meeting

(1) The Warrant Agent or the Company may at any time and from time to time, and the Warrant Agent shall on receipt of a requisition in writing signed by the holders of Warrants sufficient to purchase not less than 20% of the aggregate number of Shares which would be purchased under the Warrants then outstanding and upon being indemnified and funded to its reasonable satisfaction by the

Company or by the Warrantholders signing the requisition against the costs which may be incurred in connection with the calling and holding of the meeting, convene a meeting of the Warrantholders.

(2) If the Warrant Agent fails to convene a meeting within seven days after receipt of the requisition and indemnity referred to in subsection (1), the Company or the Warrantholders, as the case may be, may convene the meeting.

(3) Every meeting of Warrantholders shall be held in the City of Toronto, Ontario or at such other place as the Warrant Agent shall determine.

5.2 Notice

(1) At least ten business days' prior notice specifying the place, day and hour of meeting and the general nature of business to be transacted shall be given before any meeting of Warrantholders but it shall not be necessary to specify in the notice the terms of any resolution to be proposed.

(2) Notice of a meeting of Warrantholders shall be given to the Warrantholders in the manner provided in Section 2.12. Notice shall be given to the Company unless the meeting is convened by the Company and to the Warrant Agent unless the meeting is convened by the Warrant Agent. Any accidental omission in the notice of a meeting shall not invalidate any resolution passed at the meeting.

5.3 Chairman

The person, who need not be a Warrantholder, nominated in writing by the Warrant Agent shall be entitled to act as the chairman at any meeting of Warrantholders, but if no such person is nominated or if the person nominated shall not be present within 15 minutes after the time appointed for holding the meeting, the Warrantholders present in person or by proxy shall choose a person present to be chairman.

5.4 Quorum

(1) At any meeting of the Warrantholders a quorum shall consist of two or more Warrantholders present in person or by proxy holding not less than 20% of the Warrants then outstanding.

(2) If a quorum of the Warrantholders is not present within half an hour from the time fixed for holding any meeting, the meeting, if convened by Warrantholders or by a requisition of Warrantholders, shall be dissolved; but if otherwise convened, the meeting shall stand adjourned without notice to the same day in the next week following (unless that day is not a business day, in which case the meeting shall stand adjourned to the next business day thereafter) at the same time and place. At the adjourned meeting, the Warrantholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened notwithstanding that they may not hold 20% of the Warrants then outstanding.

5.5 Power to Adjourn

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

5.6 Show of Hands

Every question submitted to a meeting other than a question to be resolved by an Extraordinary Resolution shall be decided in the first place by a majority of the votes given on a show of hands and unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of that fact.

5.7 Poll

On every Extraordinary Resolution to be passed at a meeting and on any other question submitted to a meeting when directed by the chairman or when demanded by one or more of the Warrantholders acting in person or by proxy, a poll shall be taken in the manner as the chairman shall direct. Questions other than those to be resolved by Extraordinary Resolution shall, if a poll be taken, be decided by the votes of the holders of a majority of the Warrants represented at the meeting and voted on the poll. If at any meeting a poll is so demanded as aforesaid on the election of a chairman or on a question of adjournment, it shall be taken forthwith. If at any meeting a poll is so demanded on any other question, or an Extraordinary Resolution is to be voted upon, a poll shall be taken in such manner and either at once or after an adjournment as the chairman directs. The result of a poll shall be deemed to be the decision of the meeting at which the poll was demanded and shall be binding on all holders of Warrants.

5.8 Voting

On a show of hands, every person who is present and entitled to vote, whether as a Warrantholder or as proxy for one or more absent Warrantholders or both, shall have one vote. On a poll, each Warrantholder present in person or represented by a proxy duly appointed by instrument in writing shall be entitled to one vote in respect of each Share purchasable under Warrants of which he shall then be the holder. A proxy need not be a Warrantholder. The chairman of any meeting shall be entitled both on a show of hands and on a poll to vote in respect of the Warrants, if any, held or represented by him but shall not be entitled to a casting vote in the case of an equality of votes.

5.9 Persons Entitled to be Present

The Company and the Warrant Agent by their respective officers and directors and the counsel of the Company and the Warrant Agent may attend any meeting of Warrantholders but shall have no vote as such.

5.10 Regulations

The Warrant Agent, or the Company with the approval of the Warrant Agent, may from time to time make or vary such regulations as it shall think fit providing for and governing the following:

(a) the issue of voting certificates:

(i) by any bank, trust company or other depository approved by the Warrant Agent, certifying that specified Warrants have been deposited with it by a named holder and will remain on deposit until after the meeting; or

(ii) by any bank, trust company, insurance company, governmental department or agency approved by the Warrant Agent, certifying that it is the holder of specified Warrants and will continue to hold the same until after the meeting,

which voting certificates shall entitle the holders named therein to be present and vote at any meeting and at any adjournment thereof or to appoint a proxy or proxies to represent them and vote for them at any meeting and at any adjournment thereof, in the same manner and with the same effect as though the holders named in the voting certificates were the actual holders of the specified Warrants;

(b) the form of the instrument appointing a proxy (which shall be in writing), the manner in which the same shall be executed and the form of any authority under which a person executes a proxy on behalf of a Warrantholder;

(c) the deposit certificates, instruments appointing proxies or authorities at such place or places as the Warrant Agent (or the Company or Warrantholders in case the meeting is convened by the Company or the Warrantholders, as the case may be) may in the notice convening the meeting direct and the time (if any) before the holding of the meeting or adjourned meeting at which the same shall be deposited;

(d) the deposit of voting certificates or instruments appointing proxies at some place or places other than the place at which the meeting is to be held and for particulars of the voting certificates or instruments appointing proxies to be cabled or telegraphed or notified by other means of communication before the meeting to the Company or to the Warrant Agent and for the voting of voting certificates and proxies so deposited as if the voting certificates or the instruments themselves were produced at the meeting or deposited at any other place required pursuant to subsection (c); and

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

Any regulations so made shall be binding and effective and votes given in accordance therewith shall be valid and shall be counted. Except as the regulations may provide, the only persons who shall be recognized at any meeting as the holders of any Warrants, or as entitled to vote or to be present at the meeting in respect thereof, shall be registered Warrantholders and persons whom registered Warrantholders have by instrument in writing duly appointed as their proxies.

5.11 Certain Powers Exercisable by Extraordinary Resolution

In addition to all other powers conferred on them by the other provisions of this Indenture or by law but subject to obtaining the approval of the Exchange, the Warrantholders shall have the following powers, exercisable from time to time by Extraordinary Resolution:

(a) power to agree to any amendment, modification, abrogation, alteration, compromise or arrangement of the rights of Warrantholders or the Warrant Agent in that capacity or on behalf of the Warrantholders against the Company whether the rights arise under this Indenture or otherwise;

(b) power to agree to any change in or omission from the provisions of the Warrant Certificate and this Indenture or any ancillary or supplemental instrument which may be agreed to by the Company and to authorize the Warrant Agent to concur in and execute any ancillary or supplemental indenture embodying any change or omission;

(c) power to require the Warrant Agent, subject to compliance with Section 7.3, to enforce any of the obligations of the Company under this Indenture or any supplemental instrument or to enforce any of the rights of the Warrantholders in any manner specified in an Extraordinary Resolution or to refrain from enforcing any such covenant or right, upon the Warrant Agent being furnished with such funding and indemnity as it may in its discretion reasonably require;

(d) power to remove the Warrant Agent or its successor or successors in office and to appoint a new Warrant Agent or Warrant Agents to take the place of the Warrant Agent or Warrant Agents so removed, in each case with consent of the Company which consent shall not be unreasonably withheld;

(e) power to waive and direct the Warrant Agent to waive any default on the part of the Company in complying with any provision of this Indenture either unconditionally or upon conditions specified in the Extraordinary Resolution;

(f) power to restrain any Warrantholder from taking or instituting or continuing any suit, action or proceeding against the Company for the enforcement of any of the obligations of the Company under this Indenture or to enforce any right of the Warrantholders; and

(g) power to amend, alter or repeal any Extraordinary Resolution previously passed or consented to by Warrantholders.

5.12 Definition of "Extraordinary Resolution"

The expression **"Extraordinary Resolution"** when used in this Indenture means a resolution passed at a meeting (including an adjourned meeting) of Warrantholders duly convened and held in accordance with the provisions of this Indenture at which a quorum is present and carried by the affirmative vote of not less than 66 2/3% of the votes given on a poll or by the consent in writing, which may be in one or more instruments, of the holders of not less than 66 2/3% of the Warrants then outstanding.

5.13 Resolutions Binding on all Warrantholders

Every resolution and every Extraordinary Resolution duly passed at a meeting of the Warrantholders duly convened and held or any consent in writing having the effect of an Extraordinary Resolution shall be binding upon all the Warrantholders (including their successors and assigns) whether or not present or represented or voting at the meting or signatories to the consent, as the case may be, and each of the Warrantholders and the Warrant Agent, subject to the provisions for its indemnity contained in this Indenture, shall be bound to give effect thereto.

5.14 Holdings by Company Disregarded

In determining whether the requisite number of Warrantholders are present for the purpose of obtaining a quorum or have voted or consented to any resolution, Extraordinary Resolution, consent, waiver or other action under this Indenture, Warrants owned by the Company or any Subsidiary of the Company shall be deemed to be not outstanding.

5.15 Minutes

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

5.16 Powers Cumulative

Any one or more of the powers or combination of the powers in this Indenture exercisable by the Warrantholders by Extraordinary Resolution or otherwise may be exercised from time to time and the exercise of any one or more of the powers or any combination of powers from time to time shall not be deemed to exhaust the rights of the Warrantholders to exercise the same or any other power or powers or combination of powers then or any power or powers or combinations of powers thereafter.

5.17 Instruments in Writing

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

ARTICLE 6
SUPPLEMENTAL INDENTURES AND SUCCESSOR COMPANIES

6.1 Provision for Supplemental Indenture for Certain Purposes

From time to time the Company and the Warrant Agent may, subject to the provisions of this Indenture and the obtaining of the prior written consent of the Exchange and the TSX, if necessary, and shall, when so directed by this Indenture, execute and deliver by their proper officers or directors, as the case may be, indentures or instruments supplemental hereto, which thereafter shall form part hereof, for any one or more or all of the following purposes:

(a) adding hereto such additional covenants and enforcement provisions as in the opinion of counsel are necessary or advisable and are not in the opinion of the Warrant Agent, based on the advice of counsel, prejudicial to the interest of the Warrantholders as a group;

(b) giving effect to any Extraordinary Resolution passed as provided in Article 5;

(c) making any modification in the form of Warrant Certificate which, in the opinion of the Warrant Agent, based on the advice of counsel, does not affect the substance thereof;

(d) making any additions to, deletions from or alterations of the provisions of this Indenture which, in the opinion of the Warrant Agent based on the advice of counsel, do not materially and adversely affect the interests of the Warrantholders and are necessary or advisable in order to incorporate, reflect or comply with any Applicable Legislation;

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

(f) for any other purpose not inconsistent with the terms of this Indenture, including the correction or rectification of any ambiguities, defective provisions, errors or omissions herein, provided that in the opinion of the Warrant Agent, based on the advice of counsel, the rights of the Warrant Agent or of the Warrantholders, as a group, are in no way prejudiced thereby; and

(g) setting forth any adjustments resulting from the application of the provisions of Article 3 hereof.

6.2 Successor Companies

Subject to Section 3.9, nothing in this Indenture shall prevent any consolidation, reorganization, amalgamation, arrangement or merger of the Company with or into any other body corporate, bodies corporate, or person, or a conveyance or transfer of all or substantially all the property and assets of the Company as an entirety to any body corporate or person lawfully entitled to acquire and operate the same; provided, however, that the body corporate formed by such consolidation, amalgamation or arrangement or into which such merger shall have been made or the person which acquires by conveyance or transfer all or substantially all the property and assets of the Company as an entirety shall execute and deliver to the Warrant Agent before or contemporaneously with such consolidation, reorganization, amalgamation, arrangement, merger, conveyance or transfer and as a condition precedent thereto, an agreement supplemental hereto wherein the due and punctual performance and observance of all the covenants and conditions of this Indenture to be performed or observed by the Company shall be assumed by such successor body corporate or person. The Warrant Agent shall be entitled to receive and shall be fully protected in relying upon an opinion of counsel that any such consolidation, reorganization, amalgamation, arrangement, merger, conveyance or transfer and any supplemental agreement executed in connection therewith, complies with the provisions of this section.

6.3 Successor Body Corporate Substituted

Subject to Section 3.9, in case the Company, pursuant to Section 6.2 hereof, shall be consolidated, amalgamated, reorganized, arranged or merged with or into any other body corporate or bodies corporate or person or shall convey or transfer all or substantially all of the property and assets of the Company as an entirety to another body corporate or person, the successor body corporate or person formed by such consolidation, reorganization, arrangement or amalgamation or into which the Company shall have been merged or which shall have received a conveyance or transfer as aforesaid shall succeed to and be substituted for the Company hereunder with the same effect as nearly as may be possible as if it had been named herein as the party of the first part. Such changes may be made in the Warrants as may be appropriate in view of such consolidation, amalgamation, reorganization, arrangement, merger, conveyance or transfer.

ARTICLE 7
CONCERNING THE WARRANT AGENT

7.1 Rights and Duties of Warrant Agent

(1) In the exercise of the rights, duties and obligations prescribed or conferred by the terms of this Indenture, the Warrant Agent will act honestly and in good faith with a view to the best interests of the Warrantholders and will exercise that degree of care, diligence and skill that a reasonably prudent Warrant Agent would exercise in comparable circumstances.

(2) No provision of this Indenture will be construed to relieve the Warrant Agent from liability for its own negligent action, its own negligent failure to act, or its own wilful misconduct or bad faith.

(3) The obligation of the Warrant Agent to commence or continue any action or proceeding for the purpose of enforcing any rights of the Warrant Agent or the Warrantholders hereunder shall be conditional upon the Warrantholders furnishing, when required by notice in writing by the Warrant Agent, sufficient funds to commence or continue such act, action or proceeding and an indemnity reasonably satisfactory to the Warrant Agent to protect and hold harmless the Warrant Agent against the costs, charges and expenses and liabilities to be incurred thereto and any loss and damage it may suffer by reason thereof.

(4) No provision of this Indenture shall require the Warrant Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

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

7.2 Evidence, Experts and Advisors

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

(2) In the exercise of any right or duty hereunder the Warrant Agent, if it is acting in good faith, may rely, as to the truth of any statement or the accuracy of any opinion expressed therein, on any statutory declaration, opinion, report, certificate or other evidence furnished to the Warrant Agent pursuant to a provision hereof or Applicable Legislation or pursuant to a request of the Warrant Agent.

(3) Whenever Applicable Legislation requires that evidence referred to in subsection (1) be in the form of a statutory declaration, the Warrant Agent may accept the statutory declaration in lieu of a certificate of the Company required by any provision hereof.

(4) Any statutory declaration may be made by one or more officers or Directors of the Company.

(5) Proof of the execution of an instrument in writing by a Warrantholder may be made by the certificate of a notary public, or other officer with similar powers, that the person signing the instrument acknowledged to him the execution thereof, or by an affidavit of a witness to the execution, or in any other manner that the Warrant Agent considers adequate.

(6) The Warrant Agent may employ or retain such counsel, accountants, engineers, appraisers or other experts or advisers as it reasonably requires for the purpose of discharging its duties hereunder and may pay reasonable remuneration for all services so performed by any of them payable by the Company in accordance with Section 4.4, without taxation of costs of any counsel and will not be responsible for any misconduct or negligence on the part of any of them who has been selected with due care by the Warrant Agent.

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

7.3 Documents, Moneys, etc. Held by Warrant Agent

(1) Any security, document of title or other instrument that may be at any time held by the Warrant Agent subject to the terms hereof may be placed in the deposit vaults of the Warrant Agent or of any Schedule I Canadian chartered bank or deposited for safekeeping with such bank.

(2) Unless herein otherwise expressly provided, any money held pending the application or withdrawal thereof under any provision of this Indenture may be deposited in the name of the Warrant Agent in any Schedule I Canadian chartered bank at the rate of interest (if any) then current on similar deposits or:

(a) deposited in the deposit department of the Warrant Agent or of any other loan or trust company authorized to accept deposits under the laws of Canada or a province thereof, or

(b) with the consent of the Company may be invested in United States dollar denominated securities issued or guaranteed by the Government of Canada or a province thereof or in United States dollar denominated obligations, maturing not more than one year from the date of investment, of any Schedule I Canadian chartered bank or loan or trust company.

(3) All interest or other income received by the Warrant Agent in respect of deposits in investment will belong to the Company.

7.4 Action by Warrant Agent to Protect Interests

The Warrant Agent shall have power to institute and to maintain such actions and proceedings as it may consider necessary or expedient to preserve or protect its interests and the interests of the Warrantholders.

7.5 Warrant Agent not Required to give Security

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

7.6 Protection of Warrant Agent

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

(a) the Warrant Agent shall not be liable for or by reason of any representations, statements of fact or recitals in this Indenture (except the representation contained in Section 7.8 and by virtue of the countersignature of the Warrant Agent on the Warrant Certificates) or required to verify the same, but all such representations, statements or recitals are and shall be deemed to be made by the Company;

(b) the Warrant Agent shall not be obligated to see or to require evidence of registration (a filing or renewal thereof) of this Indenture or any instrument ancillary or supplemental hereto;

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

(d) the Warrant Agent shall not incur any liability or responsibility whatever or be in any way responsible for the consequence of any breach on the part of the Company of any obligation herein contained or of any acts of the directors, officers, employees or agents of the Company;

(e) the Company shall indemnify and hold harmless the Warrant Agent and its employees, directors and officers from and against any and all liabilities, losses, costs, claims, actions or demands whatsoever which may be brought against the Warrant Agent or which it may suffer or incur as a result of or arising out of the performance of its duties and obligations under this Indenture, save only in the event of the gross negligence or fraud of the Warrant Agent. It is understood and agreed that this indemnification shall survive the termination or discharge of this Indenture or the resignation of the Warrant Agent;

(f) the Warrant Agent shall not be bound to give any notice or to do or take any act, action or proceeding by virtue of the powers conferred on it hereby unless and until it shall have been required so to do under the terms hereof nor shall the Warrant Agent be required to take notice of any default of the Company hereunder unless and until notified in writing of the default (which notice must specify the nature of the default) and, in the absence of that notice, the Warrant Agent may for all purposes hereunder conclusively assume that no default by the Company hereunder has occurred. The giving of any notice shall in no way limit the discretion of the Warrant Agent hereunder as to whether any action is required to be taken in respect of any default hereunder;

(g) the Warrant Agent is not at any time under any duty or responsibility to a Warrantholder to determine whether any facts exist which require any adjustment contemplated by Section 3.6 or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same;

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

(i) the Warrant Agent is not responsible for any failure of the Company to make any cash payment or any failure of the Company to issue, transfer or deliver Shares or certificates for the same upon the exercise and surrender of any Warrants for the purpose of the exercise of such rights or to comply with any of the covenants contained in this Section 7.

7.7 Replacement of Warrant Agent

(1) The Warrant Agent may resign its agency and be discharged from all further duties and liabilities hereunder, except as otherwise provided in this Indenture, by giving to the Company and the Warrantholders not less than 90 days' notice in writing or, if a new Warrant Agent has been appointed, such shorter notice as the Company accepts as sufficient.

(2) The Warrantholders by Extraordinary Resolution may at any time remove the Warrant Agent and appoint a new Warrant Agent.

(3) If the Warrant Agent so resigns or is so removed or is dissolved, becomes bankrupt, goes into liquidation or otherwise becomes incapable of acting hereunder, the Company will forthwith appoint a new Warrant Agent unless a new Warrant Agent has already been appointed by the Warrantholders.

(4) Failing appointment by the Company, the retiring Warrant Agent or any Warrantholder may apply to the Court of Ontario for the appointment of a new Warrant Agent.

(5) Any new Warrant Agent so appointed by the Company or by the Court will be subject to removal by Extraordinary Resolution of the Warrantholders.

(6) Any new Warrant Agent appointed under any provision of this section must be a corporation authorized to carry on the business of a trust company in the Qualifying Jurisdictions in Canada.

(7) On any appointment, the new Warrant Agent will be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Warrant Agent without any further assurance, conveyance, act or deed, but there will be immediately executed, at the expense of the Company, all such conveyances or other instruments as, in the opinion of counsel, are necessary or advisable for the purpose of assuring the powers, rights, duties and responsibilities to the new Warrant Agent.

(8) On the appointment of a new Warrant Agent, the Company will promptly give notice thereof to the Warrantholders.

(9) A corporation into or with which the Warrant Agent is merged or consolidated or amalgamated, or a corporation succeeding to the trust business of the Warrant Agent, will be the successor to the Warrant Agent hereunder without any further act on its part or on the part of any party hereto if the corporation would be eligible for appointment as a new Warrant Agent under subsection (6).

(10) A Warrant Certificate certified but not delivered by a predecessor Warrant Agent may be delivered by the new or successor Warrant Agent in the name of the predecessor Warrant Agent or successor Warrant Agent.

7.8 Conflict of Interest

(1) The Warrant Agent represents to the Company that at the time of the execution and delivery hereof no material conflict of interest exists between its role as a fiduciary hereunder and its role in any other capacity and if a material conflict of interest arises hereafter it will, within 90 days after ascertaining that it has a material conflict of interest, either eliminate the conflict of interest or resign its agency hereunder.

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

7.9 Acceptance of Trust

The Warrant Agent hereby accepts the agency in this Indenture declared and provided for and agrees to perform them on the terms and conditions herein set forth and agrees to hold all rights, interests and benefits contained herein for and on behalf of those persons who become holders of Warrants from time to time issued pursuant to this Indenture.

7.10 Accounts

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

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

ARTICLE 8
GENERAL

8.1 Satisfaction and Discharge of Indenture

This Indenture shall expire and terminate on the earlier of:

(a) the date by which there has been delivered to the Warrant Agent for exercise or destruction all Warrant Certificates theretofore certified hereunder, or

(b) the 61st day following the Warrant Expiry Date,

and if all Shares required to be issued in compliance with the provisions hereof have been issued and delivered hereunder, this Indenture will cease to be of further effect and the Warrant Agent, on demand of and at the cost and expense of the Company and on delivery to the Warrant Agent of a certificate of the Company stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with and on payment to the Warrant Agent of the fees and other remuneration payable to the Warrant Agent, will execute proper instruments acknowledging satisfaction of and discharging this Indenture.

8.2 Sole Benefit of Parties and Warrantholders

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

8.3 Discretion of Directors

Any matter provided herein to be determined by the Directors will be determined by the Directors in their sole discretion and a determination so made, absent manifest error, will be conclusive.

8.4 Privacy

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

8.5 Counterparts and Formal Date

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

IN WITNESS WHEREOF the parties hereto have executed this Indenture as of the date first written above.

ADHEREX TECHNOLOGIES INC.

By: _____
Authorized Signatory

COMPUTERSHARE TRUST COMPANY OF CANADA

By: _____
Authorized Signatory

By: _____
Authorized Signatory

SCHEDULE "A" TO INDENTURE

Form of Warrant Certificate to be issued to Warrantholders

This Certificate, and the Warrants evidenced hereby, will be void and of no value unless exercised on or before 5:00 p.m. (Toronto time) on February 21, 2010.

(Insert U.S. Legend in s.2.14(2) if necessary)

ADHEREX TECHNOLOGIES INC.

CUSIP No.: 00686R150
ISIN No.: CA00686R1507

NO. · · WARRANTS

WARRANT TO PURCHASE COMMON SHARES

THIS IS TO CERTIFY THAT for value received ·, the registered holder hereof is entitled for each whole Warrant represented hereby to purchase one fully paid and non-assessable common share ("**Common Share**") in the capital of Adherex Technologies Inc. (the "**Company**") at a price per share of US$0.40, subject to adjustment as hereinafter referred to.

Such right to purchase may be exercised by the registered holder hereof at any time on the date of issue hereof up to and including 5:00 p.m. (Toronto time) on February 21, 2010 (the "**Warrant Expiry Time**") by surrender of this Warrant Certificate to Computershare Trust Company of Canada (the "**Warrant Agent**") at the principal transfer offices of the Warrant Agent in Toronto, Ontario, together with the subscription form attached hereto as Appendix A duly executed and completed for the number of Common Shares which the holder hereof is entitled to purchase and the purchase price of such Common Shares as herein provided.

This Warrant Certificate and such payment shall be deemed not to have been surrendered and made except upon personal delivery thereof or, if sent by post or other means of transmission, upon actual receipt thereof by the Warrant Agent at the office specified above.

The purchase price of Common Shares subscribed for hereunder shall be paid by certified cheque, money order or bank draft in lawful money of the United States payable to the order of the Company at par in the city where this Warrant Certificate is delivered.

Certificates for the Common Shares subscribed for will be mailed to the persons specified in the subscription form at their respective addresses specified therein or, if so specified in such subscription form, delivered to such persons at the office where the applicable Warrant Certificate was surrendered, when the transfer registers of the Company have been open for five business days after the due surrender of such Warrant Certificate and payment as aforesaid. In the event of a purchase of a number of Common Shares fewer than the number which can be purchased pursuant to this Warrant Certificate, the holder shall be entitled to receive without charge a new Warrant Certificate in respect of the balance of such Warrants.

This Warrant Certificate and other Warrant Certificates are issued under and pursuant to a certain warrant indenture (herein referred to as the "**Indenture**") dated February 21, 2007 between the Company and the Warrant Agent, to which Indenture and any instruments supplemental thereto reference is hereby made for a description of the terms and conditions upon which such Warrant Certificates are issued and are to be held all to the same effect as if the provisions of the Indenture and all instruments supplemental thereto were herein set forth, to all of which provisions the holder of this Warrant Certificate by acceptance hereof assents. The Company will furnish to the holder of this Warrant Certificate, upon request and without charge, a copy of the Indenture. Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Indenture.

Subject to the Company's right to purchase the Warrants under the Indenture and to any restriction under applicable law or policy of any applicable regulatory body, the Warrants and Warrants Certificates and the rights thereunder shall only be transferable by the registered holder hereof in compliance with the conditions prescribed in the Indenture and the due completion, execution and delivery of a Transfer Form (in the form attached hereto as Appendix B) in accordance with the terms of the Indenture. THE TRANSFER OF THE WARRANTS EVIDENCED HEREBY MAY BE RESTRICTED BY APPLICABLE SECURITIES LAWS. HOLDERS ARE ADVISED TO CONSULT THEIR LEGAL COUNSEL IN THIS REGARD.

Neither the Warrants evidenced by this Warrant Certificate nor the Common Shares issuable upon the exercise thereof have been or will be registered under the United States *Securities Act* of 1933, as amended (the "**U.S. Securities Act**"), and may not be offered or sold to a person in the United States, except pursuant to an exemption from registration under the U.S. Securities Act. Compliance with the securities laws of any jurisdiction is the responsibility of the holder of this Warrant Certificate or its transferee. Accordingly, all certificates representing the Common Shares issued to a U.S. Person or to any person in the United States upon exercise of this Warrant Certificate will have the following legend endorsed thereon:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE COMPANY THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO ADHEREX TECHNOLOGIES INC. (THE "COMPANY"), (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) WITHIN THE UNITED STATES IN ACCORDANCE WITH (1) THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER, OR (2) THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF APPLICABLE, OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS AFTER, IN THE CASE OF PROPOSED TRANSFERS

PURSUANT TO CLAUSES (C) OR (D), PROVIDING A LEGAL OPINION SATISFACTORY TO THE COMPANY TO THE EFFECT THAT THE PROPOSED TRANSFER MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA. PROVIDED THAT THE COMPANY IS A "FOREIGN ISSUER" WITHIN THE MEANING OF REGULATION S AT THE TIME OF SALE, A NEW CERTIFICATE BEARING NO LEGEND MAY BE OBTAINED FROM THE REGISTRAR AND TRANSFER AGENT OF THE COMPANY UPON DELIVERY OF THIS CERTIFICATE AND A DULY EXECUTED DECLARATION, IN A FORM SATISFACTORY TO THE COMPANY'S REGISTRAR AND TRANSFER AGENT AND THE COMPANY, TO THE EFFECT THAT SUCH SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT."

provided that:

(i) if any such securities are being sold under clause (B) of the above legend and in compliance with Canadian local laws and regulations, and provided that the Company is a "foreign issuer" within the meaning of Regulation S at the time of sale, the legend may be removed by providing a declaration to the Company and Computershare Trust Company of Canada, as registrar and transfer agent, in the form attached as Appendix C to this Warrant Certificate to the effect that the Shares are being sold in compliance with Rule 904 of Regulation S, together with any documentation as may be required by the Company or its transfer agent to the effect that an exemption from the registration requirements of the U.S. Securities Act is available; and

(ii) if any such securities are being sold under clause (C) or (D) of the above legend, the legend may be removed by delivery to the Company and Computershare Trust Company of Canada of an opinion of counsel, of recognized standing reasonably satisfactory to the Company, that such legend is no longer required under applicable requirements of the U.S. Securities Act or state securities laws.

The holding of this Warrant Certificate shall not constitute the holder hereof a holder of Common Shares nor entitle him to any right of interest in respect thereof.

The Indenture provides for adjustment in the number of Common Shares to be delivered upon the exercise of the right of purchase hereby granted and to the Exercise Price in certain events therein set forth.

The Indenture contains provisions making binding upon all holders of Warrants outstanding thereunder resolutions passed at meetings of such holders held in accordance with such provisions by the warrantholders entitled to purchase a specified majority of the Common Shares which may be purchased pursuant to all then outstanding Warrants.

The holder of this Warrant Certificate may at any time up to and including the Warrant Expiry Time upon the surrender hereof to the Warrant Agent at its principal transfer offices in Toronto, Ontario, and payment of any charges provided for in the Indenture, exchange this Warrant Certificate for other Warrant Certificates entitling the holder to subscribe in the aggregate for the same number of Common Shares as is expressed in this Warrant Certificate.

This Warrant Certificate shall not be valid for any purpose whatever unless and until it has been countersigned by the Warrant Agent for the time being under the Indenture.

Nothing contained herein or in the Indenture shall confer any right upon the holder hereof or any other person to subscribe for or purchase any Common Shares of the Company at any time subsequent to the Warrant Expiry Time. After the Warrant Expiry Time this Warrant Certificate and all rights thereunder shall be void and of no value.

Time is of the essence hereof.

IN WITNESS WHEREOF this Warrant Certificate has been executed on behalf of Adherex Technologies Inc. as of the __ day of _____, 2007.

ADHEREX TECHNOLOGIES INC.

By: _____

Countersigned:

COMPUTERSHARE TRUST COMPANY OF CANADA

Dated: _____ By: _____

APPENDIX "A" TO WARRANT CERTIFICATE
EXERCISE FORM

By Mail, Registered Mail, by Hand or by Courier

TO: Computershare Trust Company of Canada
100 University Avenue
9th Floor
Toronto, Ontario M5J 2Y1

The undersigned registered holder of the within Warrant Certificate, subject to that certain warrant indenture (the "**Indenture**") dated as of February 21, 2007 between Adherex Technologies Inc. (the "**Company**") and Computershare Trust Company of Canada, as Warrant Agent, hereby:

a) ***subscribes for _____ common shares ("Common Shares") (or such number of Common Shares or other securities or property to which such subscription entitles the undersigned in lieu thereof or in addition thereto under the Indenture) of the Company at the price per share of US$0.40 (or such adjusted price which may be in effect under the provisions of the Indenture) and in payment of the exercise price encloses a certified cheque, money order or bank draft, in any case in lawful money of the United States payable to "Adherex Technologies Inc."; and***

b) ***delivers herewith the above-mentioned Warrant Certificate entitling the undersigned to subscribe for the above-mentioned number of Common Shares.***

The undersigned hereby directs that the said Common Shares be registered as follows:

Name(s) in full	**Address(es) (including Postal Code)**	**Number(s) of Common Shares**

The undersigned represents that it (A) has had access to such current public information concerning the Company as it considered necessary in connection with its investment decision, and (B) understands that the securities issuable upon exercise hereof have not and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**").

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

A. ☐ The undersigned holder at the time of exercise of this Warrant (i) is not in the United States as defined in Regulation S under the U.S. Securities Act ("**Regulation S**"); (ii) is not a U.S. Person as defined in Regulation S; (iii) is not exercising this Warrant on behalf of, or for the account or benefit of a U.S. Person or a person in the United States; and (iv) did not receive an offer to exercise this Warrant or execute or deliver this Subscription Form in the United States, and has, in all other respects, complied with the terms of Regulation S or any successor rule or regulation.

B. ☐ The undersigned holder was the original purchaser of the Warrant being exercised directly from the Company and is resident in the United States or is a U.S. Person who is a resident of the jurisdiction referred to in the address appearing below, and is an accredited investor (an "**Accredited Investor**") as such term is described in Regulation D under the U.S. Securities Act **and has completed the U.S. Accredited Investor Status Certificate in the form attached to this Exercise Form as Exhibit "A"**; or

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

The undersigned holder understands that unless box A above is checked, the certificate representing the Common Shares will bear a legend in the form required by the Warrant Certificate restricting transfer without registration under or exemption from the U.S. Securities Act and applicable state securities laws.

Note: Certificates representing Common Shares will not be registered or delivered to an address in the United States unless box B or C above is checked.

If the undersigned has indicated that the undersigned is an Accredited Investor by marking box B above, the undersigned represents and warrants to the Company that:

1. the undersigned has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Common Shares subscribed for herein, and the undersigned is able to bear the economic risk of loss of his or her entire investment;

2. the undersigned is: (i) purchasing the Common Shares for his or her own account or for the account of one or more Accredited Investors with respect to which the undersigned is exercising sole investment discretion, and not on behalf of any other person; (ii) is purchasing the Common Shares for investment purposes only and not with a view to resale, distribution or other disposition in violation of United States federal or state securities laws; and (iii) in the case of the purchase by the undersigned of the Common Shares as agent or trustee for any other person or persons (each a "**Beneficial Owner**"), the undersigned holder has due and proper authority to act as agent or trustee for and on behalf of each such Beneficial Owner in connection with the transactions contemplated hereby; provided that: (y) if the undersigned holder, or any Beneficial Owner, is a Company or a partnership, syndicate, trust or other form of unincorporated organization, the undersigned holder or each such Beneficial Owner was not incorporated or created solely, nor is it being used primarily to permit purchases without a prospectus or registration statement under applicable law; and (z) each Beneficial Owner, if any, is an Accredited Investor; and

3. the undersigned has not exercised the Warrants as a result of any form of general solicitation or general advertising, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio, television or other form of telecommunications, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.

If the undersigned has indicated that the undersigned is an Accredited Investor by marking box B above, the undersigned also acknowledges and agrees that:

1. the Company has provided to the undersigned the opportunity to ask questions and receive answers concerning the terms and conditions of the offering, and the undersigned has had access to such information concerning the Company as he or she has considered necessary or appropriate in connection with his or her investment decision to acquire the Common Shares subscribed for herein;

2. if the undersigned decides to offer, sell or otherwise transfer any of the Common Shares subscribed for herein, the undersigned must not, and will not, offer, sell or otherwise transfer any of such Common Shares directly or indirectly, unless:

   (a) the sale is to the Company;

   (b) the sale is made outside the United States in a transaction meeting the requirements of Rule 904 of Regulation S under the U.S. Securities Act and in compliance with applicable local laws and regulations;

   (c) the sale is made pursuant to the exemption from the registration requirements under the U.S. Securities Act provided by Rule 144, if available, thereunder and in accordance with any applicable state securities or “blue sky” laws; or

   (d) the Common Shares subscribed for herein are sold in a transaction that does not require registration under the U.S. Securities Act or any applicable state laws and regulations governing the offer and sale of securities,

   and, in the case of (c) or (d), it has prior to such sale furnished to the Company an opinion of counsel reasonably satisfactory to the Company confirming that such sale is exempt from the registration requirements of the U.S. Securities Act;

3. the Common Shares subscribed for herein are “restricted securities” under applicable federal securities laws and that the U.S. Securities Act and the rules of the United States Securities and Exchange Commission provide in substance that the undersigned may dispose of the Common Shares only pursuant to an effective registration statement under the U.S. Securities Act or an exemption therefrom;

4. the Company has no obligation to register any of the Common Shares subscribed for herein or to take action so as to permit sales pursuant to the U.S. Securities Act (including Rule 144 thereunder);

5. the certificates representing the Common Shares subscribed for herein (and any certificates issued in exchange or substitution for such Common Shares) will bear a

legend, in the form required by the certificate representing the Warrants, stating that such securities have not been registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered for sale or sold unless 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

6. it consents to the Company making a notation on its records or giving instructions to any transfer agent of the Company in order to implement the restrictions on transfer set forth and described in this Subscription Form.

DATED this __ day of _____, 20__.

Signature of Warrantholder guaranteed by:

_____ _____

(Signature of Warrantholder)

_____

_____

(Print Name of Warrantholder)*

_____

_____

_____

(Address of Warrantholder in full)

(*The name of the Warrantholder must correspond with the name upon the face of the certificate in every particular and the Company reserves the right to require reasonable assurance that such signature is genuine and effective.)

Instructions

1. The registered holder may exercise its right to receive Common Shares by completing this form and surrendering this form and the Warrant Certificate representing the Warrants being exercised along with a certified cheque, money order or bank draft in lawful money of the United States payable to the order of the Company at par in an amount equal to the exercise price applicable at the time of such surrender in respect of each Common Share which the Warrantholder desires to acquire (being not more than those which the Warrantholder is entitled to acquire pursuant to the Warrants represented by the Warrant Certificate so surrendered) to Computershare Trust Company of Canada, at its principal offices at:

   By Mail, Registered Mail, by Hand or by Courier
   Computershare Trust Company of Canada 100 University Avenue
   9th Floor
   Toronto, Ontario M5J 2Y1

2. The certificates will be mailed by registered mail to the address appearing in this Exercise Form.

3. If Common Shares are issued to a person other than the registered Warrantholder, the signature of that person must be signature guaranteed by a Schedule 1 Canadian Chartered Bank or a major trust company or by a medallion signature guarantee from a member of a recognized signature medallion guarantee program and the Transfer Form must be completed.

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

The Warrants will expire at 5:00 p.m. (Toronto Time) on February 21, 2010 and must be exercised before that time, otherwise the same shall expire and be void and of no value.

EXHIBIT "A" TO THE WARRANT EXERCISE FORM

U.S. ACCREDITED INVESTOR STATUS CERTIFICATE

In connection with the exercise of certain outstanding warrants of ADHEREX TECHNOLOGIES INC. (the "**Company**") by the holder, the holder hereby represents and warrants to the Company that the holder, and each beneficial owner (each a "**Beneficial Owner**"), if any, on whose behalf the holder is exercising such warrants, satisfies one or more of the following categories of Accredited Investor **(please write "U/H" for the undersigned holder, and "B/O" for each beneficial owner, if any, on each line that applies)**:

____ (1) Any bank as defined in Section 3(a)(2) of the U.S. Securities Act of 1933, as amended (the "**1933 Act**"), or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the 1933 Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the U.S. Securities Exchange Act of 1934; or any insurance company as defined in Section 2(a)(13) of the 1933 Act; any investment company registered under the U.S. Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the U.S. Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of US$5,000,000; any employee benefit plan within the meaning of the U.S. Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of US$5,000,000, or, if a self-directed plan, with investment decisions made solely by persons that are "accredited investors" (as such term is defined in Rule 501 of Regulation D of the 1933 Act);

____ (2) Any private business development company as defined in Section 202(a)(22) of the U.S. Investment Advisers Act of 1940;

____ (3) Any organization described in Section 501(c)(3) of the U.S. Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of US$5,000,000;

____ (4) Any trust with total assets in excess of US$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person (being defined as a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the prospective investment);

____ (5) Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds US$1,000,000;

____ (6) Any natural person who had an individual income in excess of US$200,000 in each of the two most recent years or joint income with that person's spouse in excess of US$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year; or

____ (7) Any entity in which all of the equity owners are Accredited Investors by virtue of satisfying one or more of the definitions above in paragraphs (1) through (6).

APPENDIX "B" TO THE WARRANT CERTIFICATE
TRANSFER FORM

FOR value received I/we (the "**Transferor**") hereby sell, assign, and transfer unto:

_____
(Name of Transferee)

_____
(Address of Transferee)

_____

_____

_____
(Social Insurance Number)

_____ Warrants of
(Quantity & Class)

ADHEREX TECHNOLOGIES INC. (the "**Company**")

represented by: _____
(List Certificate Numbers)

and the undersigned hereby irrevocably constitutes and appoints:

_____
(Leave Blank)

the attorney to transfer the said Warrants on the books of the Company with full power of substitution in the premises.

The Transferor hereby certifies that (check either A or B):

____ (A) The sale of the Warrants is being made in an offshore transaction outside of the United States in reliance on Rule 904 of Regulation S under the U.S. Securities Act of 1933, as amended (the "1933 Act"), and certifies that:

(1) the Transferor is not an "affiliate" (as defined in Rule 405 under the 1933 Act) of the Company, or a "distributor", as defined in Regulation S, or an affiliate of a "distributor";

(2) the offer of such securities was not made to a person in the United States and either at the time the buy order was originated, the transferee was outside the United States, or the Transferor and any person acting on the Transferor's behalf reasonably believe that the transferee was outside the United States;

(3) neither the Transferor nor any person acting on the Transferor's behalf engaged in any directed selling efforts in connection with the offer and sale of the Warrants;

(4) the sale is bona fide and not for the purpose of "washing off" the resale restrictions imposed because the Warrants are "restricted securities" (as such term is defined in Rule 144(a)(3) under the 1933 Act);

(5) the Transferor does not intend to replace the securities sold in reliance on Rule 904 of the 1933 Act with fungible unrestricted securities; and

(6) the contemplated sale is not a transaction, or part of a series of transactions which, although in technical compliance with Regulation S, is part of a plan or a scheme to evade the registration provisions of the 1933 Act.

____ (B) This transfer of Warrants is being completed pursuant to an exemption from the registration requirements of the 1933 Act, in which case the Transferor has delivered or caused to be delivered by the Transferee a written opinion of U.S. legal counsel acceptable to the Company to the effect that the transfer of the Warrants is exempt from the registration requirements of the 1933 Act.

DATED this __ day of _____, 20__.

Signature Guaranteed By:

_____
(Signature of Warrantholder)

_____
(Name of Warrantholder, Please Print)

_____
(Capacity of Authorized Representative)

Instructions:

1. The signature on this assignment must correspond with the name as written upon the face of the certificate, in every particular, without alteration or enlargement, or change whatever.

2. The signature must be guaranteed by a Canadian schedule 1 chartered bank, major Trust Company or by a member firm of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, MSP). The stamp must bear the words "Signature Medallion Guaranteed".

3. In the United States of America, signature guarantees must be done by members of a Medallion Signature Guarantee Program only. Signature guarantees are not accepted from Treasury Branches, Credit Unions or Caisses Populaires unless they are members of an acceptable Medallion Program.

TRANSFEREE ACKNOWLEDGMENT

In connection with this transfer (check one), the undersigned transferee (the "**Transferee**") certifies that (check either A or B):

____ (A) The Transferee hereby certifies that (i) it was not offered the Warrants while in the United States and did not execute this certificate while within the United States; and (ii) it is not a U.S. Person or a person within the United States and it is not acquiring any of the Warrants on behalf of a U.S. Person or any person within the United States.

____ (B) The Transferor or Transferee is delivering a written opinion of U.S. Counsel acceptable to the Company to the effect that this transfer of Warrants has been registered under the 1933 Act or is exempt from registration thereunder.

_____
(Signature of Transferee)

_____ _____
Date Print full name

The Warrants and the securities issuable upon exercise of the Warrants shall only be transferable in accordance with applicable laws. The Warrants may only be exercised in the manner required by the Warrant Certificate and the Exercise Form attached thereto. Any securities acquired pursuant to this exercise of Warrants shall be subject to applicable hold periods and any certificate representing such securities will bear restrictive legends, each in accordance with the Warrant Indenture dated February 21, 2007, between the Company and Computershare Trust Company of Canada that governs the Warrants and the Warrant Certificate.

APPENDIX "C" TO THE WARRANT CERTIFICATE

FORM OF DECLARATION FOR REMOVAL OF LEGEND

TO: COMPUTERSHARE TRUST COMPANY OF CANADA
as registrar and transfer agent for Common Shares of
ADHEREX TECHNOLOGIES INC.

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

Dated: _____

_____
Name of Seller

By: _____
Name:
Title:

Affirmation by Seller's Broker-Dealer

We have read the foregoing representations of our customer, _____ (the "**Seller**"), dated _____, with regard to our sale, for such Seller's account, of the _____ Shares, represented by certificate number _____ (the "**Shares**"), of the Company described therein, and on behalf of ourselves we certify and affirm that (A) we have no knowledge that the transaction had been prearranged with a buyer in the United States, (B) the transaction was executed on or through the facilities of the Toronto

Stock Exchange and (C) neither we, nor any person acting on our behalf, engaged in any directed selling efforts in connection with the offer and sale of such Securities. Terms used herein have the meanings given to them by Regulation S.

_____
Name of Firm

By: _____
Authorized Officer

SCHEDULE "B" TO INDENTURE

Form of Letter to be Delivered by
Original U.S. Purchaser upon
Exercise of Warrants

Adherex Technologies Inc.

- and to -

Computershare Trust Company of Canada, as Warrant Agent

Dear Sirs:

We are delivering this letter in connection with the purchase of common shares (the "**Shares**") of Adherex Technologies Inc. (the "**Company**") upon the exercise of warrants of the Company (the "**Warrants**"), issued under the warrant indenture dated as of February 21, 2007 between the Company and Computershare Trust Company of Canada.

We hereby confirm that:

(a) we are an "accredited investor" within the meaning of Rule 501(a) of Regulation D under the United States Securities Act of 1933 (the "**U.S. Securities Act**");

(b) we are purchasing the Shares for our own account;

(c) we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of purchasing the Shares;

(d) we are not acquiring the Shares with a view to distribution thereof or with any present intention of offering or selling any of the Shares, except (A) to the Company, (B) outside the United States in accordance with Rule 904 under the U.S. Securities Act or (C) inside the United States (1) in accordance with Rule 144A under the U.S. Securities Act and in compliance with applicable state securities laws or (2) in accordance with Rule 144 under the U.S. Securities Act, if applicable, and in compliance with applicable state securities laws;

(e) we acknowledge that we have had access to such financial and other information as we deem necessary in connection with our decision to purchase the Shares; and

(f) we acknowledge that we are not purchasing the Shares as a result of any general solicitation or general advertising, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio, television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.

We understand that the Shares are being offered in a transaction not involving any public offering within the United States within the meaning of U.S. Securities Act and that the Shares have not been and will not be registered under the U.S. Securities Act. We further understand that any Shares acquired by us will be in the form of definitive physical certificates and that such certificates will bear a legend reflecting the substance of paragraph (d) above.

We acknowledge that you will rely upon our confirmations, acknowledgements and agreements set forth herein, and we agree to notify you promptly in writing if any of our representations or warranties herein ceases to be accurate or complete.

_____
(Name of Purchaser)

By: _____
Name:
Title:

Exhibit 99.1

PRESS RELEASE

ADHEREX COMPLETES US$25 MILLION PUBLIC FINANCING

Research Triangle Park, NC, February 21, 2007 — Adherex Technologies Inc. (AMEX:ADH, TSX:AHX), a biopharmaceutical company with a broad portfolio of oncology products under development, today announced that it has completed the previously announced public offering of units for US$25 million in gross proceeds. The maximum offering was completed, resulting in the issuance of a total of 75,759,000 units. Each unit consisted of one common share of the Company and one-half of a common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share of the Company at a price of US$0.40 per share at any time for a period of three years from the closing of the offering.

“This financing provides the resources essential to advancing our drugs through the next key shareholder value driving events” said William P. Peters, MD, PhD, Chairman and CEO of Adherex. “With eniluracil and ADH-1, we have two major oncology drug candidates, and we expect the next year to bring meaningful clinical and corporate developments.”

As a result of the offering, Southpoint Capital Advisors LP now owns or exercises control over 41,504,000 common shares, representing 42% of the current issued and outstanding common shares (assuming full exercise of all warrants issued to Southpoint Capital but no other outstanding warrants or options). In addition, two shareholders own or exercise control over 10% or more of the Company’s issued and outstanding common shares, being (i) Lawrence Asset Management Inc., which owns or exercises control over 15,151,515 common shares, representing approximately 17% of the current issued and outstanding common shares (assuming full exercise of all warrants issued to Lawrence Asset Management only), and (ii) OrbiMed Advisors LLC, which owns or exercises control over 8,829,117 common shares, representing approximately 10% of the current issued and outstanding common shares (assuming full exercise of all warrants issued to OrbiMed Advisors only).

“We are very pleased to have the opportunity to participate in this financing,” said Rob Butts, Co-founder and Partner, Southpoint Capital Advisors. “We believe Adherex represents one the best risk/reward propositions we have seen given the large potential markets for both eniluracil and ADH-1 relative to the Company’s current market capitalization. We and our advisors are extremely impressed by both the quality of the science and the management team, and we have confidence in management’s ability to realize the value of the eniluracil and ADH-1 programs.”

Directors and officers of Adherex have subscribed for 60,000 units pursuant to the offering. Due to their participation, Adherex has relied upon exemptions from the valuation and minority approval requirements for related party transactions pursuant to OSC Rule 61-501.

With the completion of this offering, Adherex expects to have the financial resources necessary to advance its clinical programs for eniluracil and ADH-1 well into 2008 and pay the upfront fee of US$1 million to GlaxoSmithKline for all rights to eniluracil, as previously announced.

The securities offered have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws, and thus may not be offered or sold within the United States unless registered under the U.S. Securities Act of 1933 and applicable state securities laws, or an exemption from such registration is available.

About Adherex Technologies

Adherex Technologies Inc. is a biopharmaceutical company dedicated to the discovery and development of novel cancer therapeutics. We aim to be a leader in developing innovative treatments that address important unmet medical needs in cancer. We currently have multiple products in the clinical stage of development, including ADH-1 (Exherin™), eniluracil and sodium thiosulfate (STS). ADH-1, our lead biotechnology compound, selectively targets N-cadherin, a protein present on certain tumor cells and established blood vessels that feed solid tumors. Eniluracil, an oral dihydropyrimidine dehydrogenase (DPD) inhibitor, was previously under development by GlaxoSmithKline for oncology indications. STS, a drug from our specialty pharmaceuticals pipeline, protects against the disabling hearing loss that can often result from treatment with platinum-based chemotherapy drugs. With a diversified portfolio of unique preclinical and clinical-stage cancer compounds and a management team with expertise in identifying, developing and commercializing novel cancer therapeutics, Adherex is emerging as a pioneering oncology company. For more information, please visit our website at www.adherex.com.

This press release contains forward-looking statements that involve significant risks and uncertainties. The actual results, performance or achievements of the Company might differ materially from the results, performance or achievements of the Company expressed or implied by such forward-looking statements. Such forward-looking statements include, without limitation, those regarding the expected use of funds and the timing associated with our development programs and how long the funds from the offering will support our development activities. We can provide no assurance that such matters will proceed as currently anticipated. We are subject to various risks, including the uncertainties of clinical trials, drug development and regulatory review, the early stage of our product candidates, our need for additional capital to fund our operations, our reliance on collaborative partners, our history of losses, and other risks inherent in the biopharmaceutical industry. For a more detailed discussion of related risk factors, please refer to our public filings available at www.sedar.com and www.sec.gov.

— END —

For further information, please contact:

Melissa Matson
Director, Corporate Communications
Adherex Technologies Inc.
T: (919) 484-8484
matsonm@adherex.com