

**FORM 6-K**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**Report of Foreign Issuer**

**Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934**

For the Month of November, 2009

Commission File Number 1-32001

**Lorus Therapeutics Inc.**

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(Translation of registrant's name into English)

**2 Meridian Road, Toronto, Ontario M9W 4Z7**

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(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): \_\_\_\_

**Note:** Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): \_\_\_\_

**Note:** Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes

No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):82-\_\_\_\_\_.

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**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, thereunto duly authorized.

Lorus Therapeutics Inc.

Date: November 16, 2009

By: /s/ "Elizabeth Williams"  
Elizabeth Williams  
Director of Finance and Controller

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## EXHIBIT INDEX

- 99.1 Share Purchase Warrant Indenture dated June 27, 2008
- 99.2 Animal Rights Licence Agreement dated June 19, 2009
- 99.3 Asset Purchase Agreement dated June 19, 2009
- 99.4 Amendment, Assignment, Assumption Novation and Consent Agreement dated June 19, 2009
- 99.5 Settlement Agreement dated June 19, 2009
- 99.6 Share Purchase Agreement dated June 19, 2009
- 99.7 Supply and Services Agreement dated June 19, 2009

**SHARE PURCHASE WARRANT INDENTURE**

**LORUS THERAPEUTICS INC.**

**- AND -**

**COMPUTERSHARE TRUST COMPANY OF CANADA**

**Providing for the issue**

**of up to 27,206,826 Common Share Purchase Warrants**

**June 27, 2008**

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**THIS COMMON SHARE PURCHASE WARRANT INDENTURE** is made as of the 27<sup>th</sup> day of June, 2008.

BETWEEN:

**LORUS THERAPEUTICS INC.**, a company existing under the laws of Canada  
(hereinafter the “**Company**”)

AND:

**COMPUTERSHARE TRUST COMPANY OF CANADA**, a trust company duly organized and existing under the laws of Canada  
(hereinafter called the “**Warrant Agent**”).

**RECITALS**

WHEREAS:

- A. The Company may issue up to 27,206,826 Warrants under this Indenture pursuant to the Rights Offering;
- B. Each whole Warrant will be exercisable to acquire, subject to adjustment in stated circumstances, one Share at the Exercise Price at any time before the Warrant Expiry Time on the Warrant Expiry Date on the terms and conditions set forth herein;
- C. The Company is duly authorized to create and issue the Warrants to be issued as herein provided;
- D. 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 the persons who become Warranholders; and
- E. The foregoing recitals A, B and C are made as representations and statements of fact by the Company and not by the Warrant Agent.

**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 Warranholders, 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:

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

“**Affiliate**” has the meaning ascribed to that term in the *Canada Business Corporations Act*,

“**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 published 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 and that are qualified under National Instrument 52-108 - *Auditor Oversight*;

“**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 closing of the Rights 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, whether directly or indirectly through one or more Convertible Securities, Shares and “**Convertible Security**” means any one of them;

“**Corporate Reorganization**” has the meaning ascribed thereto in Section 3.6.7;

“**Current Market Price**”, at any date, means the volume weighted average trading price per Share at which the Shares have traded on the Exchange or such other stock exchange which constitutes the principal trading market (by volume) for the Shares during the twenty consecutive trading days ending on the third trading day immediately before such date, and the volume weighted average trading price shall be determined by (i) dividing the aggregate sale price of all Shares sold on the Exchange or market, as the case may be, during the twenty consecutive trading days by (ii) the number of Shares sold; and provided further that if the Shares are not then listed or traded on any Exchange, then the Current Market Price shall, absent manifest error, be determined by such firm of independent chartered accountants as may be selected by the directors of the Company. 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 upon which Warrants are issued from time to time, each such date being the “**Date of Issue**”;

“**Directors**” means the board of directors of the Company and reference to actions taken by the Directors shall mean any 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 or other securities of the Company, as applicable;

“**Exchange**” means the Toronto Stock Exchange, or if the Shares are not listed on that exchange, such other stock exchange or quotation system on which the Shares may then be listed, traded or quoted, as applicable;

“**Exercise Price**” means \$0.18 per Share, as adjusted in accordance with the terms of this Indenture, from time to time;

“**Extraordinary Resolution**” means an extraordinary resolution of Warrantheolders as defined in Section 6.12 and includes a written instrument signed by Warrantheolders pursuant to the provisions of Section 6.12;

“**Indenture**”, “**herein**”, “**hereto**”, “**hereunder**”, “**hereof**”, “**hereby**” and similar expressions mean or refer to this Indenture and not to any particular Article, Section, subsection, paragraph, clause, subdivision or portion hereof and include any indenture, deed or instrument supplemental or ancillary hereto; and the expressions “**Article**”, “**Section**”, “**subsection**” and “**paragraph**” followed by a number mean and refer to the specified Article, Section, subsection or paragraph of this Indenture;

“**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 each of the provinces of Canada and such other jurisdictions which are agreed to in writing by the Company and the Underwriter;

“**Regulation S**” means Regulation S under the 1933 Act;

“**Rights Offering**” means the offering to Shareholders of rights to subscribe for up to 54,413,653 Units of the Company in the Qualifying Jurisdictions;

“**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;

“**Shares**” means a fully paid and non-assessable common share 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 Warranholder is entitled to acquire on exercise of a Warrant after the adjustment;

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

“**Share Reorganization**” has the meaning ascribed thereto in Section 3.6.2;

“**Subsidiary**” means a corporation, a majority of the outstanding voting shares of which is 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;

“**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 Warranholder according to the provisions of Section 3.1 hereof;

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

“**United States**” means the United States as that term is defined in Regulation S under the 1933 Act;

“**Units**” means the units issued pursuant to the Rights Offering at a purchase price of \$0.13 per Unit, each Unit comprised of one previously unissued Share and one-half of one Warrant;

“**U.S. Person**” means a U.S. person as that term is defined in Regulation S under the 1933 Act;

“**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 3.1.4 hereof;

“**Warrant Expiry Date**” means the date that is 24 months following the Closing Date of the Rights Offering;

“**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 Share purchase warrants of the Company issued and certified hereunder and for the time being outstanding, each exercisable into one, previously unissued Share upon due exercise and payment of the Exercise Price at any time prior to the Warrant Expiry Time.

### **1.2 Meaning of “outstanding” for Certain Purposes**

Every Warrant Certificate countersigned by the Warrant Agent 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 or Affiliate 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 or Affiliate 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 or Affiliate 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 would otherwise be required to be taken or is contemplated to commence hereunder is not a business day, then 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 and Gender**

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 and Attornment**

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 and shall be treated in all respects as Ontario contracts. The parties irrevocably attorn and submit to the non-exclusive jurisdiction of the Courts of the Province of Ontario with respect to any matter arising under or related to this Indenture.

**1.8 Trust Indenture Legislation**

1.8.1 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.

1.8.2 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 Beneficiaries**

This Indenture is entered into by the Warrant Agent for the benefit of all such persons who are issued Warrants and each of them will, upon such issuance, be entered in the register as Warrantholders. The Warrant Agent hereby declares that it holds all rights, interest and benefits to be derived therefrom for and on behalf of all such persons in accordance with the terms and restrictions contained herein. Each such person by its acceptance of the Warrants issued to it, is consenting to be bound by the terms of this Indenture.

**1.10 Conflicts**

In the event there is any conflict between this Indenture and any Warrant Certificate, the provisions in this Indenture shall govern and prevail.

### **1.11 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.

### **1.12 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 supersedes 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.

### **1.13 Currency**

Unless otherwise stated, all dollar amounts referred to in this Indenture are references to Canadian dollars.

## **ARTICLE 2 ISSUE OF WARRANTS**

### **2.1 Creation and Issue of Warrants**

2.1.1 The Company hereby creates and authorizes for issuance up to 27,206,826 Warrants, each Warrant entitling Warrantholders to acquire, upon payment of the Exercise Price and subject to adjustment, one Share for each whole Warrant. On the Closing Date, Warrant Certificates will be executed by the Corporation and delivered to the Warrant Agent, certified by or on behalf of the Warrant Agent and delivered upon written order of the Corporation by the Warrant Agent to the Corporation or to the order of the Corporation pursuant to an order of the Corporation, without any further act of or formality on the part of the Corporation.

2.1.2 Subject to the provisions hereof, the number of Warrants issued under this Indenture are limited in the aggregate to 27,206,826 and each whole Warrant entitles the holder thereof to acquire from and after the Date of Issue up to and including the Warrant Expiry Time, upon payment of the Exercise Price, one previously unissued Share, provided that the number of Shares receivable on exercise of a Warrant and the Exercise Price thereof is subject to increase or decrease so as to give effect to the adjustments required by this Indenture.

### **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. All Warrants are, save as to denominations, of like tenor and effect. The Warrant Certificates may be engraved, printed, lithographed, or partly in one form and partly in another, as the Company may determine. No change in the form of the Warrant Certificates is required by reason of any adjustment made pursuant to this Indenture in: (i) the number of Warrant Shares which may be acquired pursuant to the exercise of the Warrants; (ii) the Exercise Price; or (iii) the Warrant Expiry Date. No Warrant Certificates representing fractional Warrants will be issued under this Indenture, and save and except as otherwise provided for herein, 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, except as provided for in this Indenture or in the Warrant Certificate.

### **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 otherwise mechanically or photostatically reproduced or printed in facsimile and shall be dated the Date of Issue. A facsimile signature upon any Warrant Certificate is for all purposes hereof deemed to be the signature of the person whose signature it purports to be and to have been signed at the time such facsimile signature is reproduced. 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**

2.6.1 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 manually 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 Warrantholder is entitled to the benefit hereof.

2.6.2 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 or the Warrant Certificate.

## **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 office in the City of Toronto, Ontario 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 promptly, 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**

2.8.1 If a Warrant Certificate that is issued and certified becomes mutilated or is lost, destroyed or stolen, the Company, subject to applicable law and subject to subsection 2.8.2, 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 applicable, 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.

2.8.2 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 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.

2.8.3 The Warrant Agent and the Company may require such applicant to furnish an indemnity and surety bond in amount and form satisfactory to the Company and to the Warrant Agent, in their discretion, and the applicant shall pay the reasonable charges of the Company and the Warrant Agent in connection therewith.

## **2.9 Registration and Transfer of Warrants**

2.9.1 The Company shall cause to be kept by the Warrant Agent at the principal offices of the Warrant Agent in the City of Toronto, Ontario and 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.



2.9.2 The Warrants may only be transferred in accordance with applicable Securities Laws and any other applicable securities laws and upon compliance with the conditions set forth herein. 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 accompanied by a written instrument of transfer in the form attached to the Warrant Certificate or this Indenture, as applicable, and 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 and upon compliance with such reasonable requirements, including those set forth in Section 2.14 hereof, if applicable, as the Warrant Agent 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.

2.9.3 Upon compliance with all conditions required by this Indenture or any applicable laws, the transferee is entitled to be, and shall 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.

2.9.4 The Company shall also cause to be kept by the Warrant Agent at the principal office of the Warrant Agent in the City of Toronto, Ontario and 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.

2.9.5 Upon becoming a Warranholder in accordance with the provisions of this Indenture, the transferee thereof shall be deemed to have acknowledged and agreed to be bound by this Indenture. Upon registration of such transferee as the Warranholder of the Warrant, the transferor shall cease to have any further rights under this Indenture with respect to such Warrants or Shares issuable in respect thereof.

2.9.6 Subject to the provisions of this Indenture and applicable law, the registered Warranholder is entitled to the rights and privileges attaching to the Warrants, and the issue of Shares by the Company on exercise of Warrants by any Warranholder thereof in accordance with the terms and conditions herein contained discharges all responsibilities of the Company and the Warrant Agent with respect to such Warrants and neither the Company nor the Warrant Agent is bound to inquire into the title of any such registered holder.

2.9.7 The Company and the Warrant Agent shall deem and treat the registered holder of any Warrant as the absolute legal and beneficial owner thereof for all purposes and neither the Company nor the Warrant Agent is affected by any notice to the contrary.

2.9.8 Subject to applicable law, neither the Company nor the Warrant Agent 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.

2.9.9 The register required to be kept in the City of Toronto, Ontario shall at all reasonable times during the regular business hours of the Warrant Agent be open for inspection by the Company or any Warranholder. The Warrant Agent shall from time to time when requested to do so by the Company or by a Warranholder and, if required, by the Warrant Agent, upon payment by the Company or Warranholder of a reasonable fee, furnish the Company or the Warranholder, 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 Warranholders**

2.10.1 Subject to the rights which are hereby conferred upon the Warrant Agent and subject to the provisions of Section 8.1, all or any of the rights conferred upon a Warranholder by the terms of the Warrants held by him and/or by the terms of this Indenture may be enforced by such Warranholder by appropriate legal proceedings. 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 Warranholder.

2.10.2 No Warranholder (whether acting alone or with any number of other Warranholders) has any right to institute any action, suit or proceeding at law or in equity for the purpose of enforcing the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or for a receiving order under the *Bankruptcy and Insolvency Act* (Canada) or to have the Company wound up or to file or prove a claim in any liquidation or bankruptcy proceedings or for any other remedy hereunder unless the Warranholders by Extraordinary Resolution have made a request to the Warrant Agent and the Warrant Agent has been afforded reasonable opportunity (not to exceed 30 days) to proceed or complete any action or suit for any such purpose whether or not in its own name and the Warranholders or any or them have furnished to the Warrant Agent, when so requested by the Warrant Agent sufficient funds and security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby and the Warrant Agent has failed to act within a reasonable time (not to exceed 30 days) or the Warrant Agent has failed to actively pursue any such act or proceeding (not to exceed 30 days).

2.10.3 Subject to Applicable Legislation, 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.

2.10.4 This Indenture and the Warrants issued hereunder are solely obligations of the Company and, subject to Applicable Legislation, 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 of the Warrant Certificates that represent them.

## **2.12 Notice to Warrantholders**

2.12.1 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 first class mail, postage prepaid, addressed to the holders or delivered by hand or prepaid overnight 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.

2.12.2 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.

2.12.3 If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, a notice to be given to the 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 Cities of Vancouver, Calgary, Regina, Winnipeg, Toronto and Montreal 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).

2.12.4 Any mailings to or from outside of Canada shall be made by postage prepaid first class mail or by prepaid overnight courier.

**2.13 Notice to the Company or the Warrant Agent**

2.13.1 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:

Lorus Therapeutics Inc.  
2 Meridian Road  
Toronto, Ontario  
M9W 4Z7

Attention: Chief Financial Officer  
Facsimile: (416) 798-2200

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

McCarthy Tétrault LLP  
66 Wellington Street West  
Suite 5300, TD Bank Tower  
Toronto Dominion Centre  
Toronto, Ontario  
M5K 1E6

Attention: Vanessa GRant  
Facsimile: (403) 868-0673

(b) if to the Warrant Agent:

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

Attention: Manager, Corporate Trust Department  
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.

2.13.2 The Company or the Warrant Agent, as the case may be, may from time to time notify the other in the manner provided in Section 2.13.1 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.

2.13.3 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 Section 2.13.1 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.

2.13.4 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**

2.14.1 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.

#### **2.15 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 effected in accordance with the terms of this Agreement 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 Warranholders 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 any 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.

#### **2.16 Purchase of Warrants for Cancellation**

Subject to compliance with applicable securities laws, the Corporation may, at any time and from time to time, purchase the Warrants by invitation for tender, by private contact, on any stock exchange, in the open market or otherwise (which will include a purchase through an investment dealer or firm holding membership on a Canadian stock exchange) on such terms as the Corporation may determine. All Warrants purchased pursuant to the provisions of this Section 2.16 will forthwith be delivered to, cancelled and destroyed by the Warrant Agent and will not be reissued. If required by the Corporation, the Warrant Agent will furnish the Corporation with a certificate as to such destruction.

**ARTICLE 3**  
**EXERCISE OF WARRANTS**

**3.1 Method of Exercise of Warrants**

3.1.1 A Warrantholder may, at any time before the Warrant Expiry Time, exercise all or any number of the Warrants which remain outstanding and are then held by the Warrantholder.

3.1.2 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 office in the City of Toronto, Ontario, 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 payable to or to the order of the Company at par at the city where the Warrant Certificate is surrendered.

3.1.3 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. The exercise form attached to the Warrant Certificates shall not be deemed to be duly completed if the name and mailing address of the holder do not appear legibly on such exercise form and such exercise form is not signed by the holder, his executors, administrators, other legal representatives or such holder's attorney duly appointed.

3.1.4 Every Warrant Exercise Form 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; (as adjusted from time to time in accordance with the provisions of this Indenture) 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 (as adjusted from time to time in accordance with the provisions of this Indenture)), 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 shall be substantially in the form set out in the Warrant Certificate.

3.1.5 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 applicable 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.

3.1.6 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 Warrants and 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 or registered pursuant to the exercise of Warrants, unless the Warrant Exercise Form is executed specifying that the holder did not acquire the Warrants in the United States or for the account or benefit of a U.S. Person or a person in the United States, is not in the United States or a U.S. Person, is not exercising the Warrants on behalf of a U.S. Person or a person in the United States, and did not execute or deliver the Warrant Exercise Form in the United States.

### **3.2 Effect of the Exercise of Warrants**

Subject to 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.

### **3.3 Partial Exercise of Warrants**

A Warrantholder may exercise less than all of the Warrants held by such Warrantholder. In the event of any exercise of a number of Warrants less than the number which the holder is entitled to receive, the Warrantholder upon such exercise shall, in addition, be entitled to receive without charge therefor, a new Warrant Certificate(s) in respect of the balance of the Warrants represented by the surrendered Warrant Certificate and which are not then exercised.

### **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 or after the period of retention required for such certificates 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

3.6.1 In this section, the terms “**record date**” and “**effective date**” where used herein, shall mean the close of business on the relevant date.

3.6.2 If and whenever at any time from the date hereof until the Warrant Expiry Time, the Company shall:

- (a) fix a record date for the issue of, or issues Shares or Convertible Securities to all or substantially all of the holders of Shares by way of stock dividend or other distribution;
- (b) subdivides, re-divides or changes the outstanding Shares into a greater number of shares;
- (c) fix a record date for the distribution to, or make a distribution to, the holders of all or substantially all of the Shares or Convertible Securities; or
- (d) combines, consolidates or reduces the outstanding Shares into a lesser number of shares,

(each of such events being herein called a “**Share Reorganization**”), the Exercise Price will be adjusted effective immediately on the earlier of (i) the record date on which holders of Shares are determined for the purposes of the Share Reorganization and (ii) the effective date of the Share Reorganization, to the amount determined by multiplying the Exercise Price in effect immediately before that effective date or record date before giving effect to such Share Reorganization by a fraction:

- (A) the numerator of which is the total number of Shares outstanding on that effective date or record date before giving effect to the Share Reorganization, and
- (B) the denominator of which 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 purposes 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 (B) 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 Sections 3.6.3 and 3.6.5. 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 Exercise Price shall then be readjusted to the Exercise Price which would then be in effect based upon the number of Shares actually issued upon the conversion or exchange of the Convertible Securities.

To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 3.6.2 as a result of the fixing by the Company of a record date for the distribution of Convertible Securities, the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange or conversion right to the Exercise Price which would then be in effect based upon the number of Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

3.6.3 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 for such issue, (the “**Rights Period**”), to subscribe for or purchase Shares or Convertible Securities at a price per Share (or having a conversion price per Share on the date of issue of such Convertible Securities) 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 amount determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction:

- (a) the numerator of which shall be the aggregate of
  - (i) the number of Shares outstanding immediately prior to the record date for the Rights Offering; and
  - (ii) the quotient determined by dividing
    - (A) either (a) the product of the number of Shares offered during the Rights Period pursuant to the Rights Offering and the price at which such Shares are offered, or, (b) the product of the exchange or conversion price of the securities so offered and the number of Shares for or into which the securities offered pursuant to the Rights Offering may be exchanged or converted, as the case may be, by

(B) the Current Market Price of the Shares as of the record date for the Rights Offering; and

- (b) the denominator of which shall be the aggregate of the number of Shares outstanding on such record date and the number of Shares offered pursuant to the Rights Offering (including in the case of the issue or distribution of Convertible Securities the number of Shares for or into which such securities may be exchanged or converted).

Any Shares owned by or held for the account of the Company or any Affiliates shall be deemed not to be outstanding for the purpose of such calculation. If by the terms of the rights, options, or warrants referred to in this Section 3.6.3, there is more than one purchase, conversion or exchange price per Share, the aggregate price of the total number of additional Shares offered for subscription or purchase, or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered, shall be calculated for purposes of the adjustment on the basis of the lowest purchase, conversion or exchange price per Share, as the case may be. Any Shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of any such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 3.6.3 as a result of the fixing by the Company of a record date for the issue or distribution of rights, options or warrants referred to in this Section 3.6.3, the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange, conversion or exercise right to the Exercise Price which would then be in effect based upon the number of Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

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 3.6.3 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.

3.6.4 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.

3.6.5 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, whether of the Company or any other entity, (b) rights, options or warrants, (c) evidences of indebtedness of the Company or a Subsidiary, or (d) any property (including cash or securities) or other assets of the Company and if such issue or distribution does not constitute a Share Reorganization or a Rights Offering (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:

- (a) the numerator of which shall be the difference between
  - (i) the product of the number of Shares outstanding on such record date and the Current Market Price of the Shares on such record date, and
  - (ii) the fair value, as determined by the Directors (which determination, absent manifest error, shall be conclusive), to the holders of the Shares of the shares, securities, rights, options, warrants, evidences of indebtedness or property, cash or assets to be issued or distributed in the Special Distribution, and
- (b) the denominator of which shall be the product obtained by multiplying the number of Shares outstanding on such record date by the Current Market Price of the Shares on such record date.

Any Shares owned by or held for the account of the Company or any Affiliates shall be deemed not to be outstanding for the purpose of such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 3.6.5 as a result of the fixing by the Company of a record date for the issue or distribution of rights, options or warrants to acquire Shares or securities exchangeable for or convertible into Common Shares referred to in this Section 3.6.5, the Exercise Price shall be readjusted immediately after the expiry of any relevant exercise, exchange or conversion right to the amount which would then be in effect if the fair market value had been determined on the basis of the number of Shares issued and remaining issuable immediately after such expiry, and shall be further readjusted in such manner upon the expiry of any further such right.

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 3.6.5 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.

3.6.6 On any adjustment of the Exercise Price pursuant to subsections 3.6.2, 3.6.3 or 3.6.5, including any readjustment, the number of Shares (or other class of securities to which a Warranholder may be entitled in accordance with this Indenture) purchasable on exercise of a Warrant will be adjusted or readjusted as the case may be, effective at the same time as the adjustment of the Exercise Price, by multiplying the number of Shares (or other class of securities to which a Warranholder may be entitled in accordance with this Indenture) 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.

3.6.7 Subject to the prior written approval of the Exchange 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 other than a Share Reorganization, Rights Offering or Special Distribution,
- (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**"), after the effective date of the 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 Warrantheolders 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 Corporation Reorganization if, on the effective date thereof, he had been the holder of the number of Shares (and any other securities to which Warrantheolders 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 Corporation Reorganization.

3.6.8 As a condition precedent to taking any action that would require an adjustment pursuant to Section 3.6.7, 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 Warrantheolders will be entitled on the exercise of Warrants thereafter.

3.6.9 Subject to receipt of applicable regulatory approvals, 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 Warrantheolders 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.

3.6.10 Subject to receipt of applicable regulatory approvals, in the event 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.

3.6.11 Subject to receipt of applicable regulatory approvals, 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 good faith and based upon the advice of counsel, 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 0.1% 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) notwithstanding anything else herein contained, no adjustment in the Exercise Price or the number of Shares which are issuable on the exercise of the Warrants will be made for ordinary course dividends consisting solely of cash made to all holders of Shares;
- (d) no adjustment will be made in respect of an event described in paragraph 3.6.2(a) or subsections 3.6.3 or 3.6.5 if the Warrantheolders 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 receipt of all required regulatory approvals, including Exchange approval;

- (e) for the purposes of subsections 3.6.2, 3.6.3, 3.6.4 or 3.6.5, 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;
- (f) subject to the prior written consent of the Exchange, 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 Warranholders, 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 Warranholders, the Warrant Agent and all transfer agents and Shareholders of the Company, and the Company shall notify the Warranholders thereof;
- (g) 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 applicable law;
- (h) subject to required regulatory approvals, 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;
- (i) subject to Sections 8.2 and 8.3, the Warrant Agent shall not at any time be under any duty or responsibility to any Warranholder to determine whether any facts exist which may require any adjustment contemplated by Section 3.6, 3.7 or 3.11, or with respect to the nature or extent of any such adjustment made, or to review, verify or confirm any calculations 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;
- (j) 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 have a material adverse effect upon the rights of Warranholders, the Exercise Price and/or number of Shares issuable upon exercise of Warrants shall be adjusted, subject to regulatory approval, in such manner 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 Warranholders to protect against dilution in accordance with the intent and purposes of this Indenture. Provided that the Directors have made a decision not to act and such decision is endorsed by a resolution of the Directors or by minutes of a meeting of Directors, the failure of the Directors to taken any action so as to provide for an adjustment in the Exercise Price before the effective date of any action by the Company affecting the rights of Warranholders shall be conclusive evidence, absent bad faith, manifest error or negligence that the Directors have determined it is equitable to make no adjustment in the circumstances; and

- (k) if the Company sets a record date to determine holders of Shares for the purpose of entitling such holders to receive any dividend or distribution or any subscription or purchase rights and shall thereafter and before the distribution to such holders of any such dividend, distribution or subscription or purchase rights legally abandon its plan to pay or deliver such dividend, distribution or subscription or purchase rights, no adjustment in the Exercise Price or the number of Shares purchasable upon the exercise of the Warrants shall be required by reason of the setting of such record date.

### **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**

3.9.1 At least 21 business days before the effective date of or record date for any event referred to in Section 3.6 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 and the computation of adjustment.

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

3.9.2 If any adjustment for which a notice pursuant to subsection 3.9.1 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 and the computation of the adjustment.

3.9.3 The Company hereby covenants and agrees that the register of transfers and share transfer books for the Common Shares will be open, and that the Company will not take any action which might deprive the Warrantholder of the opportunity of exercising the rights of subscription contained in the Warrants, during such twenty-one day period.

### **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. 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.**

3.11.1 In case of:

- (a) any reclassifications or change of the Shares;
- (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, in each case after giving effect to the adjustments provided for herein.

3.11.2 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.

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

#### ARTICLE 4

#### COVENANTS OF THE COMPANY

##### 4.1 General Covenants

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

- (a) it will at all times maintain its corporate existence and remain in good standing under the jurisdiction of its incorporation, carry on and conduct its business in a proper and business-like manner, keep or cause to be kept proper books of account in accordance with generally accepted accounting principles and to carry on its business in the ordinary course;
- (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 efforts to ensure that the Shares issuable upon exercise of the Warrants will be listed for trading on the Exchange. For greater certainty, using “commercially reasonable efforts” shall not preclude the Directors from approving or recommending a transaction which may result in the acquisition of all or substantially all of the Shares which transaction may result in the delisting of the Shares;
- (g) the Company will use its commercially reasonable efforts to maintain its status as a “reporting issuer” (or the equivalent thereof) not in default of the requirements of the Securities Laws in the Qualifying Jurisdictions;
- (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, by-laws or resolutions of the Company or any 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) 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;
- (k) 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;

- (l) the Company shall promptly inform the Warrant Agent of the number of Warrants owned by the Company, a Subsidiary or any Affiliate in connection with any determination of “outstanding” pursuant to Section 1.2(c);
- (m) it will make all requisite filings under applicable laws and regulations, including, without limitation, Securities Laws, including those necessary to remain a reporting issuer not in default of the requirements of the Securities Laws in the provinces of Canada in which it is a reporting issuer and those required on the exercise of the Warrants; and
- (n) it will duly and punctually perform all of its covenants and satisfy all terms and conditions on its part to be performed and satisfied under this Indenture.

#### **4.2 Securities Qualification Requirements**

4.2.1 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 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.

4.2.2 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.

#### **4.3 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 may be agreed upon between the Company and the Warrant Agent and will pay or reimburse the Warrant Agent upon its request for all reasonable expenses, disbursements and advances properly incurred or made by the Warrant Agent (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, or other advisors or assistants aforesaid. Any amount due to the Warrant Agent under this Indenture and unpaid for 30 days or more after request for payment will bear interest from the expiration of such period at a rate per annum equal to the then current rate charged by the Warrant Agent on similar overdue accounts, payable on demand.

#### **4.4 Third Party Interests**

The Company hereby represents to the Warrant Agent that any account to be opened by, or interest to be 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 such party hereto agrees to complete and execute forthwith a declaration in the Warrant Agent’s prescribed form as to the particulars of such third party

#### **4.5 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 Warranholders 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 Warranholders. All sums expended or advanced by the Warrant Agent in so doing shall be repayable as provided in Section 4.3. No performance, expenditure or advance by the Warrant Agent shall be deemed to relieve the Company of any default hereunder.

### **ARTICLE 5 ENFORCEMENT**

#### **5.1 Warranholders May Not Sue**

5.1.1 Subject to Section 5.2, no holder of any Warrant will have any right to institute any action or proceeding against the Corporation in relation to its rights under this Indenture, unless:

- (a) such holder has previously given to the Warrant Agent written notice of the nature of such action or proceeding;
- (b) the holders of at least 25% of the Warrants have made a written request to the Warrant Agent and have afforded to it reasonable opportunities either itself to proceed to exercise the powers hereinbefore granted or to institute an action, suit or proceeding in its own name for such purpose;
- (c) such Warranholders have provided to the Warrant Agent, when so requested by the Warrant Agent, sufficient funds and security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and
- (d) the Warrant Agent has failed to act within a reasonable time after such notification, request and provision of indemnity; and such notification, request and provision of indemnity are hereby declared in every case, at the option of the Warrant Agent, to be conditions precedent to any such proceeding or for any other remedy hereunder by or on behalf of the holder of any Warrants

5.1.2 Notwithstanding Section 5.1.1, a holder is not required to comply with Section 5.1.1(c) and Section 5.1.1(d) will not be applicable, if the Warrant Agent, notwithstanding compliance by the Warranholders with Section 5.1.1(a) and (b), has advised the Warranholders in writing that it will not take any of the actions requested in Section 5.1.1(b) even if the Warrant Agent were to be provided with sufficient funds and security and indemnity satisfactory to it contemplated by Section 5.1.1(c).

## **5.2 Suits by Warrantholders**

Subject to 5.1.1, any of the rights conferred upon a Warrantholder by the terms of the Warrants held by it and/or 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 to proceed in its own name to enforce each and all of the provisions herein contained for the benefit of the holders of the Warrants from time to time outstanding.

## **5.3 Warrant Agent may Institute Proceedings**

5.3.1 The Warrant Agent will also have the power at any time and from time to time to institute and to maintain such suits and proceedings as it may be advised will be necessary or advisable to preserve and protect its interests and the interests of the Warrantholders.

5.3.2 Any such suit or proceeding instituted by the Warrant Agent may be brought in the name of the Warrant Agent as trustee of an express trust, and any recovery of judgment will be for the rateable benefit of the holders of the Warrants subject to the provisions of this Indenture. In any proceeding brought by the Warrant Agent (and also any proceeding in which a declaratory judgment of a court may be sought as to the interpretation or construction of any provision of this Indenture, to which the Warrant Agent will be a party) the Warrant Agent will be held to represent all holders of the Warrants, and it will not be necessary to make any holders of the Warrants parties to any such proceeding.

## **5.4 Immunity of Shareholders, etc.**

Subject to the rights available at law or in express provisions of any contract or other instrument, the Warrant Agent and, by acceptance of the Warrant Certificates and as part of the consideration for the issue of the Warrants, the Warrantholders hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any person in its capacity as an incorporator or any past, present or future shareholder or other securityholder, director, officer, employee or agent of the Corporation for the creation and issue of the Shares pursuant to any Warrant or on any covenant, agreement, representation or warrant by the Corporation herein or in the Warrant Certificates/

## **5.5 Limitation of Liability**

The obligations hereunder are not personally binding upon, nor will resort hereunder be had to Directors or shareholders of the Corporation or any of the past, present or future Directors or shareholders of the Corporation or any of the past, present or future officers, employees or agents of the Corporation, but only the property of the Corporation or any successor corporation will be bound in respect hereof.

**ARTICLE 6**  
**MEETINGS OF WARRANTHOLDERS**

**6.1 Right to Convene Meeting**

6.1.1 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 10% of the aggregate number of Shares which would be purchased under the Warrants then outstanding (as adjusted) and upon being indemnified and funded to its reasonable satisfaction by the Company or by the Warranholders 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 Warranholders.

6.1.2 If the Warrant Agent fails to convene a meeting within seven business days after receipt of the requisition and indemnity referred to in subsection 6.1.1, the Company or the Warranholders, as the case may be, may convene the meeting.

6.1.3 Every meeting of Warranholders shall be held in the City of Toronto, Ontario or at such other place as the Warrant Agent shall determine.

**6.2 Notice**

6.2.1 At least 21 days' prior notice specifying the place, day and hour of meeting and the reason for the meeting and general nature of business to be transacted shall be given before any meeting of Warranholders but it shall not be necessary to specify in the notice the terms of any resolution to be proposed.

6.2.2 Notice of a meeting of Warranholders shall be given to the Warranholders 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.

**6.3 Chairman**

The natural person, who need not be a Warranholder, nominated in writing by the Warrant Agent shall be entitled to act as the chairman at any meeting of Warranholders, 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 Warranholders present in person or by proxy shall choose a natural person present to be chairman.

**6.4 Quorum**

6.4.1 At any meeting of the Warranholders a quorum shall consist of two or more Warranholders present in person or by proxy holding not less than 25% of the Warrants then outstanding.

6.4.2 If a quorum of the Warrantheolders is not present within half an hour from the time fixed for holding any meeting, the meeting, if called by Warrantheolders, shall be dissolved; but if otherwise convened, the meeting shall stand adjourned to a date not less than 10 calendar days and not more than 30 calendar days later, at the same time and place to the extent possible. The Warrant Agent shall promptly (and in any event within 7 business days from the date of adjournment) send a notice of the adjourned meeting to each Warrantheolder in accordance with the terms hereof. The notice of the adjourned meeting must state the time and place of the adjourned meeting. At the adjourned meeting, the Warrantheolders 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 25% of the Warrants then outstanding.

**6.5 Power to Adjourn**

The chairman of any meeting at which a quorum of Warrantheolders is present may, with the consent of the meeting, adjourn any meeting.

**6.6 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.

**6.7 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 Warrantheolders 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, in the absence of manifest error, be binding on all holders of Warrants. In the case of joint registered Warrantheolders, any one of them present in person or represented by proxy may vote in the absence of the other or others but when more than one of them is present in person or by proxy, they may only vote together in respect of the Warrants of which they are joint registered holders.

**6.8 Voting**

On a show of hands, every person who is present and entitled to vote, whether as a Warrantheolder or as proxy for one or more absent Warrantheolders or both, shall have one vote. On a poll, each Warrantheolder present in person or represented by a proxy duly appointed by instrument in writing shall be entitled to one vote in respect of each Warrant held. A proxy need not be a Warrantheolder. 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.

## 6.9 Persons Entitled to be Present

The Company and the Warrant Agent by their respective officers and directors and the counsel of the Company, the Warrant Agent and the Warranholders may attend any meeting of Warranholders but shall have no vote as such, unless they are also Warranholders or a proxy for a Warranholder.

## 6.10 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 Warranholder;
- (c) setting a record date for a Meeting for determining Warranholders entitled to receive notice of and vote at a Meeting;
- (d) the deposit certificates, instruments appointing proxies or authorities at such place or places as the Warrant Agent (or the Company or Warranholders in case the meeting is convened by the Company or the Warranholders, 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;



- (e) 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
- (f) generally for the calling of meetings of Warranholders 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. 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 Warranholders and persons whom registered Warranholders have by instrument in writing duly appointed as their proxies.

#### **6.11 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, if required, the Warranholders 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 Warranholders or the Warrant Agent in that capacity or on behalf of the Warranholders 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 8.3, 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 Warranholders 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 Underwriters to take the place of the Warrant Agent or Warrant Underwriters so removed;

- (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 Warranholders;
- (g) power to amend, alter or repeal any Extraordinary Resolution previously passed or consented to by Warranholders;
- (h) direct a Warrantholder who, as such, has brought a suit, action or proceeding to stay or discontinue or otherwise deal with the same upon payment of the costs, charges, and expenses reasonably and properly incurred by such Warrantholder in connection therewith; and
- (i) assent to a compromise or arrangement with a creditor or creditors or a class or classes of creditors, whether secured or otherwise, and with holders of any shares or other securities of the Company.

**6.12 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 Warranholders 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.

**6.13 Resolutions Binding on all Warranholders**

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

**6.14 Holdings by Company Disregarded**

In determining whether the requisite number of Warranholders 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, or an Affiliate, shall be deemed to be not outstanding.

#### **6.15 Minutes**

Minutes of all resolutions and proceedings at every meeting of Warrantheolders 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 Warrantheolders, 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.

#### **6.16 Powers Cumulative**

Any one or more of the powers or combination of the powers in this Indenture exercisable by the Warrantheolders 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 Warrantheolders 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.

#### **6.17 Instruments in Writing**

All actions that may be taken and all powers that may be exercised by the Warrantheolders at a meeting held as hereinbefore in this Article provided may also be taken and exercised by Warrantheolders 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 Warrantheolders 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 7**

#### **SUPPLEMENTAL INDENTURES AND SUCCESSOR COMPANIES**

##### **7.1 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 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 to the Warrant Agent, prejudicial to the interest of the Warrantheolders as a group;
- (b) giving effect to any Extraordinary Resolution passed as provided in Article 6;

- (c) adding to the covenants of the Company in this Indenture for the protection of the Warranholders;
- (d) making any modification in the form of Warrant Certificate which, in the opinion of the Warrant Agent, based on the advice of counsel to the Warrant Agent, does not affect the substance thereof;
- (e) 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 Warranholders and are necessary or advisable in order to incorporate, reflect or comply with any Applicable Legislation;
- (f) 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 to the Warrant Agent, the modification or relief materially impairs any of the rights of the Warranholders, 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;
- (g) 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 to the Warrant Agent, the rights of the Warrant Agent or of the Warranholders, as a group, are in no way prejudiced thereby;
- (h) setting forth any adjustments resulting from the application of the provisions of Article 3 hereof;
- (i) evidencing any succession (or successive successions) of other companies to the Company and the covenants of, and obligations assumed by, such successor (or successors) in accordance with the provisions of this Indenture; and
- (j) giving effect to an Extraordinary Resolution.

## **7.2 Successor Companies**

Subject to Section 3.10, 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.

### **7.3 Successor Body Corporate Substituted**

In case the Company, pursuant to Section 7.2 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 permitted by this Indenture and as may be appropriate in view of such consolidation, amalgamation, reorganization, arrangement, merger, conveyance or transfer.

## **ARTICLE 8 CONCERNING THE WARRANT AGENT**

### **8.1 Rights and Duties of Warrant Agent**

8.1.1 By way of supplement to the provisions of any statute for the time being relating to warrant agents, and notwithstanding any other provision of this Indenture, 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 Warrantheolders and will exercise that degree of care, diligence and skill that a reasonably prudent Warrant Agent would exercise in comparable circumstances.

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

8.1.3 The obligation of the Warrant Agent to commence or continue any action, actions or proceeding for the purpose of enforcing any rights of the Warrant Agent or the Warrantheolders hereunder shall be conditional upon the Warrantheolders 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.

8.1.4 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.

8.1.5 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.

## **8.2 Evidence, Experts and Advisors**

8.2.1 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.

8.2.2 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.

8.2.3 Whenever Applicable Legislation requires that evidence referred to in Section 8.2.1 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.

8.2.4 Any statutory declaration may be made by one or more authorized officers or Directors of the Company.

8.2.5 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.

8.2.6 The Warrant Agent may employ or retain such counsel, accountants, 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 4.3, 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 in good faith by the Warrant Agent and in conformity with the standard of care in Section 8.1.1 hereof.

8.2.7 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.

### **8.3 Documents, Moneys, etc. Held by Warrant Agent**

8.3.1 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.

8.3.2 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 securities issued or guaranteed by the Government of Canada or a province thereof or in obligations, maturing not more than one year from the date of investment, of any Schedule I Canadian chartered bank or loan or trust company.

8.3.3 Unless the Company is in default hereunder, all interest or other income received by the Warrant Agent in respect of deposits in investment will belong to the Company or the Warrantholders, as applicable.

### **8.4 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.

### **8.5 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.

### **8.6 Protection of Warrant Agent**

Subject 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 made by the Company or required to verify the same;
- (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, officers and agents 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 wilful misconduct 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;
- (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, 3.7, 3.9 or 3.11 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.

#### **8.7 Replacement of Warrant Agent**

8.7.1 The Warrant Agent may resign its agency and be discharged from all further duties and liabilities hereunder by giving to the Company and the Warrantholders not less than 30 days' notice in writing or, if a new Warrant Agent has been appointed, such shorter notice as the Company accepts as sufficient.



- 8.7.2 The Warrantholders by Extraordinary Resolution may at any time remove the Warrant Agent and appoint a new Warrant Agent.
- 8.7.3 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.
- 8.7.4 Failing appointment by the Company, the retiring Warrant Agent or any Warrantholder may apply to the a court of competent jurisdiction in Ontario for the appointment of a new Warrant Agent.
- 8.7.5 Any new Warrant Agent so appointed by the Company or by the Court will be subject to removal by Extraordinary Resolution of the Warrantholders.
- 8.7.6 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.
- 8.7.7 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.
- 8.7.8 On the appointment of a new Warrant Agent, the Company will promptly give notice thereof to the Warrantholders.
- 8.7.9 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 Section 8.7.6.
- 8.7.10 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.

## **8.8 Conflict of Interest**

- 8.8.1 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.

8.8.2 Subject to Section 8.8.1, 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.

#### **8.9 Acceptance of the Warrant Agent**

The Warrant Agent hereby accepts its duties and responsibilities under 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. No trust is intended to be, or is or will be, created hereby and the Warrant Agent shall owe no duties hereunder as a trustee.

#### **8.10 Warrant Agent's Authority to Carry on Business**

The Warrant Agent represents to the Company that at the date hereof it is authorized to carry on business of a trust company in each of the provinces of Canada. If, notwithstanding the provisions of this Section 8.10, it ceases to be authorized to carry on such business in each of the provinces of Canada, the validity and enforceability of this Indenture and of the Warrants issued hereunder are not affected in any manner whatsoever by reason only of such event, provided that the Warrant Agent shall, within 30 days after ceasing to be authorized to carry on such business in each of the provinces of Canada, either become so authorized or resign in the manner and with the effects specified in this Section.

#### **8.11 Accounts**

8.11.1 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.

8.11.2 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 prior 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 9  
GENERAL**

**9.1 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, and
- (b) the 61st day following the Warrant Expiry Date of all Warrants,

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.

**9.2 Sole Benefit of Parties and Warranholders**

Nothing in this Indenture expressed or implied will give or be construed to give to any person other than the parties hereto and the Warranholders, 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 Warranholders.

**9.3 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.

**9.4 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.

**9.5 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.

**9.6 Language**

The parties hereby consent that this Indenture and any related documents be drawn up and executed only in the English language. Les parties demandent par les présentes que la présente convention ainsi que tous les documents y afférents soient rédigés et exécutés en langue anglaise seulement.

**9.7 Assignment**

Subject to Section 8.7 hereof, neither this Indenture nor any right, interest or obligation hereunder may be assigned by either party without the prior written consent of the other party any purported assignment of this Indenture which does not comply with this Section 9.7 will be considered null and void.

**9.8 Benefit of the Agreement**

This Indenture will enure to the benefit of and be binding upon the respective successors and permitted assigns of the parties hereto.

IN WITNESS WHEREOF the parties hereto have executed this agreement as of the date first written above.

**LORUS THERAPEUTICS INC.**

By: (signed) "Aiping Young"  
Name: Aiping Young  
Authorized Signatory

**COMPUTERSHARE TRUST COMPANY OF CANADA**

By: (signed) "Lisa M.Kudo"  
Name: Lisa M. Kudo  
Authorized Signatory

By: (signed) "Morag Abraham"  
Name: Morag Abraham  
Authorized Signatory

**SCHEDULE "A" TO INDENTURE**

Form of Warrant Certificate to be issued to Warrantholders

This Certificate, and the Common Share Purchase Warrants evidenced hereby, will be void and of no value unless exercised on or before 5:00 p.m. (Toronto time) on August 7, 2010 (subject to acceleration).

**LORUS THERAPEUTICS INC.**

NO. \_\_\_\_\_ WARRANTS

**COMMON SHARE PURCHASE WARRANTS**

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 Lorus Therapeutics Inc. (the "Company") at a price per share of Cdn. \$0.18, 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 August 7, 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 Canada 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 June 1, 2008 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.

**THIS WARRANT AND THE SECURITIES DELIVERABLE UPON EXERCISE HEREOF 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 OF THE UNITED STATES. 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. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATIONS UNDER THE U.S. SECURITIES ACT.**

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 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 warrant holders entitled to purchase a specified majority of the Common Shares which may be purchased pursuant to all then outstanding Warrants.

The foregoing is only a summary of the rights and conditions attaching to the Warrants. Warrant holders should refer to the Indenture for the complete text of the rights and conditions of the Warrants. In the event of a conflict between the terms of this Warrant Certificate and the terms of the Indenture, the terms of the Indenture shall prevail.

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 Lorus Therapeutics Inc. as of the day of ,20 .

**LORUS THERAPEUTICS INC.**

By: \_\_\_\_\_

Countersigned

**COMPUTERSHARE TRUST COMPANY OF CANADA**

By: \_\_\_\_\_

By: \_\_\_\_\_

Dated: \_\_\_\_\_



APPENDIX "A" TO WARRANT CERTIFICATE

EXERCISE FORM

By Mail:

By Registered Mail, by Hand or by Courier

TO: COMPUTERSHARE TRUST COMPANY OF CANADA

TO: COMPUTERSHARE TRUST COMPANY OF CANADA

100 University Ave  
9<sup>th</sup> Floor  
Toronto, Ontario  
M5J 2Y1

100 University Ave  
9<sup>th</sup> 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 June 27, 2008 between Lorus Therapeutics Inc. 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 Lorus Therapeutics Inc. at the price per share of Cdn. \$0.18 (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 Canada payable at par in the City of Toronto, Ontario to Lorus Therapeutics 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) of (including Postal Code)	Number(s) of Common Shares
-----------------	--	----------------------------

The undersigned represents that it (A) has had access to such current public information concerning Lorus Therapeutics Inc. 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 that 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 acquire the Warrants in the United States or for the account or benefit of a U.S. Person or a person in the United States and did not otherwise 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.

The undersigned acknowledges that the Common Shares are not purchased in connection with a public offering in Germany and for that reason Lorus Therapeutics will not publish a prospectus according to German laws, in particular the German Securities Prospectus Act (Wertpapierprospektgesetz WpPG).

**Note: Certificates representing Common Shares will not be registered or delivered to an address in the United States.**

DATED this day of \_\_\_\_\_, 20 \_\_\_\_.

Signature of Warranholder guaranteed by:

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Signature of Warranholder)

\_\_\_\_\_  
(Print Name of Warranholder)

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Address of Warranholder in full)

(\*The name of the Warranholder 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 Canada 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 Warranholder desires to acquire (being not more than those which the Warranholder 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

Computershare Trust Company of Canada

100 University Ave  
9<sup>th</sup> Floor  
Toronto, Ontario  
M5J 2Y1

By Registered Mail, by Hand or by Courier

Computershare Trust Company of Canada

100 University Ave  
9<sup>th</sup> 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 Company 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 August 7, 2010 and must be exercised before that time, otherwise the same shall expire and be void and of no value.

**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)

\_\_\_\_\_  
(Quantity & Class)

\_\_\_\_\_  
Warrants of

Lorus Therapeutics 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.

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, a 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.

\_\_\_\_\_  
(Signature of Transferee)

\_\_\_\_\_  
Print full name

\_\_\_\_\_  
Date:

**The Warrants and the Common Shares 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 any applicable hold periods and any certificate representing such securities will bear restrictive legends, each in accordance with the Warrant Indenture between the Company and Computershare Trust Company of Canada that governs the Warrants and the Warrant Certificate.**



**ANIMAL RIGHTS LICENSE AGREEMENT**

**THIS AGREEMENT**, effective as of June 19th, 2009 (the **'Effective Date'**);

**ERIN MILLS BIOTECH INC.**, a corporation incorporated under the laws of the Province of Ontario ("**EMBI**")

- and -

**LORUS THERAPEUTICS INC.**, a corporation incorporated under the laws of Canada ("**Lorus**")

**WHEREAS** Lorus and The Erin Mills Investment Corporation ("**TEMIC**") have entered into a settlement agreement (the "**Settlement Agreement**") and an asset sale agreement (the "**Asset Sale Agreement**"), each dated as of the date hereof which, among other things, provide that TEMIC or its nominee are to be assigned certain intellectual property relating to the extraction of a product from bovine bile marketed in association with the trademark "Virulizin" as evidenced by the patents, trademarks and other intellectual property rights (including without limitation, the Patent Rights, as defined below) described in Schedule "A" hereto";

**AND WHEREAS** on the completion of the transaction of purchase and sale contemplated in the Asset Sale Agreement TEMIC issued to Lorus a written direction pursuant to which Lorus was irrevocably authorized and directed to assign and transfer all of the Virulizin IP (as defined below) to EMBI;

**AND WHEREAS** pursuant to the terms of the Settlement Agreement, TEMIC or its nominee is required to grant a licence under the Virulizin Technology (as defined below) in the Field (as defined below) to Lorus on an exclusive basis and otherwise on the terms and conditions of this Agreement;

**NOW THEREFORE**, in consideration of the mutual covenants and commitments evidenced herein, and of the transfer of the Virulizin IP to EMBI, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

**ARTICLE 1**  
**DEFINITIONS**

1.1 Definitions. For purposes of this Agreement, the terms set forth below shall have the following meanings:

"**Affiliate**" means, with respect to any Person, another other Person that directly or indirectly controls the Person, is controlled by the Person, or is under common control with the Person. For the purposes of this definition, the term "control" means the direct or indirect control of at least fifty (50%) percent of the voting securities of any Person or, if such Person does not have outstanding voting securities, at least fifty (50%) percent of the directorships or similar positions with respect to such Person; provided that in the case of jurisdictions in which the maximum percentage ownership permitted by law for a foreign investor is less than fifty (50%) percent, such lower percentage shall be substituted in the preceding sentence if such foreign investor has the power to direct the management and policies of such Person;

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"**Agreement**" means this agreement, including the schedules hereto, as such agreement may be amended, supplemented, restated or superseded from time to time;

"**Confidential Information**" shall have the meaning ascribed to such term in Section 5.1;

"**Control**" or "**Controlled**" means, with respect to EMBI, the possession (whether by license, other than pursuant to this Agreement), or ownership of the ability to grant access or a license as provided herein without violating the terms of any agreement or other arrangement, existing before or after the Effective Date with any Third Party;

"**Effective Date**" shall mean June 19th, 2009;

"**Field**" means all experimental and therapeutic uses, for all indications, in animals (i.e. not in humans);

"**Improvements**" means any improvements, modifications or enhancements to any of the Virulizin Technology made by or for the benefit of EMBI which are first conceived, discovered or reduced to practice during the term of this Agreement or are otherwise owned by EMBI during the Term;

"**Intellectual Property**" means all patents, patent applications, trade names, trademarks, copyright, trade dress, industrial and other designs, and know-how, and all other forms of intellectual property, whether or not registered, or capable of registration.

"**Legal Requirements**" means all laws, statutes, ordinances, codes, rules regulations, published standards, permits, judgments, decrees, writs, injunctions, rulings, orders and other requirements of all Public Authorities;

"**Patent Rights**" means:

- (a) all patents and patent applications Controlled by EMBI, anywhere in the world as of the date hereof or at any time hereafter, relating to the Virulizin Technology and which are (i) listed on Schedule A, or (ii) issued or assigned to EMBI at any time hereafter, and
- (b) any improvement patents, re-examinations, reissues, confirmations, renewals, extension, supplementary protection certificates, counterparts, divisions, continuations, continuations-in-part, certificates or patent-of-addition issues, assigned or licensed to EMBI of or relating to the patents or patent applications described in clause (a) above;



**"Person"** means any natural person, corporation, firm, business trust, joint venture, association, organization, company, partnership or other business entity, or any government or any agency or political subdivision thereof;

**"Product(s)"** means any and all products for use in the Field which are covered by any Patent Rights or which otherwise incorporate, utilize or are derived from any Virulizin Technology or Improvements thereto, or are manufactured utilizing any Virulizin Technology or Improvements thereto;

**"Public Authority"** means any supranational, national, regional, state or local government, court, governmental agency, authority, board, bureau, instrumentality or regulatory body;

**"Term"** means the term of this Agreement which shall commence as of the Effective Date and shall continue for the later of (i) the last to expire of the Patent Rights; and (ii) twenty years from the date of this Agreement;

**"Territory"** means all countries of the world subject to Section 2.2 of the Zor Licence Agreement;

**"Third Party"** means any Person which is not a party to this Agreement;

**"Virulizin Information"** means all tangible and intangible know-how, trade secrets, inventions, discoveries, data (including regulatory data), technology, processes and information, including the chemistry, manufacture, use, formulation applicable thereto, in vitro, preclinical or clinical designs, information or results as the foregoing pertains or relates to Virulizin (and including all Improvements thereto), and shall include, without limitation, processes and analytical methodology used in the development, testing, analysis and manufacture of Virulizin and all medical, bio-equivalence and other scientific data and test results and all medical and biological samples prepared, generated, produced, received by, obtained by or known to EMBI or any of its Affiliates and any improvements, modifications or enhancements to the same as may be conceived of, discovered or reduced to practice during the Term or are Controlled by EMBI during the Term;

**"Virulizin IP"** means during the term, all Intellectual Property rights, Improvements and all tangible and intangible information relating to Virulizin and shall include without limitation know-how, trade secrets, inventions, discoveries, technology, processes relating to the chemistry, manufacture, use, and formulations, in vitro, preclinical or clinical designs, results, data (including regulatory data), analytical methodology used in the development, testing and analysis of Virulizin and all medical, bio-equivalence and other similar scientific data and test results and all medical and biological samples Controlled by EMBI or any of its Affiliates pertaining to or relating to the product extracted from bovine bile and known by the trade name "Virulizin";

**"Virulizin Technology"** collectively, means the Virulizin IP and the Virulizin Information;

"Zor" means Zor Pharmaceuticals, LLC; and

"Zor Licence Agreement" means the exclusive licence agreement originally made between GeneSense Technologies Inc. and Zor dated April 8, 2008, as the same has been amended and assigned from time to time.

**ARTICLE 2**  
**GRANT OF RIGHTS TO VIRULIZIN TECHNOLOGY**

- 2.1 License. Subject to the terms and conditions of this Agreement and the Zor Licence Agreement, including, without limitation, the obligations to Zor pursuant to Section 2.2 of the Zor Licence Agreement, EMBI hereby grants to Lorus an exclusive (even as to EMBI), royalty-free right (except for royalty payments to be made by Lorus, on behalf of EMBI, directly to Zor pursuant to Section 2.2 of the Zor Licence Agreement) and license in and to the Virulizin Technology and any Improvements, for the Field, within the Territory, which license shall include, without limitation, the right to research and develop, have researched and developed, make, have made, use, sell, have sold, distribute, have distributed, import, have imported, export and have exported the Virulizin Technology for any and all purposes in the Field, including, without limitation, to research and develop, have researched and developed, make, have made, use, sell, have sold, distribute, have distributed, import, have imported, export and have exported Products in the Territory, with the right to grant sublicenses for any and all of the same to any Third Party.
- 2.2 Acknowledgement of Ownership. Lorus acknowledges and agrees that as between Lorus and EMBI, EMBI owns all right, title and interest in and to the Virulizin Technology, subject only to the license granted to Lorus set out in this Agreement, and such license is a license only and does not constitute a sale, conveyance or other transfer of title to the Virulizin Technology to Lorus.
- 2.3 Exclusivity. In order to assure Lorus of the exclusive rights under the Virulizin Technology and Improvements to commercialize the same and the Products in the Field, EMBI shall not itself or any of its Affiliates, sell, distribute, import or export any Virulizin Technology or any Products in the Field in the Territory or grant to a Third Party any rights or licenses to research or developed, have researched or developed, make, have made, use, sell, have sold, distribute, have distributed, import, have imported, export or have exported any Virulizin Technology or any Products in the Field in the Territory for so long as the rights and licenses granted in Section 2.1 remain in force pursuant to this Agreement. For the avoidance of doubt, nothing herein shall in any way restrict, or shall be deemed to restrict, EMBI's ability to utilize or exploit the Virulizin Technology for any purpose whatsoever outside of the Field.
- 2.4 Sublicenses. As specified in Section 2.1, the rights granted in Section 2.1 may be sublicensed by Lorus to any Third Party, who in turn, subject to the terms of any such Third Party's agreement with Lorus, may be permitted to sublicense any of the same to others provided that any such Third Party or sublicensee agrees to be bound by the terms and conditions hereof which are applicable to Lorus including, without limitation, the provisions of Section 2.6 and Article 5 hereof. Lorus agrees to provide EMBI with copies of any such sublicense prior to their execution so that EMBI may review the same in order to confirm compliance with the foregoing.

2.5 Disclosure of Technology. Upon the execution of this Agreement, and periodically thereafter as such information becomes available to EMBI, EMBI shall provide to Lorus copies of all information and materials (including, without limitation, all biological materials) in tangible form related to the Virulizin Technology, Improvements and Products that are reasonably necessary to or useful in the researching, making, using, selling, distributing, importing or exporting of the Virulizin Technology in the Field or of any Products.

2.6 Improvements.

- (a) If Lorus shall discover or invent an improvement relating to any of the Virulizin Technology during the Term, Lorus agrees promptly to disclose the same or cause the same to be disclosed to EMBI and to furnish to EMBI all information pertaining thereto, including blueprints, sketches, drawings, designs and other data. At EMBI's request Lorus agrees to assign or cause to be assigned to EMBI any discovery or invention and to assist EMBI, at EMBI's expense, to secure patent rights covering discovery or invention in any and all countries required by EMBI. In connection therewith, Lorus shall furnish to EMBI, all pertinent information and have executed any assignments or other instruments necessary or desirable to secure such patent rights, without expense to EMBI. Any such improvement shall be the sole and exclusive property of EMBI, and any patent or other intellectual property right issued in connection therewith shall be deemed to be part of the subject-matter licensed to Lorus under Section 2.1 to this Agreement.
- (b) Lorus shall, to the best of its ability, cause its employees to disclose any discovery or invention made or developed by them relating to any of the Virulizin Technology during the term of this agreement and falling within the terms of subparagraph (a) and to assign said discovery or invention to EMBI as provided.
- (c) EMBI shall promptly disclose to Lorus any Improvement which it makes or acquires during the Term and shall make available to Lorus all information relating thereto, and said Improvement shall be deemed to be part of the licensed subject-matter licensed to Lorus under Section 2.1 to this Agreement.

### ARTICLE 3 TERM AND TERMINATION

3.1 Term. This Agreement shall become effective as of the Effective Date and, subject to the other provisions of this Article 3, shall continue in full force and effect during the Term.

3.2 Optional Termination by Lorus Lorus may terminate this Agreement at any time by giving EMBI at least thirty (30) days prior written notice.

3.3 Rights on Termination.

- (a) Article 5 and Article 7, and Sections 3.1, 3.3 and 6.3 shall survive the expiration and any termination of this Agreement. Except as otherwise provided in this Section 3.3(a), all rights and obligations of the parties under this Agreement shall terminate upon the expiration or termination of this Agreement.
- (b) Termination of this Agreement for any reason shall not release either party hereto from any liability which at the time of such termination has already accrued to the other party.

3.4 Bankruptcy. Subject to applicable law to the contrary, either party may terminate this Agreement upon written notice to the other party if the other party makes a general assignment for the benefit of creditors, is the subject of proceedings in voluntary or involuntary bankruptcy or has a receiver or trustee appointed for substantially all of its property; provided that in the case of an involuntary bankruptcy proceeding such right to terminate shall only become effective if the other party consents thereto or such proceeding is not dismissed within sixty (60) days after the filing thereof. Each of the parties hereto acknowledges and agrees, subject to applicable law to the contrary, that this Agreement (i) constitutes a license of Intellectual Property (as such term is defined in the United States Bankruptcy Code, as amended (the "**Code**")), and (ii) is an executory contract, with significant obligations to be performed by each party hereto. The parties agree that Lorus may fully exercise all of its rights and elections under the Code, if any, including, without limitation, those set forth in Section 365(n) of the Code. The parties further agree that, in the event that Lorus retains its rights as a licensee under the Code pursuant to such an exercise, Lorus shall be entitled to complete access to any technology licensed to it hereunder and all embodiments of such technology. Subject to applicable law to the contrary, such embodiments of the technology shall be delivered to Lorus not later than (a) the commencement of bankruptcy proceedings against EMBI, unless EMBI elects to perform its obligations under this Agreement, or (b) if not delivered under (a) above, upon the rejection of this Agreement by or on behalf of EMBI.

**ARTICLE 4  
PATENTS AND INFRINGEMENTS**

4.1 Pursuit and Maintenance of Patent Rights. Subject to the terms and conditions of the supply and services agreement dated June 19th, 2009 made between EMBI and Lorus, EMBI agrees to file, prosecute and maintain the Patent Rights at its own cost and expense. EMBI agrees to keep Lorus informed as to the status of the Patent Rights and shall provide Lorus with copies of all filings and correspondence of a substantive nature with respect to patents or patent applications relating to the Patent Rights to be made or sent to the United States Patent and Trademark Office or its counterpart in any country of the Territory and copies of all correspondence of a substantive nature that EMBI receives from such Persons with respect to the Patent Rights. If EMBI fails to prosecute or maintain any of the Patent Rights, Lorus shall have the right but not the obligation to prosecute and maintain the Patent Rights.

- 4.2 Notice of Infringement. Each party shall promptly notify the other of any conflicting use or any act or infringement of appropriation of any Patent Right by unauthorized Persons which comes to its attention.
- 4.3 Enforcement and Defense. Upon becoming aware of a conflicting use or an act of infringement in the Field, and communicating about the same pursuant to Section 4.1 above, EMBI shall discuss with Lorus the nature of and circumstances surrounding such conflicting use or act of infringement. If EMBI elects not to prosecute such conflicting use or act of infringement, it shall notify Lorus forthwith and Lorus shall thereafter, at its own expense, have the right but not the obligation to initiate actions and take steps relating to such conflicting use or act of infringement. Lorus may settle any dispute with a Third Party regarding such conflicting use or act of infringement; provided that Lorus shall not have the right to settle, compromise or take any action in any dispute which diminishes, limits or inhibits the scope, validity or enforceability of the Patent Rights without the express written consent of EMBI, which consent may be unreasonably withheld. In the event that Lorus exercises its right under this Section 4.3, Lorus agrees to keep EMBI fully informed of all developments in connection with any settlements and negotiations and to consult with EMBI prior to making any final settlement, consent judgment or other voluntary disposition of the matter. Each party agrees to cooperate with the other to the fullest extent possible with respect to any negotiations or proceedings under this Section 4.3.
- 4.4 Recoveries by Lorus. In the event that Lorus elects to initiate actions or take steps relating to a conflicting use or act of infringement pursuant to Section 4.3 above, and Lorus is thereby able to recover from a Third Party by settlement or otherwise any damages or other compensation in respect of such conflicting use or act of infringement, such damages and other compensation shall be allocated in the following manner:
- (a) firstly, to Lorus in full satisfaction of all legal and professional fees and disbursements incurred by Lorus in connection with such actions or steps;
  - (b) secondly, any amounts attributable to lost profits of Lorus related to the Field shall be retained by Lorus; and
  - (c) the balance of such recovery, if any, shall be retained by Lorus.

## ARTICLE 5 CONFIDENTIALITY

- 5.1 Confidential Information. Except as expressly set forth in this Article 5, each party shall, and shall cause its respective officers, directors, employees, agents, sublicensees and subcontractors (collectively, "**Representatives**") to, keep confidential any and all technical, commercial, scientific and other proprietary data, processes, documents or other information (whether in oral, written or electronic form) or physical object (including, without limitation, intellectual property, marketing data, agreements between any party and a Third Party, license applications, and business plans and projections of any party) acquired from the other party, or any of its respective Representatives pursuant to the activities contemplated by this Agreement and which relate (in the case of a party) to the other party or its respective businesses or products (collectively, "**Confidential Information**"), and each party shall not disclose directly or indirectly, and shall cause its respective Representatives not to disclose directly or indirectly, any Confidential Information to anyone outside of such party and its respective Representatives, except that the foregoing restriction shall not apply to any information disclosed hereunder to any Person if such Person (the "**Receiving Person**") can demonstrate that such Confidential Information:

- (a) is or hereafter becomes generally available to the trade or public other than by reason of any breach hereof;
- (b) is disclosed to the Receiving Person or such Representatives by a Third Party who has the right to disclose such information;
- (c) is developed by or on behalf of the Receiving Person independently, without reliance on Confidential Information received hereunder, except that all information developed by or on behalf of Lorus prior to the date hereof and/or pursuant to the supply and services agreement, between the parties, dated as of the date hereof, shall be deemed to be Confidential Information of EMBI and/or Zor, as applicable, and shall be kept confidential by Lorus pursuant to the provisions of this Article 5 hereof; or
- (d) is, based on such Persons good faith judgment with the advice of counsel, otherwise required to be disclosed in compliance with applicable Legal Requirements by a Public Authority (and, in such case, such information shall remain Confidential Information for all other purposes unless and until subparagraphs (a) through (c) above otherwise apply).

5.2 Restricted Use. Except in furtherance of their respective rights and obligations hereunder or as otherwise provided for herein, each party agrees that it shall not at any time use any Confidential Information in the conduct of its business without the prior written consent of the other party, which consent may be unreasonably or arbitrarily withheld. The obligations set forth in this Article 5 shall extend to copies, if any, of Confidential Information made by any of the Persons referred to in Section 5.1 and to documents prepared by such Persons which embody or contain Confidential Information, and to any electronic data files containing Confidential Information.

5.3 Duty of Care. Each party shall deal with Confidential Information so as to protect it from disclosure with a degree of care not less than that used by it dealing with its own information intended to remain exclusively within its knowledge and shall take reasonable steps to minimize the risk of disclosure of Confidential Information.

- 5.4 Survival. [REDACTED]. The survival period of the confidentiality obligations has been redacted.
- 5.5 Return. Subject to the provisions of Section [6.11], within thirty (30) days after the termination of this Agreement, any Receiving Person shall (and shall cause its Representatives to), at the option of the Person making disclosure (the "**Disclosing Person**"), return to the Disclosing Person or, at the express written direction of the Disclosing Person, destroy all Confidential Information in its or their possession; provided, however, that the Receiving Person may, upon notice to the Disclosing Person, retain in its legal files or in the office of outside legal counsel one copy of any document solely for use in legal proceedings to which such document relates and for archival purposes. Such notice shall set forth, in reasonable detail, a list of the documents so retained.
- 5.6 Compelled Disclosure. In the event the Receiving Person or any of its representatives becomes legally compelled, by oral questions, interrogations, requests for information or documents, subpoena, civil investigative demand or similar process, to disclose any of the Confidential Information, the Receiving Person will provide the Disclosing Person with prompt notice so that the Disclosing Person may seek a protective order or other appropriate remedy or waive compliance with the provisions of this Agreement. The Receiving Person will cooperate with the Disclosing Person on a reasonable basis in its efforts to obtain a protective order or other remedy. In the event such protective order or other remedy is not obtained or the Disclosing Person waives compliance with the provisions of this Agreement, the Receiving Person and its representatives will furnish only the minimum portion of the Confidential Information that is required to be disclosed and the Receiving Person shall exercise its reasonable best efforts to obtain reliable assurances that confidential treatment will be accorded the Confidential Information.
- 5.7 Injunctive Relief. The Receiving Person understands and agrees that the Disclosing Person shall suffer irreparable harm in the event that the Receiving Person breaches any of its obligations under this Agreement and that monetary damages shall be inadequate to compensate the Disclosing Person for such breach. Accordingly, the Receiving Person agrees that, in the event of a breach or threatened breach by the Receiving Person of any of the provisions of the Agreement, the Disclosing Person, in addition to and not in limitation of any other rights, remedies or damages available to the Disclosing Person at law or in equity, shall be entitled to an interim injunction, interlocutory injunction, and permanent injunction, in order to prevent or to minimize any such breach by the Receiving Person, or by any or all of its partners, co-venturers, servants, agents, representatives, and any and all persons directly or indirectly acting for, on behalf of or with the Receiving Person.
- 5.8 Severability. In the event that any provision or part of any provision of this Agreement shall be deemed to be void or invalid by a court of competent jurisdiction, the remaining provisions or parts shall be and remain in full force and effect.
- 5.9 Notice of Breaches. The Receiving Person agrees to give prompt notice to the Disclosing Person of any breach of this Agreement by it or its Representatives.

- 5.10 Indemnification. The Receiving Person agrees to indemnify and hold harmless the Disclosing Person from any claims, issues, damages, costs and expenses, including reasonable attorneys fees, that arise from any breach of this Agreement by it or any of its Representatives.
- 5.11 Exceptions in favour of EMBI. In the event that this Agreement is terminated prior to the expiry of the Term for any reason then EMBI shall not be under any obligation to Lorus to maintain any Confidential Information received by EMBI relating to Virulizin (which, for greater certainty, does not include information relating to the business, financial condition, prospects and operating condition of Lorus) during the Term hereof (and shall specifically be entitled to utilize such information in any manner in which it sees fit) unless Lorus can demonstrate to EMBI, acting reasonably, that such Confidential Information is proprietary to Lorus and does not relate in any way to the Virulizin IP; it being acknowledged and confirmed by Lorus that any and all information, of any nature or kind (howsoever developed or conceived), which relates to the Virulizin IP is the exclusive and sole property of EMBI.

**ARTICLE 6**  
**REPRESENTATIONS, WARRANTIES AND COVENANTS**

6.1 Representations and Warranties of Lorus.

- (a) Lorus is a corporation duly incorporated and validly existing and (to the extent applicable) in good standing under the laws of its jurisdiction of organization, with the corporate power to own, lease and operate its properties and to carry on its business as now conducted.
- (b) Lorus has all necessary corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby.
- (c) The execution, delivery and performance of this Agreement by Lorus does not conflict with or contravene the articles or certificate of incorporation or by-laws, regulations or partnership agreement (or other comparable governing instruments with different names) of Lorus, nor will the execution, delivery or performance of this Agreement conflict with or result in a breach of, or entitle any party thereto to terminate, any material agreement or instrument to which Lorus is a party, or by which any of its assets or properties is bound.
- (d) This Agreement has been duly authorized, executed and delivered by Lorus and constitutes a legal, valid and binding agreement of Lorus, enforceable against Lorus in accordance with its terms, except as enforceability may be limiting by bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally.



6.2 Representations, Warranties and Covenants of EMBI

- (a) EMBI is a corporation duly incorporated and validly existing and (to the extent applicable) in good standing under the laws of its jurisdiction of organization, with the corporate power to own, lease and operate its properties and to carry on its business as now conducted.
- (b) EMBI has all necessary corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby.
- (c) The execution, delivery and performance of this Agreement by EMBI does not conflict with or contravene its articles or certificate of incorporation or by-laws, nor will the execution, delivery or performance of this Agreement conflict with or result in a breach of, or entitle any party thereto to terminate, any material agreement or instrument to which EMBI is a party, or by which any of its assets or properties is bound.
- (d) This Agreement has been duly authorized, executed and delivered by EMBI and constitutes a legal, valid and binding agreement of EMBI, enforceable against EMBI in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally.

6.3 Indemnification

- (a) Indemnity by Lorus. Lorus hereby agrees to indemnify, defend and hold harmless EMBI and its directors, officers, employees and agents from and against any and all claims, demands, liabilities, causes of action, judgments, awards, liabilities, penalties, fines, assessments, impositions, damages, costs and expenses, including, without limitation, reasonable attorneys' fees, costs of expert witnesses, court costs, and other expenses of litigation that maybe suffered or incurred by or claimed against any such indemnified party based upon or arising out of Lorus's breach of any representation, warranty or covenant contained in this Agreement.
- (b) Indemnity by EMBI. EMBI hereby agrees to indemnify, defend and hold harmless Lorus and its directors, officers, employees, sublicensees and agents from and against any and all claims, demands, liabilities, causes of action, judgments, awards, liabilities, penalties, fines, assessments, impositions, damages, costs and expenses, including, without limitation, reasonable attorneys' fees, costs of expert witnesses, court costs, and other expenses of litigation that maybe suffered or incurred by or claimed against any such indemnified party based upon or arising out of EMBI's breach of any representation, warranty or covenant set forth in Section 6.2 hereof.
- (c) Indemnification Procedures.
  - (i) Any party entitled to indemnification under paragraph (a) or (b) of this Section 6.3 (an "**Indemnified Party**") shall promptly notify the party potentially responsible for such indemnification (the "**Indemnifying Party**") upon becoming aware of any claim or claims asserted or threatened against such Indemnified Party which could give rise to a right of indemnification under this Agreement; provided, however, that the failure to give such notice shall not relieve the Indemnifying Party of its indemnity obligation hereunder except to the extent that such failure prejudices its rights hereunder.

- (ii) The Indemnifying Party shall have the right to defend, at its sole cost and expense, such claim by all appropriate proceedings, which proceedings shall be prosecuted diligently by the Indemnifying Party to a final conclusion or settled at the discretion of the Indemnifying Party; provided, however, that the Indemnifying Party may not enter into any compromise or settlement unless (x) the Indemnified Party consents thereto, which consent shall not be unreasonably withheld, or (y) such compromise or settlement includes as an unconditional term thereof the giving by each claimant or plaintiff to the Indemnified Party of a release from all liability in respect of such claim.
- (iii) The Indemnified Party may participate in, but not control, any defense or settlement of any claim by the Indemnifying Party pursuant to this Section 6.3 and shall bear its own costs and expenses with respect to such participation; provided, however, that the Indemnifying Party shall bear such costs and expenses if counsel for the Indemnifying Party shall have reasonably determined that such counsel may not properly represent both the Indemnifying Party and the Indemnified Party.

6.4 If the Indemnifying Party fails to notify the Indemnified Party within twenty (20) days after receipt of notice of a claim in accordance with Section 6.3(c)(i) hereof that it elects to defend the Indemnified Party pursuant to this Section 6.3(c), or if the Indemnifying Party elects to defend the Indemnified Party but fails to prosecute or settle the claim diligently, then the Indemnified Party shall have the right to defend, at the sole cost and expense of the Indemnifying Party, the claim by all appropriate proceedings, which proceedings shall be diligently prosecuted by the Indemnified Party to a final conclusion or settled; provided, however, that in no event shall the Indemnifying Party be required to indemnify the Indemnified Party for any such claim agreed to without the consent of the Indemnifying Party, which shall not be unreasonably withheld.

**ARTICLE 7  
MISCELLANEOUS**

7.1 Waiver. It is agreed that no waiver by any party hereto of any breach or default of any of the covenants or agreements herein set forth shall be deemed a waiver as to any subsequent and/or similar breach or default.

- 7.2 Compliance with Laws. In exercising their rights under this Agreement, both parties shall fully comply with the requirements of any and all applicable laws, regulations, rules and orders of any governmental body having jurisdiction over the exercise of rights under this Agreement.
- 7.3 Notices. Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be given by prepaid mail, by facsimile or other means of electronic communication or by hand-delivery. Any such notice or other communication, if mailed by prepaid mail shall be deemed to have been received on the second day after the date that was post-marked upon it, or if sent by facsimile or other means of electronic communication or hand-delivered, shall be deemed to have been received on the day it is delivered. All notices and other communications given or made pursuant to this Agreement shall be addressed as follows:
- if to EMBI:  
7501 Keele Street  
Suite 500  
Concord, Ontario L4K 1Y2  
Attention: Gerry C. Quinn  
Telecopier (416) 736-8373  
number:
- if to Lorus:  
2 Meridian Road  
Toronto, Ontario M9W 4Z7  
Attention: Aiping Young  
Telecopier (416) 798-2200  
number:
- 7.4 Further Assurances. Each of EMBI and Lorus will from time to time execute and deliver all such further documents and instruments and do all acts and things as the other party may, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.
- 7.5 Entire Agreement. It is understood and agreed among the parties that this Agreement constitutes the entire agreement with respect to the subject matter of this Agreement, both written and oral, among the parties, and that all prior agreements respecting the subject matter hereof, either written or oral, expressed or implied, shall be abrogated, cancelled, and are null and void and of no effect. No amendment or change hereof or addition hereto shall be effective or binding on any of the parties hereto unless reduced in writing and executed by the respective duly authorized representatives of each of the parties hereto.
- 7.6 Severability. In the event that any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision and the parties shall exert their best efforts to amend this Agreement to include a provision which is valid, legal and enforceable and which carries out the original intent of the parties.

- 7.7 Counterparts and Headings. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and both together shall be deemed to be one and the same agreement. All headings and any cover page or table of contents are inserted for convenience of reference only and shall not affect the Agreements meaning or interpretation.
- 7.8 Governing Law. This Agreement shall be governed by, interpreted, and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
- 7.9 Assignment. This Agreement shall not be assigned by EMBI without the prior written consent of Lorus (which consent shall not be unreasonably withheld). For purposes of this Agreement, "assignment" includes a sale of all or any part of the Virulizin Technology. Lorus may assign its rights and obligations under this Agreement upon written notice to EMBI.
- 7.10 Successors. Subject to the limitation on assignment herein, this Agreement shall be binding upon and inure to the benefit of the successors in interest and assigns of each party. In order for such assignment to be effective any such successor or assignee of a party's interest shall expressly assume in writing the performance of all the terms and conditions of this Agreement to be performed by said party and such assignment shall not relieve the assignor of any of its obligations under this Agreement.
- 7.11 Counterparts. This Agreement may be executed in counterparts with the same effect as if all parties had signed the same document, each of which counterparts shall be deemed to be an original and all of which together shall constitute one and the same Agreement. Either party may deliver an executed copy of this Agreement to the other by facsimile transmission.

**[Signature Page Has Been Redacted.]**

**SCHEDULE A- [REDACTED]**

**The Virulizin patent and trademark information has been redacted.**

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**ASSET PURCHASE AGREEMENT**  
**BETWEEN**  
**LORUS THERAPEUTICS INC.**  
**AND**  
**THE ERIN MILLS INVESTMENT CORPORATION**  
**MADE AS OF**  
**June 19, 2009**

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ASSET PURCHASE AGREEMENT

THIS AGREEMENT is made as of June 19, 2009

BETWEEN

**LORUS THERAPEUTICS INC.,**

a corporation incorporated under the laws of Canada

(the "**Vendor**"),

- and -

**THE ERIN MILLS INVESTMENT CORPORATION,**

a corporation incorporated under the laws of the Province of Ontario

(the "**Purchaser**").

**WHEREAS** the Vendor and the Purchaser have entered into a settlement agreement (the "**Settlement Agreement**") as of the date hereof pursuant to which the Vendor has agreed to sell and the Purchaser will accept certain of the assets of the Vendor in partial settlement of the Debentures (as that term is defined in the Settlement Agreement), upon and subject to the terms and conditions set out in this Agreement;

**NOW THEREFORE**, in consideration of the covenants and agreements herein contained, the parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.01 **Definitions**

In this Agreement, unless something in the subject matter or context is inconsistent therewith:

**"Affiliate"** has the meaning ascribed to such term under the *Business Corporations Act* (Ontario).

**"Agreement"** means this asset purchase agreement, including its recitals and schedules, as amended from time to time.

**"Applicable Law"** means

- (i) any applicable domestic or foreign law including any statute, subordinate legislation or treaty, and
- (ii) any applicable guideline, directive, rule, standard, requirement, policy, order, judgment, injunction, award or decree of a governmental authority having the force of law.

**"Business Day"** means a day other than a Saturday, Sunday or statutory holiday in the Province of Ontario.

"Charges" means all liens, charges, encumbrances and/or rights of others.

"Closing Date" means June 19, 2009 or such other date as may be agreed to in writing between the Vendor and the Purchaser.

"Person" shall be broadly interpreted and includes an individual, body corporate, partnership, joint venture, trust, association, unincorporated organization, the Crown, any governmental authority or any other entity recognized by law.

"Purchase Price" has the meaning set out in Section 2.02.

"Purchased Asset Information" shall mean all tangible and intangible information relating to Virulizin (as defined in Exhibit A attached hereto) existing as of the Closing Date and shall include without limitation know-how, trade secrets, inventions, discoveries, technology, processes relating to the chemistry, manufacture, use, and formulations, in vitro, preclinical or clinical designs, results, data (including regulatory data), analytical methodology used in the development, testing, analysis and manufacture of Virulizin and all medical, bio-equivalence and other similar scientific data and test results and all medical and biological samples heretofore prepared, generated, produced, received by, or obtained by the Vendor or any of its Affiliates pertaining to or relating to Virulizin.

"Purchased Assets" means the assets described in Exhibit A and includes, without limitation, the Purchased Asset Information.

"Tax Act" means the *Income Tax Act* (Canada).

"Time of Closing" means 1:00 p.m. (Toronto Time) on the Closing Date. "Transfer Taxes" has the meaning set out in Section 3.05.

1.02 **Headings**

The division of this Agreement into Articles and Sections and the insertion of a table of contents and headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles, Sections and Exhibits are to Articles and Sections of and Exhibits to this Agreement.

1.03 **Extended Meanings**

In this Agreement words importing the singular number only include the plural and *vice versa*, words importing any gender include all genders and words importing persons include individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures and governmental authorities. The term "including" means "including without limiting the generality of the foregoing".

1.04 **Statutory References**

In this Agreement, unless something in the subject matter or context is inconsistent therewith or unless otherwise herein provided, a reference to any statute is to that statute as now enacted or as the same may from time to time be amended, re-enacted or replaced and includes any regulations made thereunder.

1.05 **Accounting Principles**

Wherever in this Agreement reference is made to a calculation to be made or an action to be taken in accordance with generally accepted accounting principles, such reference will be deemed to be to the generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, applicable as at the date on which such calculation or action is made or taken or required to be made or taken.

1.06 **Currency**

All references to currency herein are to lawful money of Canada.

1.07 **Exhibits**

The following are Exhibits to this Agreement:

Exhibit A - Purchased Assets.

Exhibit B - Form of Storage Agreement re: the Purchased Assets

**ARTICLE 2 - SALE AND PURCHASE**

2.01 **Assets to be Sold and Purchased**

Upon and subject to the terms and conditions hereof, the Vendor will sell, assign, transfer and convey to the Purchaser and the Purchaser will purchase from the Vendor, at the Time of Closing, all of the right, title, benefit and interest of the Vendor in and to the Purchased Assets.

2.02 **Purchase Price**

- (a) The purchase price payable to the Vendor for the Purchased Assets (such amount being hereinafter referred to as the "**Purchase Price**") will be **[REDACTED]. The purchase price has been redacted.**
- (b) Upon completion of the transaction contemplated in this Agreement, the Purchased Assets (with the exception of electronic material which shall be delivered at the Time of Closing by the Vendor to the Purchaser) shall remain on-site at Vendor in a clearly marked area labelled "Property of Erin Mills Biotech Inc.," and will be subject to the form of storage agreement in Exhibit B. The Purchaser shall have access to this area during regular business hours of the Vendor on any Business Day, and shall be entitled to remove the Purchased Assets at anytime it may desire. In the event the Purchaser wishes to move the Purchased Assets, the Purchaser shall be solely responsible for the cost associated therewith.

2.03 **Payment of Purchase Price**

The obligation of the Purchaser to pay the Purchase Price to the Vendor will be satisfied in full by the partial discharge of the liabilities in respect of the Debentures (as that term is defined in the Settlement Agreement).

2.04 **Closing**

The sale and purchase of the Purchased Assets will be completed at the Time of Closing at the offices of counsel for the Purchaser.

2.05 **Bulk Sales Act**

Each party hereto hereby waives compliance with the applicable provisions of the *Bulk Sales Act* (Ontario) as such provisions apply to the transactions contemplated by this Agreement. In consideration of such waiver by the Purchaser, the Vendor shall indemnify the Purchaser against, and hold the Purchaser harmless from, any and all claims, demands, actions, causes of action, damages, losses, costs, liabilities or expenses, including reasonable professional fees and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing, or other liabilities of any kind, which may be made or filed against the Purchaser, or which the Purchaser may incur, by reason or arising from or in any way related to the non-compliance by the Vendor with any or all of the provisions of the *Bulk Sales Act* (Ontario).

**ARTICLE 3 - REPRESENTATIONS AND WARRANTIES**

3.01 **Vendor's Representations and Warranties**

The Vendor hereby makes to the Purchaser the following representations and warranties and acknowledges that the Purchaser is relying upon such representations and warranties in connection with entering into this Agreement.

- (a) The Vendor is a corporation duly incorporated and organized pursuant to the laws of Canada and is a validly subsisting corporation in good standing under the laws of Canada with full corporate capacity, power and authority, subject to subparagraph 3.01(1) below, (i) to own, license and utilize the Purchased Assets; (ii) to execute and deliver this Agreement, (iii) to sell, assign, transfer, convey and deliver the Purchased Assets to the Purchaser as herein contemplated, and (v) to otherwise observe, perform, satisfy and carry out its obligations hereunder.
- (b) The Vendor has the power, authority and right to enter into and deliver this Agreement and to complete the transactions contemplated to be completed by the Vendor hereunder.

- (c) The execution and performance of this Agreement by the Vendor and the execution and delivery of all other agreements, documents and instruments to be executed and delivered by the Vendor pursuant hereto or in connection with the completion of the transaction contemplated herein have been duly authorized and approved by all necessary and appropriate action of the board of directors and of the shareholders of the Vendor and by any other necessary action on the part of the Vendor to comply with Applicable Law;
- (d) To the best of its knowledge, the Vendor is the owner of, and has good, valid and marketable title to, the Purchased Assets free and clear of all Charges of any Person of every nature, kind and description whatsoever, except for Charges arising by operation of law for which the Purchaser has not received written notice and except for security interests therein granted to and in favour of the Purchaser and Zor Pharmaceuticals, LLC ("Zor"), including without limitation, rights of any Person (other than the Purchaser hereunder) to acquire any ownership interest in or right to possess or use any of the Purchased Assets and the Vendor has the exclusive right, the power and the authority to sell, assign, transfer, convey and deliver good and marketable title to the Purchased Assets to the Purchaser as herein contemplated.
- (e) There are no claims, no suits, actions or any other proceedings of any nature, kind or description whatsoever (including arbitration proceedings), or investigations (whether or not purportedly on behalf of the Vendor) pending or, to the best of the knowledge, information and belief of the Vendor, threatened, at law or in equity, or before or by any federal, provincial, municipal or other governmental department, commission, bureau, agency or instrumentality, domestic or foreign, which involves the Purchased Assets including, without limitation, any which would restrain or otherwise prevent, in any manner, the Vendor from effectually and legally transferring good and marketable title to the Purchased Assets to the Purchaser hereunder, or which would cause a lien to attach to such property or assets or to divest title to such property or assets from the Vendor hereunder, and the Vendor is not aware of any existing ground on which any such claim, suit, action, proceeding or investigation might be commenced with any reasonable likelihood of success. The Vendor is not aware of any outstanding and unsatisfied judgments, decrees or other judicial order binding upon or enforceable against the Vendor which may affect the Purchased Assets or the performance of this Agreement.
- (f) All trade-mark registrations, trade-mark applications, patents and patent applications relating to the Purchased Assets have been registered in, filed in or issued by the Canadian Intellectual Property Office, or by the corresponding offices of other jurisdictions as identified on Exhibit I attached hereto and have been maintained and renewed in accordance with all provisions of Applicable Law and administrative regulations as administered by the relevant intellectual property office in Canada and each such jurisdiction, except for minor violations of Applicable Law which do not adversely affect the validity or enforceability of any of the Purchased Assets.

- (g) The Vendor has taken all reasonable steps in accordance with sound business practice to establish and/or preserve its ownership of trade-mark, patent, trade secret and other proprietary rights in respect to the Purchased Assets.
- (h) The Vendor has required all professional and technical employees, and other individuals having access to valuable non-public information of the Vendor used or employed in connection with the Purchased Assets, to execute agreements under which such individuals are required to convey to the Vendor the ownership of all inventions and developments conceived and created by them in the course of their employment or contractual relations with the Vendor.
- (i) The Vendor has no knowledge of any infringement by others of any of its intellectual property rights in the patents defined in Exhibit I.
- (j) To the knowledge of the Vendor, neither the Purchased Assets nor the activities carried on by the Vendor in connection therewith infringe upon any proprietary rights, including copyrights, patents, trade-marks, trade secrets and industrial designs, of any other Person.
- (k) To the knowledge of the Vendor, the Vendor is not making unauthorized use of any confidential information or trade secret of any Person, including any former employee or contractor of the Vendor.
- (l) The Vendor has not licensed all or any portion of the Purchased Assets to any Person other than to Zor pursuant to the exclusive license agreement made as of April 8, 2008 between the Vendor and Zor, as amended.
- (m) This Agreement has been duly and validly executed and delivered by the Vendor and constitutes, and the documents and instruments to be delivered by the Vendor pursuant hereto at the Time of Closing when executed and delivered will constitute valid and legally binding obligations of the Vendor, enforceable against the Vendor in accordance with their respective terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court.
- (n) Neither the entering into nor the delivery of this Agreement nor the completion of the transactions contemplated hereby by the Vendor will result in the violation of:
  - (i) any of the provisions of the constating documents or by-laws of the Vendor;
  - (ii) any agreement or other instrument to which the Vendor is a party or by which the Vendor is bound; or
  - (iii) any Applicable Law.
- (o) The Vendor is registered under Part IX of the *Excise Tax Act* (Canada) with registration number 83796 5961 RT0001.

- (p) The Vendor is not a non-resident person within the meaning of section 116 of the Tax Act.

3.02

**Purchaser's Representations and Warranties**

The Purchaser hereby makes to the Vendor the following representations and warranties and acknowledges that the Vendor is relying upon such representations and warranties in connection with entering into this Agreement:

- (a) The Purchaser is a corporation duly incorporated and organized pursuant to the laws of Ontario and is a validly subsisting corporation in good standing under the laws of Ontario with full corporate capacity, power and authority (i) to own its assets, (ii) to execute and deliver this Agreement, and (iii) to otherwise observe, perform, satisfy and carry out its obligations hereunder.
- (b) The Purchaser has the power, authority and right to enter into and deliver this Agreement and to complete the transactions contemplated to be completed by the Vendor hereunder.
- (c) The execution and performance of this Agreement by the Purchaser and the execution and delivery of all other agreements, documents and instruments to be executed and delivered by the Purchaser pursuant hereto or in connection with the completion of the transaction contemplated herein have been duly authorized and approved by all necessary and appropriate action of the board of directors and of the shareholders of the Purchaser and by any other necessary action on the part of the Purchaser to comply with Applicable Law.
- (d) This Agreement has been duly and validly executed and delivered by the Purchaser and constitutes, and the documents and instruments to be delivered by the Purchaser pursuant hereto at the Time of Closing when executed and delivered will constitute valid and legally binding obligations of the Purchaser, enforceable against the Purchaser in accordance with their respective terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court.
- (e) Neither the entering into nor the delivery of this Agreement nor the completion of the transactions contemplated hereby by the Purchaser will result in the violation of:
- (i) any of the provisions of the constating documents or by-laws of the Purchaser;
  - (ii) any agreement or other instrument to which the Purchaser is a party or by which the Purchaser is bound; or
  - (iii) any Applicable Law.

(f) The Purchaser is registered under Part IX of the *Excise Tax Act* (Canada) with registration number 13777 7470 RT0001.

3.03 **Survival of Representations and Warranties of the Vendor**

The representations and warranties set forth in subsections 3.01(a), (b), (c) and (d) shall survive Closing and shall continue in effect without limitation. All other representations and warranties made by the Vendor hereunder shall survive the closing of the purchase transaction hereunder and shall continue in effect for a period of twenty four (24) months from Closing; after which time, if no notice of claim shall, prior to the expiry of the aforesaid period, have been made hereunder against the Vendor with respect to any incorrectness in or breach of any representation or warranty made by the Vendor, the Vendor shall have no further liability hereunder with respect to such representation or warranty.

3.04 **Survival of Representations and Warranties of the Purchaser**

The representations and warranties set forth in subsections 3.02(a), (b), and (c) shall survive Closing and shall continue in effect without limitation. All other representations and warranties made by the Purchaser hereunder shall survive the closing of the purchase transaction hereunder and shall continue in effect for a period of twenty four (24) months from Closing; after which time, if no notice of claim shall, prior to the expiry of the aforesaid period, have been made hereunder against the Purchaser with respect to any incorrectness in or breach of any representation or warranty made by the Purchaser, the Purchaser shall have no further liability hereunder with respect to such representation or warranty.

3.05 **Tax Matters**

The Purchaser will be liable for and will pay, or will cause to be paid, all transfer, land transfer, value added *ad-valorem*, excise, sales, use, consumption, goods or services, harmonized sales, retail sales, social services, or other similar taxes or duties (collectively, "**Transfer Taxes**") payable under any Applicable Law on or with respect to the sale and purchase of the Purchased Assets under this Agreement. The Purchaser will prepare and file any affidavits or returns required in connection with the foregoing at its own cost and expense. To the extent that any Transfer Taxes are required to be paid by or are subsequently imposed upon the Vendor, in respect of the Purchased Assets the Purchaser will reimburse, or will cause to be reimbursed, to the Vendor such taxes within five Business Days of payment of such taxes by the Vendor. All amounts payable by the Purchaser to the Vendor hereunder do not include Transfer Taxes.

3.06 **Cooperation on Tax Matters**

Each of the Vendor and the Purchaser will, to the extent reasonably within such party's control, taking into account such party's access to books and records, furnish or cause to be furnished to each other, at the expense of the Purchaser, as promptly as practicable, such information and assistance, and provide additional information and explanations of any materials provided, relating to the Purchased Assets as is reasonably necessary for the filing of any tax returns, for the preparation of any audit, and for the prosecution or defence of any Claim, suit or proceeding relating to any adjustment or proposed adjustment with respect to taxes.



**ARTICLE 4 - CONSENT**

4.01           **Consent of the Purchaser**

The Purchaser in its capacity as secured party pursuant to the security interest granted to and in favour of it with respect to the Purchased Assets, consents to the transfer of Purchased Assets to itself in its capacity as Purchaser, pursuant to the terms of this Agreement, and in its capacity as secured party releases its security interest in such transferred Purchased Assets in order to permit such disposition of Purchased Assets to itself to be made free of any liens.

**ARTICLE 5 - INDEMNIFICATION**

5.01           **Definitions**

As used in this Article 5:

- (a)       **"Claim"** means any demand, action, suit, proceeding, claim, assessment, judgement or settlement or compromise relating thereto which may give rise to a right to indemnification under Sections 5.02 or 5.04;
- (b)       **"Indemnifier"** means any party obligated to provide indemnification under this Agreement;
- (c)       **"Indemnified party"** means any Person entitled to indemnification under this Agreement; and
- (d)       **"Loss"** means any and all loss, liability, damage, cost, expense, charge, fine, penalty or assessment, resulting from or arising out of any Claim, including the costs and expenses of any action, suit, proceeding, demand, assessment, judgement, settlement or compromise relating thereto and all interest, punitive damages, fines and penalties and reasonable legal fees and expenses incurred in connection therewith, including loss of profits and consequential damages.

5.02           **Indemnification by the Vendor**

The Vendor shall indemnify, defend and save harmless the Purchaser and the successors and assigns of the Purchaser from and against any and all Loss suffered or incurred by the Purchaser and/or its successors and assigns as a direct or indirect result of, or arising in connection with or related in any manner whatever to:

- (a)       any misrepresentation or breach of warranty made or given by the Vendor in this Agreement or in any document delivered pursuant to this Agreement; or
- (b)       any failure by the Vendor to observe or perform any obligation contained in this Agreement or in any document delivered pursuant to this Agreement to be observed or performed by the Vendor.

5.03 **Monetary Limit on Indemnity of Vendor**

Notwithstanding Section 5.02, and notwithstanding any statutory or regulatory provision, principle of law or rule of equity to the contrary, no Loss may be recovered from the Vendor pursuant to Section 5.02 in excess of the aggregate sum of \$11,200,000.00.

5.04 **Indemnification by the Purchaser**

The Purchaser shall indemnify, defend and save harmless the Vendor from and against any and all Loss suffered or incurred by the Vendor as a direct or indirect result of, or arising in connection with or related in any manner whatsoever to:

- (a) any misrepresentation or breach of any warranty made or given by the Purchaser in this Agreement or in any document delivered pursuant to this Agreement; or
- (b) any failure by the Purchaser to observe or perform any obligation contained in this Agreement, in any document delivered pursuant to this Agreement or in any document delivered pursuant to any of them to be observed or performed by it.

5.05 **Payments**

Subject to Section 5.03, each Indemnifier shall pay the amount of any Losses set forth in any Claim within 30 Business Days of receiving notice of a Claim.

5.06 **Rights in Addition**

The rights of indemnity set forth in this Article 5 are in addition and supplemental to any other rights, actions, claims or causes of action which may arise in respect of this Agreement, in any document delivered pursuant to this Agreement and the transactions contemplated hereby.

**ARTICLE 6 - GENERAL**

6.01 **Non-Reliance on Representations and Warranties**

No investigations made by or on behalf of a party at any time shall have the effect of waiving, diminishing the scope of or otherwise affecting any representation, warranty or covenant made by any other party hereunder, which representations and warranties shall be deemed to have been relied on by the party in whose favour they were made. No waiver by any party of any term or condition hereof, in whole or in part, shall operate as a waiver of any other term or condition for the benefit of that party.

6.02 **Further Assurances**

Each of the Vendor and the Purchaser will from time to time execute and deliver all such further documents and instruments and do all acts and things as the other party may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

6.03 **Time of the Essence**

Time is of the essence of this Agreement.

6.04 **Benefit of the Agreement**

This Agreement will enure to the benefit of and be binding upon the respective heirs, executors, administrators, other legal representatives, successors and permitted assigns of the parties hereto.

6.05 **Entire Agreement**

Except for the various collateral agreements entered into in connection with the Settlement Agreement, this Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties hereto with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement.

6.06 **Amendments and Waivers**

No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by both of the parties hereto. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided, will be limited to the specific breach waived.

6.07 **Notices**

Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and will be given by personal delivery, by registered mail, by facsimile or by electronic means of communication addressed to the recipient as follows:

To the Vendor:

2 Meridian Road  
Toronto, Ontario M9W 4Z7

Fax No.: 416-798-2200  
Email: ewilliams@lorusthera.com

Attention: Director of Finance To the Purchaser:

7501 Keele Street Suite 500  
Concord, Ontario L4K 1 Y2

Fax No.: (416) 736-8373  
Email: gcquinn@rogers.com

Attention: Gerry C. Quinn

or to such other street address, individual or electronic communication number or address as may be designated by notice given by either party to the other. Any demand, notice or other communication given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the fourth Business Day following the deposit thereof in the mail and, if given by facsimile or electronic communication, on the day of transmittal thereof if given during the normal business hours of the recipient and on the Business Day during which such normal business hours next occur if not given during such hours on any day. If the party giving any demand, notice or other communication knows or ought reasonably to know of any difficulties with the postal system that might affect the delivery of mail, any such demand, notice or other communication may not be mailed but must be given by personal delivery, by facsimile or by electronic communication.

6.08 **Governing Law**

This Agreement is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

6.09 **Counterparts**

This Agreement may be executed in any number of counterparts provided each party executes a counterpart and all of these counterparts taken together shall for all purposes constitute one agreement, binding on the parties notwithstanding that all parties are not signatory to the same counterpart. Counterparts may be executed either in original or faxed form and the parties adopt any signatures received by a receiving fax machine as original signatures of the parties; provided, however, that any party providing its signature in such manner shall promptly forward to the other party an original of the signed copy of this Agreement which was so faxed.

6.10 **Facsimiles**

Delivery of an executed signature page to this Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

6.11 **No Third Party Beneficiaries**

The terms and provisions of this Agreement are intended solely for the benefit respectively of the parties and the parties acknowledge and agree that this Agreement does not confer third party beneficiary rights upon any other Person(s).

**[Signature Page Has Been Redacted.]**

**Exhibit A**

**Purchased Assets**

All of the Vendor's right, title and interest in and to the following assets relating to the extraction of a product from bovine bile and known by the trade name "Virulizin":

- the Virulizin patent assets listed in Exhibit I attached hereto
  - the Virulizin trade marks listed in Exhibit I attached hereto
  - all copyright, trade dress, industrial and other designs and know-how relating to Virulizin
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**Exhibit I - [REDACTED].**

**The Virulizin patent and trademark information has been redacted.**

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**Exhibit B**  
**Storage Agreement**

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## STORAGE AGREEMENT

**THIS AGREEMENT** is made as of June 19, 2009 between **LORUS THERAPEUTICS INC.**, a corporation incorporated under the laws of Canada ("**Lorus**") and **ERIN MILLS BIOTECH INC.**, a corporation incorporated under the laws of the Province of Ontario ("**EMBI**").

**WHEREAS** pursuant to the terms and conditions of an asset purchase agreement dated the 19<sup>th</sup> day of June, 2009 between Lorus and The Erin Mills Investment Corporation ("**TEMIC**") (the "**Purchase Agreement**") Lorus agreed to retain hard copy records relating to the Purchased Assets on-site at Lorus's premises in a clearly marked area labelled "Property of Erin Mills Biotech Inc.";

**NOW THEREFORE** in consideration of the completion of the transaction of purchase and sale contemplated in the Purchase Agreement and for other good and valuable consideration the receipt and sufficiency of which is acknowledged by each of the parties hereto, the parties agree as follows:

1. **Definitions:** All capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Purchase Agreement.
  2. **Storage of Purchased Assets:** The Purchased Assets retained by Lorus shall be stored at Lorus's premises, currently located at 2 Meridian Road, Toronto, ON, M9W 4Z7 and in no other building or place. Subject to Section 3 hereof, in the event that the Purchased Assets are moved or otherwise relocated to any other location without the prior written consent of (or at the written direction of) EMBI, such movement or relocation shall be deemed a violation of this agreement and Lorus shall be liable for any loss or damage to the Purchased Assets, whether or not the same results from the negligence of Lorus, its employees, agents or anyone for whom any of them is in law responsible.
  3. **Removal at Request of Lorus:** Lorus may provide 60 days written notice to TEMIC pursuant to Section 6.07 of the Purchase Agreement, to remove the Purchased Assets at the sole expense of EMBI. In the event that the Purchased Assets are not so removed within the said 60 day time period, Lorus shall have no further liability to EMBI with respect to the Purchased Assets and this Agreement shall immediately terminate.
  4. **Access to Purchased Assets:** EMBI and each of its designated representatives shall have access to the secure storage area in which the Purchased Assets are kept during regular business hours of Lorus on any Business Day, and shall be entitled to remove the Purchased Assets at anytime it may so desire. In the event EMBI elects to move all or any portion of the Purchased Assets, EMBI shall be solely responsible for any and all costs and expenses associated therewith.
  5. **Standard of Care:** Lorus agrees to use all such measures and take all such reasonable steps as are required in order to preserve and protect the Purchased Assets as if it were the absolute owner thereof; provided that in the event any portion of the Purchased Assets are lost or damaged through theft, fire, vandalism, act of public enemies or act of God, Lorus shall not be liable to EMBI for such loss or damage except in the event that any such theft, fire or vandalism results from or is the result of the negligence or wilful misconduct of Lorus, its employees, agents or anyone for whom any of them is in law responsible.
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6. **Governing Law:** This agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
7. **Enurement:** The provisions hereof shall enure to the benefit of and shall be binding upon the parties and their respective successors and assigns.
8. **Counterparts:** This Agreement may be executed in any number of counterparts provided each party executes a counterpart and all of these counterparts taken together shall for all purposes constitute one agreement, binding on the parties notwithstanding that all parties are not signatory to the same counterpart. Counterparts may be executed either in original or faxed form and the parties adopt any signatures received by a receiving fax machine as original signatures of the parties; provided, however, that any party providing its signature in such manner shall promptly forward to the other party an original of the signed copy of this Agreement which was so faxed.

[the next page is the signing page]

**AMENDMENT, ASSIGNMENT, ASSUMPTION,  
NOVATION AND CONSENT AGREEMENT**

**THIS AGREEMENT** made as of the 19th day of June, 2009.

AMONG:

**THE ERIN MILLS INVESTMENT CORPORATION**, a corporation existing under the laws of Ontario ("**TEMIC**")

- and -

**LORUS THERAPEUTICS INC.**, a corporation existing under the laws of Ontario ("**Lorus**")

- and -

**ZOR PHARMACEUTICALS, LLC**, a limited liability company formed under the laws of the State of Delaware ("**Zor**")

- and -

**ERIN MILLS BIOTECH INC.**, a corporation existing under the laws of Ontario ("**EMBI**")

**WHEREAS** on October 6, 2004, Lorus Therapeutics Inc. (formerly 4325231 Canada Inc.) ("**Old Lorus**"), GeneSense Technologies Inc. ("**GeneSense**") and TEMIC entered into a subscription agreement providing for the issuance of three (3) five million dollar (\$5,000,000) principal amount convertible debentures (each a "**Debenture**" and collectively, the "**Debentures**") on each of October 6, 2004, January 14, 2005 and April 15, 2005, each maturing on October 6, 2009;

**AND WHEREAS** pursuant to an arrangement (the "**Arrangement**") completed on July 10, 2007 and the terms of an assignment, assumption, novation and consent agreement among Old Lorus, 6650309 Canada Inc. and TEMIC, the Debentures were assigned, assumed and novated by 6650309 Canada Inc., which subsequently changed its name to Lorus Therapeutics Inc.;

**AND WHEREAS** in connection with the Arrangement, GeneSense and TEMIC entered into an amended and restated guarantee and indemnity (the "**Guarantee**") dated July 10, 2007, pursuant to which, among other things, GeneSense guaranteed the due payment and performance of the Guaranteed Obligations (as such term is defined in the Guarantee);

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**AND WHEREAS**, effective May 31, 2009, GeneSense has transferred all of its assets and undertaking to its parent, Lorus, and such transfer was consented to by TEMIC pursuant to a consent dated May 31, 2009 (the "**GeneSense Dissolution**");

**AND WHEREAS** Lorus and TEMIC have entered into a settlement agreement and asset sale agreement with TEMIC, each dated as of the date hereof which, among other things, provides that TEMIC or its nominee will be assigned the patents and all intellectual property relating to the finished pharmaceutical product extracted from bovine bile by means of GeneSense's manufacturing process and known by the trade mark "Virulizin" (collectively, the "**Assigned Intellectual Property**") in partial satisfaction of the amounts owing to TEMIC under the Debentures;

**AND WHEREAS** TEMIC has irrevocably authorized and directed Lorus to assign and transfer the Assigned Intellectual Property to EMBI;

**AND WHEREAS** GeneSense and Zor had entered into an exclusive licence agreement dated April 8, 2008, as amended (the "**Licence Agreement**") with respect to the license by GeneSense to Zor of certain rights in respect of the Assigned Intellectual Property;

**AND WHEREAS** GeneSense and Zor had entered into an Independent Services Agreement dated April 8, 2008 (the "**Independent Contractor Agreement**") with respect to the provision of certain technical services;

**AND WHEREAS** pursuant to an assignment and consent agreement made as of the date hereof Lorus, with the consent of Zor, assigned all of its right, title, interest and estate in and to the right to receive the milestone payments referred to in Section 7.10 of the Licence Agreement which have not been paid to GeneSense or Lorus as of the date hereof to TEMIC;

**AND WHEREAS** in connection with the sale of the Assigned Intellectual Property, Lorus, at the direction of TEMIC in paragraph 1 hereof, wishes to assign the remainder of its right, title and interest in and to the Licence Agreement to EMBI and EMBI wishes to accept such assignment and assume all obligations and responsibilities of Lorus with respect to the Licence Agreement, all as hereinafter provided;

**AND WHEREAS** Zor has agreed to consent to the assignment by Lorus of the Assigned Intellectual Property and the remainder of its right, title and interest in and to the Licence Agreement to EMBI and to recognize EMBI as a party to the Licence Agreement in place and stead of Lorus;

**AND WHEREAS** EMBI and Lorus have entered into a supply and services agreement dated June 19, 2008 (the "**Services Agreement**") pursuant to which Lorus will provide specific services with respect to Assigned Intellectual Property to EMBI.

**AND WHEREAS** the parties wish to make certain consequential amendments to the Licence Agreement;

**AND WHEREAS** the parties hereto wish to confirm that the amendment, assignment and novation of the Licence Agreement shall become effective as of the date hereof;

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the premises and covenants hereinafter set forth, the parties hereto covenant and agree as follows:

1. TEMIC hereby irrevocably authorizes and directs Lorus to assign and transfer all of its right, title and interest in and to the Licence Agreement to EMBI.
2. Lorus hereby transfers, assigns and conveys to EMBI, and EMBI hereby accepts the transfer, assignment and conveyance from Lorus of all of Lorus' right, title, interest and estate in and to the Licence Agreement effective as of the date hereof (the "**Assignment**"). The parties agree that the Licence Agreement is hereby amended as follows:
  - (i) in Section 2.2 thereof, by adding the words "or Lorus" after the word (A) "it" in the first line and (B) "Licensor" in the fourth and sixth lines; and
  - (ii) by adding the words ", the Trademark" after the words "Licensor's Patent Rights" in the third line of Section 2.9 thereof.

In all other respects the Licence Agreement shall remain in full force and effect.

3. TEMIC hereby acknowledges and confirms that in consideration of the Assignment having been made by Lorus to TEMIC in accordance with the provisions hereof; the principal amount owing under the Debentures shall be and is hereby reduced by the sum of **[REDACTED]**. **The reduction of the principal amount of the Debentures has been redacted.**
4. EMBI hereby accepts the Assignment and replaces Lorus for all intents and purposes, from and after the date hereof, as a party to the Licence Agreement. EMBI hereby represents and covenants to Zor that:
  - (a) EMBI is a newly formed corporation and has no assets or liabilities as of the date hereof; and
  - (b) EMBI's sole purpose is to hold the Assigned Intellectual Property and assets being assigned pursuant to the Assignment and at all times during which the Licence Agreement is effective EMBI will conduct no other business and will not assume any liabilities whatsoever except for limited expenses relating to maintaining the assets described herein.
5. EMBI covenants with Lorus and Zor that it shall assume and be bound by, and observe and perform all the terms, obligations and provisions to be observed and performed by Lorus under the Licence Agreement from and after the date hereof, including, without limitation, the provisions of Sections 2.9 and 17.11 (the "**Assumed Obligations**"); provided that Lorus and EMBI shall be jointly and severally liable to Zor for the Assumed Obligations (other than the obligations set forth in Sections 2.5 **[Grant of License]**, 2.6 **[Sublicenses by Licensor]**, 2.9 **[Security Interest]**, 11.4 **[Failure to Use Diligent Efforts]** and, to the extent Lorus has not been requested to assume all or any particular responsibilities set forth in Section 9.1 pursuant to the Services Agreement or otherwise, the obligations set forth in Section 9.1 **[Prosecution and Maintenance]** (collectively, the "**Carved Out Obligations**") to the extent arising before the later of:

- (a) the date on which the Services Agreement is terminated in accordance with the provisions thereof; and
- (b) the date on which Lorus has no further rights to royalty payments earned under the Licence Agreement or rights under the Animal Rights License Agreement, dated as of the date hereof, between EMBI and Lorus (the "**Animal Rights License Agreement**").

With respect to the Assumed Obligations arising after the later of (a) and (b) above and with respect to the Carved Out Obligations, only EMBI shall be liable to Zor.

- 6. Lorus agrees to make the royalty payments, on behalf of EMBI, due to Zor pursuant to Section 2.2 of the Licence Agreement; provided, however, that nothing herein shall be construed as relieving EMBI from its obligations to make such payments under such Section 2.2.
- 7. The Parties agree that Zor may, at its sole option, enforce any rights of EMBI under the Services Agreement to the extent directly or indirectly related to EMBI's obligations to Zor or Animal Rights License Agreement, including, without limitation, the provisions relating to the provision of services and confidentiality and shall be entitled to any remedies and damages thereunder as a third party beneficiary.
- 8. Zor hereby:
  - (a) acknowledges, confirms and agrees that as a result of the GeneSense Dissolution, Lorus became entitled to hold and enforce all of the rights and benefits of GeneSense under the Licence Agreement, and the Licence Agreement continued in force with Lorus substituted as a party in place of GeneSense;
  - (b) consents to the Assignment, and accepts EMBI as a party to the Licence Agreement from and after the date hereof;
  - (c) covenants and agrees that, from and after the date hereof, EMBI shall be entitled to hold and enforce all of the rights and benefits of Lorus under the Licence Agreement, and the Licence Agreement shall continue in force with EMBI substituted as a party in place of Lorus;
  - (d) agrees that certain obligations of EMBI under the Licence Agreement, under arrangements between EMBI and Lorus, may be performed by Lorus; provided that nothing herein shall relieve EMBI of any of its obligations under the Licence Agreement.
- 9. Lorus and EMBI will use commercially reasonable efforts to cooperate with each other with respect to Lorus' responsibilities under the Services Agreement, and specifically, EMBI will make available to Lorus all relevant applications, approvals, records, regulatory documents, files and information as related in Sections 4.3(c), 4.4 and 4.5 of the Licence Agreement.

10. Lorus hereby represents and warrants to and in favour of EMBI, TEMIC and Zor that as of the date hereof no event has occurred and is continuing which constitutes, or after the elapse of or giving of notice, would constitute a default or breach under the Licence Agreement by Lorus of any of the terms, conditions, covenants or provisos thereof.
11. Zor hereby represents and warrants to and in favour of EMBI, TEMIC and Lorus that as of the date hereof no event has occurred and is continuing which constitutes, or after the elapse of or giving of notice, would constitute a default or breach under the Licence Agreement by Zor of any of the terms, conditions, covenants or provisos thereof.
12. EMBI will be liable for and will pay, or will cause to be paid, all transfer, value added, ad-valorem, excise, sales, use, consumption, goods or services, harmonized sales, retail sales, social services, or other similar taxes or duties (collectively, "**Transfer Taxes**") payable under any applicable domestic or foreign law including any statute, subordinate legislation or treaty, and any applicable guideline, directive, rule, standard, requirement, policy, order, judgment, injunction, award or decree of a governmental authority having the force of law on or with respect to the Assignment. To the extent that any Transfer Taxes are imposed upon or required to be paid by Lorus in connection with the Assignment, TEMIC will promptly reimburse and indemnify Lorus for all such taxes.
13. Each of the parties shall, at the request of another party, execute such documents and do such acts as may be reasonably required to carry out the terms and conditions of this amendment, assignment assumption, novation and consent agreement (the "**Agreement**").
14. This Agreement may be executed in as many counterparts as are necessary and, when a counterpart has been executed by each party hereto, all counterparts shall constitute one agreement.
15. This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and assigns.
16. The Licence Agreement as amended herein shall continue in full force and effect and is hereby ratified and confirmed by each party.
17. This Agreement shall be governed by and construed in accordance with the laws of Ontario and the laws of Canada applicable therein, without regard to conflicts of laws rules.
18. In the event that any one or more of the provisions contained in this Agreement shall for any reason, be held to be invalid, illegal or unenforceable in any respect, then to the maximum extent permitted by law, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement.
19. No modification, supplement or amendment to this Agreement will be binding unless executed in writing by all of the parties hereto.

**[Signature Page Has Been Redacted.]**



SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT made as of the 19th day of June, 2009.

AMONG:

THE ERIN MILLS INVESTMENT CORPORATION, a corporation incorporated under the laws of the Province of Ontario (“**TEMIC**”)

- and -

LORUS THERAPEUTICS INC., a corporation incorporated under the laws of Canada (“**Lorus**”)

**WHEREAS** on October 6, 2004, Lorus Therapeutics Inc. (formerly 4325231 Canada Inc.) (“**Old Lorus**”), GeneSense Technologies Inc. (“**GeneSense**”) and TEMIC entered into a subscription agreement (as amended, restated, supplemented or otherwise modified from time to time, the “**Subscription Agreement**”) providing for the issuance of three (3) five million dollar (\$5,000,000) principal amount convertible debentures (each a “**Debenture**” and collectively, the “**Debentures**”) on each of October 6, 2004, January 14, 2005 and April 15, 2005, each maturing on October 6, 2009;

**AND WHEREAS** pursuant to an arrangement (the “**Arrangement**”) completed on July 10, 2007 and the terms of an assignment, assumption, novation and consent agreement among Old Lorus, 6650309 Canada Inc. and TEMIC, the Debentures were assigned, assumed and novated by 6650309 Canada Inc., which subsequently changed its name to Lorus Therapeutics Inc. (“**Lorus**”);

**AND WHEREAS** in connection with the Arrangement, Lorus and TEMIC entered into an amended and restated share pledge agreement (the “**Pledge**”) dated July 10, 2007, pursuant to which, among other things, Lorus granted a security interest to TEMIC in all securities held by it, including without limitation, 756,623 preferred shares and 80 common shares of NuChem Pharmaceuticals Inc. (“**NuChem**”) and 7,000,000 common shares of GeneSense Technologies Inc. (“**GeneSense**”) (collectively, the “**Pledged Securities**”);

**AND WHEREAS** in connection with the Arrangement, GeneSense and TEMIC entered into an amended and restated guarantee and indemnity (the “**Guarantee**”) dated July 10, 2007, pursuant to which, among other things, GeneSense guaranteed the due payment and performance of the Guaranteed Obligations (as such term is defined in the Guarantee);

**AND WHEREAS** in connection with the Arrangement, GeneSense and TEMIC entered into an amended and restated general security agreement (the “**GSA**”) dated July 10, 2007, pursuant to which, among other things, GeneSense granted a security interest in favour of TEMIC; **AND WHEREAS**, effective May 31, 2009, GeneSense transferred all of its assets and undertaking to its parent, Lorus, and such transfer was consented to by TEMIC pursuant to a consent dated May 31, 2009;



**AND WHEREAS** Lorus and TEMIC wish to enter into this settlement agreement (the “Agreement”) with respect to discharging in full all of the Obligations (as such term is defined in the Debentures) for the consideration and on the terms set out in this Agreement;

**NOW THEREFORE** in consideration of the premises hereto, the mutual covenants and agreements herein set forth and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto), and in order to make a bona fide settlement and compromise in relation to the obligations secured by the Debentures, the parties hereby agree as follows:

**1. COVENANTS**

At the Time of Closing on the Date of Closing (both as herein defined), the parties shall do or cause to be done the following:

(a) Assignment and Sale of Intellectual Property

Lorus shall absolutely and indefeasibly assign, transfer and sell to TEMIC (or its nominee) free and clear of all liens, charges or encumbrances of any nature or kind (save and except for a charge in favour of Zor Pharmaceuticals, LLC (“**Zor**”) and subject to the Virulizin exclusive license agreement, as amended, assigned and novated pursuant to the provision of Section 1(d) between Erin Mills Biotech Inc. and Zor, and the animal field of use license described in Section 1(e)), all of its rights, title and interest in and to intellectual property relating to the extraction of a product from bovine bile and known by the trade name “Virulizin” as evidenced by all the patents, trademarks and other intellectual property described in Exhibit “A” to the asset purchase agreement (collectively, the “**Assigned IP**”) for an aggregate purchase price described in clause (1) hereof. Such asset purchase agreement shall be in the form of the asset purchase agreement attached as Schedule “A” hereto.

(b) Sale of Shares in Pharma Immune Inc.

Lorus and TEMIC shall execute and deliver a share sale agreement pursuant to which Lorus shall sell all of its shares in Pharma Immune Inc. (being all of the issued and outstanding shares) free and clear of all liens, charges or encumbrances of any nature or kind to TEMIC (or its nominee) for an aggregate purchase price described in clause (1) hereof. Such share sale agreement shall be in the form of the share sale agreement attached as Schedule “B” hereto.

(c) Cash and Share Payment

Lorus shall pay to TEMIC the sum of three million three hundred thousand dollars (\$3,300,000) by way of certified cheque or wire transfer on account of the outstanding principal amount of the Debentures. Lorus shall, at its option, either pay outstanding interest due in respect of the Debentures to the Date of Closing in cash on the Date of Closing or deliver treasury shares in lieu thereof as contemplated in the Debentures.

(d) Assignment and Novation of License Agreement

TEMIC (or its nominee) shall assume the obligations of Lorus thereunder and Lorus, TEMIC (or its nominee) and Zor shall execute and deliver two amendment, assignment, novation and consent agreements (the “**Novation Agreements**”) with respect to the Virulizin License Agreement. Such Novation Agreements shall be in the form of the Novation Agreements attached as Schedule “C” hereto.

(e) License to Lorus

TEMIC (or its nominee) shall execute and deliver an exclusive, royalty-free perpetual license agreement with Lorus in respect of the animal field of use contemplated in Section 2.2 of the Virulizin License Agreement. Such license agreement shall be in the form of license agreement attached as Schedule “D” hereto.

(f) Supply and Services Agreement

Lorus and TEMIC (or its nominee) shall execute and deliver a supply and services agreement pursuant to which Lorus shall, on the terms and conditions set out therein, supply the services described therein and TEMIC (or its nominee) shall pay the fees provided therein for such services. Such supply and services agreement shall be in the form of the supply and services agreement attached as Schedule “E” hereto.

(g) Cancellation of Debentures

TEMIC shall deliver the Debentures to Lorus for cancellation.

(h) Discharges by TEMIC

Consistent with the surrender of the Debentures described in clause (g), TEMIC agrees to execute and deliver to Lorus registrable discharges and releases, of any security now held by or in favour of TEMIC or any financing statement, financing change statement or notice in respect thereof held by or in favour of it as direct or indirect security for the obligations under the Debentures, and specifically authorizes McCarthy Tetrault LLP and its agents to discharge all security registrations made in favour of TEMIC against any of Lorus or GeneSense including those listed on Schedule “G” hereto.

(i) Return of Pledged Securities

Consistent with the surrender of the Debentures described in clause (g), TEMIC shall return to Lorus all share certificates and corresponding stock transfer powers delivered to it in respect of the Pledged Securities.

(j) Mutual Releases

All parties shall deliver full and complete releases of each other in respect of all matters pertaining to the Subscription Agreement, the Debentures, the Guarantee, the GSA and the Pledge up to the Date of Closing. Such releases shall be in the form of the releases attached as Schedule "F" hereto.

(k) Collateral Documentation

The parties agree to deliver such further confirmations, acknowledgements, certificates (including certified copies of resolutions) and other such documents (including, without limitation a confidentiality and non-disclosure agreement from Lorus) as may be reasonably required to give effect to the transactions contemplated in this Agreement or perfect the full intent and meaning of this Agreement.

(l) Allocation

**[REDACTED]. The allocation in respect of the principal amount outstanding under the Debentures has been redacted.**

**2. REPRESENTATIONS AND WARRANTIES**

(a) Lorus hereby represents and warrants to TEMIC that as of the date hereof, it has not (i) made any arrangements; (ii) entered into agreements (except for the Virulizin License Agreement); or (iii) entered into letters of understanding or of intent, regarding the sale, licensing or other monetization of Virulizin or any other technology, know-how or intellectual property owned by it or its subsidiaries with any other person, firm or corporation in any jurisdiction, nor does it have any prospects of doing so. This representation and warranty is made by Lorus on the understanding that is being relied by TEMIC as basis for entering into this Agreement and completing the transactions contemplated by this Agreement and it is intended to survive the completion of all transactions for a period of two (2) years after the date of this Agreement.

(b) TEMIC represents and warrants it has not sold, assigned or encumbered or parted with possession of or granted any interest in any of the Debentures, the Guarantee, the GSA or the Pledge.

**3. CLOSING**

(a) The closing of the transactions referred to in this Agreement will take place at the offices of TEMIC's counsel, or such other place as the parties may agree in writing, on the 19th day of June, 2009, (the "**Date of Closing**") at 1:00 pm local time (the "**Time of Closing**"), unless the parties otherwise agree in writing.

(b) The closing of the transactions contemplated herein is conditional on the consent to the within transaction by Zor and execution and delivery by Zor to TEMIC and Lorus of the Novation Agreements and there being no legal or administrative proceeding to prohibit or enjoin the transactions provided in this Agreement or any agreements to be delivered by the parties as provided in this Agreement.

- (c) The delivery of some but not all of the agreements contemplated herein by a party or a party related to a party shall entitle any other party to terminate this Agreement and the transactions contemplated in the agreements delivered pursuant to this Agreement in addition to any other remedies it may have at law or otherwise.

#### 4. RELEASE OF SECURITY AND GUARANTEE

Effective on the Time of Closing:

- (a) TEMIC acknowledges and agrees that Lorus has repaid or provided for all of the Obligations (as such term is defined in the Debentures) in full;
- (b) TEMIC releases and forever discharges in full (without any further action by any person) Lorus and GeneSense from any and all assignments, mortgages, charges, pledges, liens, hypothecs, encumbrances securing or in effect securing any obligation, conditional sale or title retention agreement or security interest whatsoever, howsoever created or arising, whether absolute or contingent, fixed or floating, legal or equitable, perfected or not (collectively the "Security") held by or granted to TEMIC with respect to the Debentures including, without limitation, on or over any of the assets of Lorus and GeneSense of whatsoever nature and kind, securing the repayment of any indebtedness of or the performance of the Obligations and effective on the Time of Closing such Security ceases to be of any further force or effect;
- (c) TEMIC releases GeneSense from all obligations pursuant to the Guarantee; and
- (d) TEMIC grants, releases, remises, reconveys, transfers, assigns, discharges and forever quitclaims and surrenders to Lorus, without representation by or recourse to TEMIC, all of the Lorus' and GeneSense's assets of whatsoever nature and kind now covered or intended to be covered by the Security, to have and to hold the said property and assets with all and singular the appurtenances thereto to Lorus and GeneSense forever and absolutely freed, acquitted, discharged and released of and from the Security and from the obligations, principal money, interest and other money thereby secured and every trust, proviso, covenant, matter and thing therein contained. All agreements, documents or other instruments evidencing or comprising the Security or the indebtedness, liabilities and obligations thereby secured are hereby cancelled and terminated and are of no further force and effect.

#### 5. GENERAL

- (a) TEMIC's Rights. The execution and delivery of this Agreement do not impair or reduce the ability of TEMIC to immediately commence enforcement proceedings under the Debentures or any other security it may have against Lorus prior to the Time of Closing. Such rights shall remain in full force and effect until the Time of Closing.

- (b) Notice. Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be given by prepaid mail, by facsimile or other means of electronic communication or by hand-delivery. Any such notice or other communication, if mailed by prepaid mail shall be deemed to have been received on the second day after the date that was post-marked upon it, or if sent by facsimile or other means of electronic communication or hand-delivered, shall be deemed to have been received on the day it is delivered. All notices and other communications given or made pursuant to this Agreement shall be addressed as follows:
- (i) if to TEMIC:
- 7501 Keele Street, Suite 500  
Concord, ON L4K 1Y2  
Attention: Gerry C. Quinn  
Telecopier number: (416) 736-8373
- (ii) if to Lorus:
- c/o Lorus Therapeutics Inc.  
2 Meridian Road  
Toronto, ON M9W 4Z7  
Attention: Aiping Young  
Telecopier number: (416) 798-2200
- (c) 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.
- (d) Severability. Except as otherwise contemplated herein, should any provisions of this Agreement be held by a court of law to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby.
- (e) Entire Agreement. This Agreement, including the agreements contemplated in the Schedules hereto, constitutes the entire agreement between the parties relating to this subject matter and supersedes all prior or contemporaneous oral or written agreements concerning such subject matter. This Agreement may only be changed by mutual agreement or authorized representatives of the parties in writing.
- (f) Counterparts. This Agreement may be executed in any number of counterparts provided each party executes a counterpart and all of these counterparts taken together shall for all purposes constitute one agreement, binding on the parties notwithstanding that all parties are not signatory to the same counterpart. Counterparts may be executed either in original or faxed form and the parties adopt any signatures received by a receiving fax machine as original signatures of the parties; provided, however, that any party providing its signature in such manner shall promptly forward to the other party an original of the signed copy of this Agreement which was so faxed.

(g) Enurement. This Agreement will enure to the benefit of and be binding upon the respective successors and assigns of the parties.

**[Signature Page Has Been Redacted.]**

**SCHEDULE "A"**





**SHARE PURCHASE AGREEMENT**  
**BETWEEN**  
**THE ERIN MILLS INVESTMENT CORPORATION**  
**AND**  
**LORUS THERAPEUTICS INC.**  
**MADE AS OF**  
**JUNE 19, 2009**

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**SHARE PURCHASE AGREEMENT**

THIS AGREEMENT made as of June 19, 2009;

BETWEEN:

**LORUS THERAPEUTICS INC.**, a corporation incorporated  
under the laws of Canada (the "**Vendor**"),

- and -

**THE ERIN MILLS INVESTMENT CORPORATION**, a corporation incorporated under the laws of the Province of  
Ontario (the "**Purchaser**").

**WHEREAS** the Vendor is the registered and beneficial owner of the Shares, subject to a charge in favour of the Purchaser;

**AND WHEREAS** the Purchaser and the Vendor have entered into a settlement agreement (the "**Settlement Agreement**") dated the date hereof, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Shares upon and subject to the terms and conditions hereinafter set forth;

**AND WHEREAS** the Corporation is, as of the date hereof, indebted to the Vendor in the principal amount of \$2,500 (the "**Purchased Debt**") and the Vendor also wishes to assign, transfer and sell the Purchased Debt to the Purchaser and the Purchaser wishes to purchase the Purchased Debt from the Vendor upon and subject to the terms and conditions hereinafter set forth;

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the premises and the covenants and agreements herein contained the parties hereto agree as follows:

**ARTICLE 1 - INTERPRETATION**

1.01 **Definitions**

In this Agreement, unless something in the subject matter or context is inconsistent therewith:

**"Agreement"** means this share purchase agreement, including its recitals and schedules, as amended from time to time and all amendments made hereto by written agreement between the Vendor and the Purchaser.

**"Applicable Law"** means

- (i) any applicable domestic or foreign law including any statute, subordinate legislation or treaty, and

- (ii) any applicable guideline, directive, rule, standard, requirement, policy, order, judgment, injunction, award or decree of a governmental authority having the force of law.

**"Books and Records"** means all books, records, books of account, reports and market and product research and development information of the Corporation all other documents, files, records, correspondence, and other data and information, financial or otherwise, relating to the Corporation, including all data and information stored electronically or on computer related media.

**"Business Day"** means a day other than a Saturday, Sunday or statutory holiday in the Province of Ontario.

**"Charges"** means all liens, charges, encumbrances and/or rights of others.

**"Closing Date"** means June 19, 2009 or such other date as may be agreed to in writing between the Vendor and the Purchaser.

**"Corporation"** means Pharma Immune Inc., a corporation incorporated under the laws of the State of Delaware.

**"Generally Accepted Accounting Principles"** means generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, applicable as at the date on which any calculation or determination is required to be made in accordance with generally accepted accounting principles.

**"Person"** shall be broadly interpreted and includes an individual, body corporate, partnership, joint venture, trust, association, unincorporated organization, the Crown, any governmental authority or any other entity recognized by law.

**"Purchase Price"** has the meaning set forth in Section 2.02.

**"Shares"** means all of the issued and outstanding common shares of the Corporation. **"Tax Act"** means the *Income Tax Act* (Canada).

**"Taxes"** means all taxes, including all income, sales, goods and services, capital, capital gains, transfer, withholding, payroll, employer health, excise, real property and personal property taxes, and any other taxes, custom duties, fees, assessments or similar charges in the nature of a tax including federal and state pension plan contributions, unemployment insurance payments and workers compensation premiums, together with any instalments with respect thereto, and any interest, fines and penalties, imposed by any governmental authority (including federal, provincial, municipal and foreign governmental authorities), and whether disputed or not.

**"Time of Closing"** means 1:00 p.m. (Toronto Time) on the Closing Date.

**"US Tax Act"** means the *Internal Revenue Code* of the United States of America.

1.02 **Headings**

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.03 **Extended Meanings**

In this Agreement words importing the singular number only include the plural and *vice versa*, words importing any gender include all genders and words importing persons include individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures and governmental authorities. The term "including" means "including without limiting the generality of the foregoing".

1.04 **Statutory References**

In this Agreement, unless something in the subject matter or context is inconsistent therewith or unless otherwise herein provided, a reference to any statute is to that statute as now enacted or as the same may from time to time be amended, re-enacted or replaced and includes any regulations made thereunder.

1.05 **Currency**

All references to currency herein are to lawful money of Canada.

**ARTICLE 2 - PURCHASE AND SALE**

2.01 **Purchase of Shares and Purchased Debt**

Upon and subject to the terms and conditions hereof, the Vendor will sell the Shares and the Purchased Debt to the Purchaser and the Purchaser will purchase the Shares and the Purchased Debt from the Vendor, as of the Time of Closing on the Closing Date.

2.02 **Purchase Price and Allocation**

**[REDACTED]. The purchase price has been redacted.**

2.03 **Satisfaction of Purchase Price**

The Purchase Price will be satisfied in full by the partial discharge (on a dollar for dollar basis) of the liabilities in respect of the Debentures (as that term is defined in the Settlement Agreement).

**Closing**

The sale and purchase of the Shares shall be completed at the Time of Closing at the offices of TEMIC's counsel.

**ARTICLE 3 - REPRESENTATIONS AND WARRANTIES****Vendor's Representations and Warranties**

The Vendor hereby makes to the Purchaser the following representations and warranties and acknowledges that the Purchaser is relying upon such representations and warranties in connection with entering into this Agreement:

- (a) The Corporation is a corporation duly incorporated, organized and subsisting under the laws of the State of Delaware with the corporate power to own its assets and to carry on its business.
- (b) The Vendor has the power, authority and right to enter into and deliver this Agreement and to complete the transactions contemplated to be completed by the Vendor hereunder.
- (c) The authorized capital of the Corporation consists only of common shares, of which only the Shares have been duly and validly allotted and issued to the Vendor. All of the Shares are outstanding as fully paid and non-assessable and are registered in the names of and beneficially owned by the Vendor.
- (d) No Person has any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option (including rights under convertible securities, warrants or convertible obligations of any nature, rights of exchange, plans or other agreement of any character):
  - (i) for the purchase, subscription, allotment or issuance of any of the unissued shares in the capital of the Corporation or of any other securities of the Corporation; or
  - (ii) to purchase or otherwise acquire from the Vendor all or any part of the Shares or any interest therein or part thereof.
- (e) The Vendor is the beneficial owner of record of the Shares with good and marketable title thereto free and clear of all Charges of any Person of every nature, kind and description whatsoever, save and except for the general security interest granted to the Purchaser pursuant to the Debentures (as defined in the Settlement Agreement). The Vendor has the exclusive right and full power and authority to sell, transfer and deliver good and marketable title to such shares to the Purchaser as herein contemplated, subject only to the Charge set out in the Debentures.

- (f) This Agreement has been duly and validly executed and delivered by the Vendor and constitutes, and the documents and instruments to be delivered by the Vendor pursuant hereto at the Closing when executed and delivered will constitute valid and legally binding obligations of the Vendor, enforceable against the Vendor in accordance with their respective terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court.
- (g) The corporate records and minute books of the Corporation are complete and accurate in all material respects and contain complete and accurate copies of all articles of incorporation and articles of amendment pertaining to the Corporation and no applications or filings which would alter in any way the constating documents or corporate status of the Corporation are presently outstanding. All minutes of meetings recorded in the said minute books are complete and accurate in all material respects and all such meetings were duly called, convened and held. The register of shareholders, registers of transfers and the register of directors of the Corporation are complete and accurate in all material respects.
- (h) The books of account, ledgers and other financial records of the Corporation have been maintained in accordance with good business practices, are complete and accurate in all material respects and fairly set out and disclose, in all material respects, in accordance with good bookkeeping and proper accounting practices and, where applicable, in accordance with Generally Accepted Accounting Principles, the financial position of the Corporation as at May 31, 2008 and there are no material matters or transactions of the Corporation in respect of which, complete and appropriate entries have not been made or recorded in such books, ledgers and records. No financial information, records or systems pertaining to the operation or administration of the Corporation or its business are in the possession of, recorded, stored, maintained by or otherwise dependent on any other Person.
- (i) Except for the Tax return for the fiscal year ended May 31, 2009, the Corporation has filed all federal, state, local and other Tax returns and reports required to be filed by it and has paid all Taxes interest and penalties (if any) shown to be due by such returns or reports. The information contained in such returns and reports was true and correct and properly and accurately reflected all Taxes, interest and penalties (if any) due and payable with respect to the periods covered thereby.
- (j) There are no audits, assessments, reassessments, actions, suits, proceedings, investigations or claims pending or, to the best of the knowledge, information and belief of the Vendor, threatened against the Corporation with respect to Taxes or any matter under discussion with any governmental authority relating to Taxes asserted by any such authority. The Corporation has not given or been requested to give waivers of any statute of limitation relating to the payment of any Taxes or relating to the statutory period within which an assessment, reassessment, or other proceeding in respect of prior fiscal periods may be issued by any appropriate authority and there are no agreements, waivers or other arrangements providing for an extension of time with respect to the filing of any report or return by or the payment of any Tax of the Corporation.

- (k) The Corporation has withheld from each payment made, or deemed under the US Tax Act to have been made, by it or credited or deemed to have been credited by it, to any Person the amount of all Taxes and all other deductions required to be withheld therefrom and has paid the same to the proper taxing or other authority within the time required under all applicable legislation and regulations.
- (l) The Corporation has not, since the date of its incorporation, carried on business in any jurisdiction.
- (m) The only transactions to which the Corporation has ever been a party related to: (i) the subscription for units in Zor Pharmaceuticals, LLC("Zor LLC"); and (ii) a loan from the Vendor pursuant to which it received a principal amount of \$2,500.00. All the obligations and liabilities of the Corporation arising out of transaction (i) have been fully performed.
- (n) As of the date hereof, the only asset of the Corporation is the shares in Zor LLC which are beneficially owned by the Corporation and, to the knowledge of Lorus as of December 15, 2008, comprise not less than nineteen (19%) percent of all of the issued and outstanding shares of Zor LLC.
- (o) The Corporation has never had and does not currently have any employees, nor is the Corporation a party to or otherwise bound by any consulting agreements, service agreements, management agreements or employment contracts.
- (p) Neither the entering into nor the delivery of this Agreement nor the completion of the transactions contemplated hereby by the Vendor will result in the violation of:
  - (i) any of the provisions of the constating documents or by-laws of the Vendor  
or of the Corporation;
  - (ii) any agreement or other instrument to which the Vendor or the Corporation is a party or by which the Vendor or the Corporation is bound; or
  - (iii) any Applicable Law in respect of which the Vendor or the Corporation must comply.
- (q) The Vendor is not a non-resident person within the meaning of section 116 of the Tax Act.
- (r) No suit, action or other legal proceedings of any nature, kind or description whatsoever are pending or, to the knowledge of the Vendor are threatened which would restrain or otherwise prevent, in any manner, the Vendor from effectually and legally transferring good and marketable title to the Shares to the Purchaser hereunder.



- (s) No Person is indebted to the Corporation and the Corporation is not indebted to any Person with the exception of \$2,500.00 which it owes to the Vendor as repayment of the principal amount of a loan.

3.02 **Purchaser's Representations and Warranties**

The Purchaser hereby makes to the Vendor the following representations and warranties and acknowledges that the Vendor is relying upon such representations and warranties in connection with entering into this Agreement:

- (a) The Purchaser is a corporation duly incorporated, organized and subsisting under the laws of Canada with the corporate power to own its assets and to carry on its business.
- (b) The Purchaser has the power, authority and right to enter into and deliver this Agreement and to complete the transactions contemplated to be completed by the Purchaser hereunder.
- (c) This Agreement has been duly and validly executed and delivered by the Purchaser and constitutes, and the documents and instruments to be delivered by the Purchaser pursuant hereto at the Closing when executed and delivered will constitute valid and legally binding obligations of the Purchaser, enforceable against the Purchaser in accordance with their respective terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court.
- (d) Neither the entering into nor the delivery of this Agreement nor the completion of the transactions contemplated hereby by the Purchaser will result in the violation of:
  - (i) any of the provisions of the constating documents or by-laws of the Purchaser;
  - (ii) any agreement or other instrument to which the Purchaser is a party or by which the Purchaser is bound; or
  - (iii) any Applicable Law in respect of which the Purchaser must comply.
- (e) The Purchaser represents and warrants that it is an "accredited investor" within the meaning of National Instrument 45-106-Prospectus and Registration Exemptions.

3.03 **Survival of Representations and Warranties of the Vendor**

The representations and warranties set forth in subsections 3.01 (a), (b), (c), (d) and (e) shall survive Closing and shall continue in effect without limitation. The representations and warranties set forth in subsections 3.01(i), (j), and (k) shall survive Closing and shall continue in effect until the first date on which no assessment, reassessment or other document assessing liability for tax claimed or penalties may be issued to the Corporation in respect of any taxation year end or period ended prior to the date hereof pursuant to the US Tax Act or the Tax Act, as the case may be, or any other applicable tax legislation. All other representations and warranties made by the Vendor hereunder shall survive the closing of the purchase transaction hereunder and shall continue in effect for a period of twenty four (24) months from Closing; after which time, if no notice of claim shall, prior to the expiry of the aforesaid period, have been made hereunder against the Purchaser with respect to any incorrectness in or breach of any representation or warranty made by the Purchaser, the Purchaser shall have no further liability hereunder with respect to such representation or warranty.

3.04 **Survival of Representations and Warranties of the Purchaser**

The representations and warranties set forth in subsections 3.02 (a), (b), and (c) shall survive Closing and shall continue in effect without limitation. All other representations and warranties made by the Purchaser hereunder shall survive the closing of the purchase transaction hereunder and shall continue in effect for a period of twenty four (24) months from Closing; after which time, if no notice of claim shall, prior to the expiry of the aforesaid period, have been made hereunder against the Purchaser with respect to any incorrectness in or breach of any representation or warranty made by the Purchaser, the Purchaser shall have no further liability hereunder with respect to such representation or warranty.

**ARTICLE 4 - CONSENT**

4.01 **Consent of the Purchaser**

The Purchaser in its capacity as secured party pursuant to the Debentures consents to the transfer of Shares to itself in its capacity as Purchaser, pursuant to the terms of this Agreement, and in its capacity as secured party releases its security interest in such transferred Shares in order to permit such disposition of Shares to itself to be made free of any liens.

**ARTICLE 5 - INDEMNIFICATION**

5.01 **Definitions**

As used in this Article 5:

- (a) **"Claim"** means any demand, action, suit, proceeding, claim, assessment, judgement or settlement or compromise relating thereto which may give rise to a right to indemnification under Sections 5.02 or 5.04;
- (b) **"Indemnifier"** means any party obligated to provide indemnification under this Agreement;
- (c) **"Indemnified party"** means any Person entitled to indemnification under this Agreement; and
- (d) **"Loss"** means any and all loss, liability, damage, cost, expense, charge, fine, penalty or assessment, resulting from or arising out of any Claim, including the costs and expenses of any action, suit, proceeding, demand, assessment, judgement, settlement or compromise relating thereto and all interest, punitive damages, fines and penalties and reasonable legal fees and expenses incurred in connection therewith, including loss of profits and consequential damages.

5.02 **Indemnification by the Vendor**

The Vendor shall indemnify, defend and save harmless the Purchaser and the successors and assigns of the Purchaser from and against any and all Loss suffered or incurred by the Purchaser and/or its successors and assigns as a direct or indirect result of, or arising in connection with or related in any manner whatever to:

- (a) any misrepresentation or breach of warranty made or given by the Vendor in this Agreement or in any document delivered pursuant to this Agreement; or
- (b) any failure by the Vendor to observe or perform any obligation contained in this Agreement or in any document delivered pursuant to this Agreement to be observed or performed by the Vendor.

5.03 **Monetary Limit on Indemnity of Vendor**

Notwithstanding Section 5.02, and notwithstanding any statutory or regulatory provision, principle of law or rule of equity to the contrary, no Loss may be recovered from the Vendor pursuant to Section 5.02 in excess of the Purchase Price.

5.04 **Indemnification by the Purchaser**

The Purchaser shall indemnify, defend and save harmless the Vendor from and against any and all Loss suffered or incurred by the Vendor as a direct or indirect result of, or arising in connection with or related in any manner whatsoever to:

- (a) any misrepresentation or breach of any warranty made or given by the Purchaser in this Agreement or in any document delivered pursuant to this Agreement; or
- (b) any failure by the Purchaser to observe or perform any obligation contained in this Agreement, in any document delivered pursuant to this Agreement or in any document delivered pursuant to any of them to be observed or performed by it.

5.05 **Payments**

Subject to Section 5.03, each Indemnifier shall pay the amount of any Losses set forth in any Claim within 30 Business Days of receiving notice of a Claim.

5.06 **Rights in Addition**

The rights of indemnity set forth in this Article 5 are in addition and supplemental to any other rights, actions, claims or causes of action which may arise in respect of this Agreement, in any document delivered pursuant to this Agreement and the transactions contemplated hereby.

**ARTICLE 6 - GENERAL**

**6.01            Non-Reliance on Representations and Warranties**

No investigations made by or on behalf of a party at any time shall have the effect of waiving, diminishing the scope of or otherwise affecting any representation or warranty made by any other party hereunder, which representations and warranties shall be deemed to have been relied on by the party in whose favour they were made. No waiver by any party of any term or condition hereof, in whole or in part, shall operate as a waiver of any other term or condition for the benefit of that party.

**6.02            Further Assurances**

Each of the Vendor and the Purchaser shall from time to time execute and deliver all such further documents and instruments and do all acts and things as the other party may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

**6.03            Time of the Essence**

Time shall be of the essence of this Agreement.

**6.04            Benefit of the Agreement**

This Agreement shall enure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and permitted assigns of the parties hereto.

**6.05            Entire Agreement**

Except for the various collateral agreements entered into in connection with the Arrangement, this Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties hereto with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement.

**6.06            Amendments and Waiver**

No modification of or amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by both of the parties hereto and no waiver of any breach of any term or provision of this Agreement shall be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided, shall be limited to the specific breach waived.

**Notices**

Any demand, notice or other communication to be given in connection with this Agreement shall be given in writing and shall be given by personal delivery, by registered mail or by electronic means of communication addressed to the recipient as follows:

To the Vendor:

2 Meridian Road  
Toronto, Ontario M9W 4Z7

Fax No.: 416-798-2200  
Email: ewilliams@lorusthera.com

**Attention:** Director of Finance

To the Purchaser:

7501 Keele Street  
Suite 500  
Concord, Ontario L4K 1 Y2

Fax No.: (416) 736-8373  
Email: gcquinn@rogers.com

Attention: Gerry C. Quinn

or to such other address, individual or electronic communication number as may be designated by notice given by either party to the other. Any demand, notice or other communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the fourth Business Day following the deposit thereof in the mail and, if given by electronic communication, on the day of transmittal thereof if given during the normal business hours of the recipient and on the Business Day during which such normal business hours next occur if not given during such hours on any day. If the party giving any demand, notice or other communication knows or ought reasonably to know of any difficulties with the postal system which might affect the delivery of mail, any such demand, notice or other communication shall not be mailed but shall be given by personal delivery or by electronic communication.

**Governing Law**

This Agreement is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

**Counterparts**

This Agreement may be executed in any number of counterparts provided each party executes a counterpart and all of these counterparts taken together shall for all purposes constitute one agreement, binding on the parties notwithstanding that all parties are not signatory to the same counterpart. Counterparts may be executed either in original or faxed form and the parties adopt any signatures received by a receiving fax machine as original signatures of the parties; provided, however, that any party providing its signature in such manner shall promptly forward to the other party an original of the signed copy of this Agreement which was so faxed.

6.10 **Facsimiles**

Delivery of an executed signature page to this Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

6.11 **No Third Party Beneficiaries**

The terms and provisions of this Agreement are intended solely for the benefit respectively of the parties and the parties acknowledge and agree that this Agreement does not confer third party beneficiary rights upon any other Person(s).

*[Remainder of page left intentionally blank.]* **[Signature Page Has Been Redacted.]**



**SUPPLY AND SERVICES AGREEMENT**

THIS AGREEMENT made as of the 19th day of June, 2009. AMONG:

**ERIN MILLS BIOTECH INC.**, a corporation incorporated under the laws of the Province of Ontario (“**EMBI**”)

- and -

**LORUS THERAPEUTICS INC.**, a corporation incorporated under the laws of Canada (“**Lorus**”)

**WHEREAS** pursuant to the terms of an asset purchase agreement made as of the date hereof and certain related transactions, EMBI acquired sole and absolute ownership in certain intellectual property relating to the extraction of a product from bovine bile and known by the trade name “Virulizin”;

**AND WHEREAS** pursuant to the terms of a settlement agreement dated the date hereof, Lorus has agreed to supply certain business development and other services to EMBI in respect of the licensing of the IP;

**NOW THEREFORE** in consideration of the premises hereto, the mutual covenants and agreements herein set forth and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto), the parties hereby agree as follows:

**1. Definitions**

- (a) “**Agreement**” means this agreement, including the schedules hereto, as amended from time to time.
- (b) “**Calendar Quarter**” means each of the consecutive three month periods ending on March 31, June 30, September 30 and December 31 in each calendar year.
- (c) “**Canadian GAAP**” means generally accepted accounting principles in Canada from time to time, as set out in the Handbook of the Canadian Institute of Chartered Accountants.
- (d) “**Event of Default**” means Lorus shall have defaulted, for any reason other than Unavoidable Delay, in the observance or performance of any of its covenants and obligations under this Agreement, and
  - (i) if such default can with due diligence be cured within thirty (30) days, Lorus does not cure such default within thirty (30) days after receipt by Lorus of a notice from EMBI asking it to cure such default, or
  - (ii) if such default cannot with due diligence be cured within thirty (30) days, Lorus does not promptly commence and proceed expeditiously and with due diligence to cure such default after receipt by Lorus of a notice from EMBI asking it to cure such default, and, having promptly so commenced such rectification, does not cure such default within ninety (90) days after receipt of such notice.



- (e) **“Event of Insolvency”** means:
- (i) a resolution is passed by Lorus authorizing or providing or an order is made for the winding-up, liquidation, revocation or cancellation of incorporation of Lorus (other than in connection with a *bona fide* merger, amalgamation, reconstruction or reorganization which has been consented to in writing by EMBI) or a petition is filed for the winding-up, liquidation, revocation or cancellation of incorporation of Lorus (other than in connection with a *bona fide* merger, amalgamation, reconstruction or reorganization which has been consented to in writing by EMBI), unless such proceedings are being disputed in good faith by appropriate proceedings and such proceedings effectively postpone enforcement of the petition and, in any event, cause the petition to be dismissed within sixty (60) days;
  - (ii) Lorus makes an assignment for the benefit of its creditors generally;
  - (iii) Lorus becomes bankrupt or, as an insolvent debtor, takes the benefit of any Act now or hereafter in force for bankrupt or insolvent debtors; or
  - (iv) a receiver or other officer with like powers is appointed for Lorus, for a substantial part of the assets of Lorus unless the appointment of such receiver or other officer with like powers is being disputed in good faith and such proceedings effectively postpone enforcement of such appointment.
- (f) **“Financial Statement Period”** means the later of:
- (i) forty-five days after the end of each Fiscal Quarter, or, in the case of a Fiscal Quarter that is also a Fiscal Year End, ninety days after such Fiscal Year End; and
  - (ii) such other period as may be prescribed by Ontario Securities Law for the filing of financial statements by a reporting issuer (as such term is defined in Ontario Securities Law) with the securities commissions of the any of the Provinces of Canada.
- (g) **“Fiscal Quarter”** means each of the consecutive three month periods ending on August 31, November 30, February 28/29 and May 31 in each calendar year, or such other four consecutive three month periods as Lorus may choose as its quarter ends for financial reporting purposes pursuant to the requirements of Ontario Securities Law.

- (h) **“Fiscal Year End”** means May 31 in any calendar year or such other date Lorus may choose as its fiscal year end for financial reporting purposes pursuant to the requirements of Ontario Securities Law.
- (i) **“IP”** means all intellectual property rights, improvements and all tangible and intangible information relating to Virulizin existing as of June 19, 2009 and shall include without limitation know-how, trade secrets, inventions, discoveries, technology, processes relating to the chemistry, manufacture, use, and formulations, in vitro, preclinical or clinical designs, results, data (including regulatory data), analytical methodology used in the development, testing, analysis and manufacture of Virulizin and all medical, bio-equivalence and other similar scientific data and test results and all medical and biological samples heretofore prepared, generated, produced, received by, or obtained by Lorus or any of its affiliates pertaining to or relating to the product extracted from bovine bile and known by the trade name “Virulizin”.
- (j) **“IP Revenue”** means:
- (i) the royalty payments paid or payable to EMBI or its successors or assigns under the Zor Agreement (which for greater certainty excludes any milestone payments provided for in the Zor Agreement or otherwise paid or payable by Zor), and all other income derived by EMBI or its successors or assigns from the commercialization of the IP in any part of the world not licensed exclusively to Zor;
  - (ii) if the Zor Agreement is terminated, all other revenue or payments (whether in cash or in kind) paid or payable to EMBI or its successors or assigns from the commercialization of the IP in all or any part of the Territory (as that term is defined in the Zor Agreement (as defined below)), including, without limitation, equity payments, royalty payments, license fees, milestone payments and similar payments;
  - (iii) all other revenue or payments (whether in cash or in kind) paid or payable to EMBI or its successors or assigns from the commercialization of the IP in any part of the world other than the Territory (as that term is defined in the Zor Agreement), including, without limitation, equity payments, royalty payments, license fees, milestone payments and similar payments;
  - (iv) any proceeds (whether in cash or in kind) from the arm’s length sale, assignment, transfer or other disposition of the IP; and

- (v) for the purpose of this definition of IP Revenue, IP shall include (A) the license granted by Zor pursuant to Section 2.5 of the Zor Agreement; (B) any Improvements transferred by Lorus to EMBI or its successors or assigns pursuant to the Animal Rights License Agreement made between the parties dated as of June 19th, 2009 (the term "Improvements" is defined in the Animal Rights License Agreement); and (C) with respect to the patents and patent applications set out in Schedule A, any corresponding provisional or other applications for patent filed in any jurisdiction based upon or claiming priority from any such patents or patent applications, and all divisionals, continuations, continuations-in-part, reissues, extensions, substitutions, re-examinations, renewals, supplemental protection certificates, patents of importation or patents of addition to any of the foregoing.
- (k) "**Ontario Securities Law**" has the meaning ascribed to that term in the Securities Act (Ontario).
- (l) "**Person**" means a natural person, firm, trust, partnership, association, corporation, government or governmental board, agency or instrumentality.
- (m) "**Unavoidable Delay**" means a delay in the performance of an act or compliance with a covenant caused by:
  - (i) an act of God;
  - (ii) fire;
  - (iii) strike;
  - (iv) lockout;
  - (v) inability to obtain or delay (which is not reasonably within the control of the party obliged to perform or comply) in obtaining material, equipment or transport, inability to obtain or delay (which is not reasonably within the control of the party obliged to perform or comply) in obtaining governmental approvals, permits, licences or allocations;
  - (vi) restrictive laws or governmental regulations; or
  - (vii) any other cause, whether of the kind specifically enumerated above or not, which is not reasonably within the control of the party obliged to comply or perform,

but does not mean a delay caused by lack of funds or other financial reasons of a party.

- (n) “**Zor**” means Zor Pharmaceuticals, LLC.
- (o) “**Zor Agreement**” means the exclusive licence agreement originally made between GeneSense Technologies Inc. and Zor dated April 8, 2008, as the same has been amended and assigned from time to time.

2. **Engagement**

- (1) **Services.** Subject to the terms and conditions of this Agreement, EMBI hereby engages Lorus, which engagement Lorus hereby accepts, to supply the following services (the “**Services**”):
  - (a) To assist EMBI in fulfilling its duties and obligations under the Zor Agreement, so as to permit EMBI to be in good standing under the Zor Agreement, specifically:
    - (i) participate in meetings with Zor, on behalf of EMBI pursuant to Section 4.3 of the Zor Agreement;
    - (ii) participate in a Medical or Scientific Advisory Board, on behalf of EMBI as contemplated by Section 5.6 of the Zor Agreement;
    - (iii) determine a patent budget as contemplated by Section 9.2 of the Zor Agreement; and
    - (iv) consulting and advising EMBI with respect to its obligations and duties regarding the sharing of information, reporting obligations, co-operation regarding manufacturing, mutual disclosure, co-negotiation for commercial supply and confidentiality, all as set out in the Zor Agreement.
  - (b) To prosecute and maintain, at EMBI’s direction and cost, the patents and other registered intellectual property that forms part of the IP.
  - (c) To provide business development services including licensing opportunities in respect of the licensing of the IP in other territories not included in the Zor Agreement, as may be mutually agreed upon by the parties hereto;
  - (d) To maintain sufficiently detailed records to evidence the Services.
- (2) **Service Hours.** Lorus shall cause its personnel to expend up to eighty (80) hours per Calendar Quarter performing the Services.
- (3) **Personnel.** During the term of this Agreement, Lorus will have personnel available (whether employees or consultants) with expertise in the IP or expertise in an area related to the IP (including licensing) to perform the Services, provided that EMBI shall be advised within thirty (30) days after any change in such personnel.

- (4) **Books and Records.** Proper books of account shall be kept by Lorus, and entries shall be made therein of all such matters, terms, transactions and things as are usually written and entered in books of account kept by others engaged in an enterprise of a similar nature, and EMBI or its auditors or agents shall have free access at all times to inspect, examine and copy them, and shall at all times furnish to the other, correct information, accounts and statements of and concerning all such transactions without concealment or suppression.

3. **Term**

- (1) **Term.** This Agreement, unless terminated earlier in accordance with Section 3.02 or Section 3.04 below, shall terminate on:
- (a) the sale of all, but not less than all, of the IP; or
  - (b) the later of:
    - (i) the last to expire of the patents and patent applications set out in Schedule A hereto, including any corresponding provisional or other applications for patent filed in any jurisdiction based upon or claiming priority from any such patents or patent applications, and all divisionals, continuations, continuations-in-part, reissues, extensions, substitutions, re-examinations, renewals, supplemental protection certificates, patents of importation or patents of addition to any of the foregoing; or
    - (ii) the last to expire of any licence or sub-licence agreement whose subject matter is the IP or any part of it.
- (2) **Termination by EMBI.** EMBI shall have the uncontested right to terminate this Agreement upon the happening of any of the following events:
- (a) Lorus commits or suffers to exist an Event of Insolvency;
  - (b) Lorus commits or suffers to exist an Event of Default; or
  - (c) Lorus ceases to carry on business at “acceptable levels” (as defined below) for two consecutive Fiscal Quarters and Lorus shall, no later than the end of each Financial Statement Period, deliver a certificate executed by its president or chief financial officer or persons occupying substantially similar roles, in the form attached to this Agreement as Schedule “B”, evidencing that it is carrying on business at such acceptable levels.
- (3) **Definitions.** For the purposes of this Agreement, “**acceptable levels**” means the continuous and uninterrupted expenditures (as defined under Canadian GAAP) of:

- (a) at least [REDACTED] per Fiscal Quarter on research and development in general; and
- (b) at least [REDACTED] per Fiscal Quarter (inclusive of the amount referred to in Section 3.03(1) and including for greater certainty, in each case, expenditures in connection with the performance of its obligations under this Agreement) for general operations,

provided that, at the request of Lorus and in the sole and unfettered discretion of EMBI, EMBI may reduce such acceptable levels temporarily. **The monetary amounts that are classified as “acceptable levels” have been redacted.**

- (4) **Termination by Lorus.** Lorus may terminate this Agreement at any time on six (6) months written notice to EMBI.

#### 4. Fees

- (1) **Service Fees.** In consideration of the provision of the Services, EMBI shall pay to Lorus an amount equal to fifty per cent (50%) of the net IP Revenue actually received by EMBI (the “**Service Fee**”). The Service Fee shall be inclusive of all exigible taxes that may be levied from time to time (**Services Taxes**) such as Goods and Services Tax or harmonized tax payments.
- (2) **Services Taxes.** EMBI shall remit all Services Taxes, as applicable, on the required date of payment. Whenever EMBI makes a payment to Lorus under Section 4.01, it shall specify the amount paid as Services Taxes and the balance paid as consideration for the Services.
- (3) **Payment of Service Fees.** The Service Fee shall be paid to Lorus within twenty (20) days of receipt by EMBI of any IP Revenue.
- (4) **Disbursements.** EMBI shall pay for all disbursements incurred by Lorus, at the written request of EMBI, in the performance of the Services forthwith upon receipt of an invoice therefor together with specifics.
- (5) **Report.** EMBI shall provide quarterly reports (the “**Report**”) to Lorus of all IP Revenue earned for the immediately preceding Calendar Quarter within fifteen (15) days after the end of each Calendar Quarter commencing the first Calendar Quarter when any IP Revenue is first received by EMBI.
- (6) **Right of Audit.** EMBI shall keep accounts and other records in sufficient detail so that the information to be provided in the Report above can be properly ascertained. EMBI shall, at the request of Lorus, permit Lorus or an independent chartered accountant to have access during ordinary business hours, to such records as may be necessary to determine the correctness of any Report. Such examination shall be conducted (a) after at least ten (10) days prior written notice from Lorus, (b) at the facility(ies) where such books and records are maintained, and (c) no more frequently than once in any calendar year. Lorus shall be responsible for expenses for the independent certified public accountant. If any audit reveals an underpayment or overpayment of at least 5% or \$10,000 (whichever amount is smaller), the relevant party will refund such amount, as the case may be, within thirty (30) days after notice thereof.

5. **Consultation with Lorus**

- (1) **Consultation.** If, as and when EMBI may decide to do so, EMBI may consult with Lorus regarding the commercialization of the IP. Lorus shall have no right to be consulted and absolutely no right of approval or consent regarding any decision, contract, licence or other arrangement EMBI may make regarding the IP or its commercialization.

6. **Right of First Refusal**

- (1) **Definitions.** As used in this Section 7:
- (a) “**offer**” means a bona fide, arm’s length, unconditional and irrevocable offer (other than an **Excluded Offer**) to purchase all but not less than all of the IP owned by EMBI, including any subsequently acquired patents, know-how, trade marks or other intellectual property rights related to the IP and the Zor Agreement (the “**Bulk IP**”), from a Person (the “**Offeror**”) for cash (or for any readily ascertainable cash equivalent only and for no other consideration and not as part of or in connection with another transaction with the date for closing the sale and paying the purchase price being a date which is not earlier than ninety (90) days nor later than one hundred and forty (140) days after the date of the acceptance of the offer by EMBI; and
  - (b) “**Excluded Offer**” means an unconditional and irrevocable offer to purchase all but not less than all the Bulk IP of EMBI for an aggregate purchase price of at least fifty percent (50%) of Lorus’s “market capitalization” (as such term is defined in the Company Manual of the Toronto Stock Exchange), or more, determined as at the date of the offer. For greater certainty an Excluded Offer may be accepted by EMBI without compliance with this section by EMBI. For greater certainty, if at any time the shares of Lorus are no longer traded on any recognized stock exchange in Canada then, from and after that time, any offer received by EMBI shall be deemed to be an Excluded Offer.
- (2) **Option.** If, at any time or times, EMBI shall obtain an offer which EMBI wishes to accept, EMBI shall promptly give written notice thereof, together with a true copy of the offer, to Lorus. Upon receipt of such notice and offer, Lorus shall have the option (“**Option**”) of purchasing all, but not less than all, of the Bulk IP of EMBI upon the same terms and conditions as those set out in the offer, except that there shall be deducted from the purchase price the amount of any commission or other similar fee that would otherwise have been payable to any broker, agent or other intermediary in connection with the sale of the Bulk IP to the Offeror.

- (3) **Exercise of Option.** Lorus may exercise the Option at any time within thirty (30) days of receipt of the notice and offer by giving written notice to that effect to EMBI. The failure by Lorus to give such notice shall constitute an election by Lorus not to exercise the Option.
- (4) **Failure to Exercise Option.** If Lorus does not exercise the Option, EMBI may complete the sale of the Bulk IP to the Offeror in accordance with the terms of the offer, provided that notwithstanding the terms of the offer such transaction shall be completed within one hundred and eighty (180) days of receipt by Lorus of the said notice. Lorus shall be entitled to require evidence of the date upon which and the price at which EMBI has sold the Bulk IP, and evidence that such sale has been completed upon the terms and conditions contained in the offer.
- (5) **Failure to Complete Sale.** If the transaction of purchase and sale to such Offeror has not been completed within the said one hundred and eighty (180) day period, the foregoing provisions of this Section 7 shall again apply in respect of the proposed transfer of the Bulk IP and so on from time to time.
- (6) **Sale to EMBI.** If Lorus exercises the Option as aforesaid, EMBI shall sell to Lorus and Lorus shall purchase from EMBI the Bulk IP in accordance with the terms of the offer as modified by the provisions of Subsection 6.02.

7. **General**

- (1) **Independent Contractor Relationship.** Lorus' relationship with EMBI is that of an independent contractor, and nothing in this Agreement is intended to, or should be construed to, create a partnership, agency, joint venture or employment relationship. Lorus is not authorized to make any representation, contract or commitment on behalf of EMBI unless specifically requested or authorized in writing to do so by a designated executive. Lorus is solely responsible for filing all tax returns and payments required to be filed with, or made to, any federal, state, provincial or local tax authority with respect to the performance of services and receipt of fees under this Agreement. No part of Lorus' compensation will be subject to withholding or deduction by EMBI unless required by law.
- (2) **Intellectual Property Rights.** All tangible and intangible information, know-how, inventions, discoveries, trade secrets, data and materials, whether patentable or not, including but not limited to: formulations, in vitro, preclinical, or clinical design, information or results, other proprietary materials, processes, data, drawings, sketches, designs, testing and test results, and regulatory information, created by Lorus or its contractors in connection with the performance of its obligation herein (collectively, the "**Know-How**"), shall be owned by EMBI and shall constitute Know-How (as defined in the Zor Agreement) for all purposes of the Zor Agreement and Lorus hereby absolutely grants, assigns and transfers to EMBI all rights, title and interest in and to such Know-How.



(3) **Confidential Information**

- (a) **Definition of Confidential Information.** “Confidential Information” as used in this Agreement shall mean any and all technical and non-technical information (written or oral) owned by EMBI and disclosed by EMBI to Lorus including patent, copyright, trade secret, and proprietary information, technology, business and financial information, manufacturing methods, plans and procedures relating to its pharmaceuticals products, future and proposed products and services of EMBI, Lorus and customers, and includes, without limitation, information concerning research, experimental work, development, design details and specifications, engineering, financial information, procurement requirements, customer lists, business forecasts, sales, merchandising and marketing plans and information, and any other information identified by EMBI as confidential.
- (b) **Nondisclosure and Non-use Obligations.** Lorus will use and may disclose the Confidential Information to its employees and third parties to perform its services herein for the benefit of EMBI. Lorus agrees that it shall treat all Confidential Information of EMBI with the same degree of care as it accords to its own Confidential Information, and Lorus represents that it shall disclose Confidential Information only to those of its employees who need to know such information and certifies that such employees have previously agreed, either as a condition of employment or in order to obtain the Confidential Information, to be bound by an obligation of confidentiality. Notwithstanding the foregoing, Lorus may use Confidential Information for the purpose of exercising its rights under the animal rights license agreement entered into between EMBI and Lorus on June 19<sup>th</sup>, 2009.
- (c) **Exclusions from Nondisclosure and Non-use Obligations.** Lorus’ obligations under paragraph 7.03(ii) (“**Nondisclosure and Non-use Obligations**”) with respect to any portion of Confidential Information shall terminate when Lorus can document that such Confidential Information (a) was in the public domain at or subsequent to the time it was communicated to Lorus by the disclosing party through no fault of Lorus; and (b) was rightfully in Lorus’ possession free of any obligation of confidence at or subsequent to the time it was communicated to Lorus by the disclosing party.
- (d) **Disclosure of Third Party Information.** Neither party shall communicate any information to the other in violation of the proprietary rights of any third party.
- (e) **Return of EMBI’s Property.** All materials (including, without limitation, all documents, records, reports, notes, compilations, or all other recorded matter and copies of production thereof, containing Confidential Information, whether delivered to Lorus by EMBI or made by Lorus in the performance of services under this Agreement (“**EMBI Property**”)) are the sole and exclusive property of EMBI. Lorus agrees to promptly deliver the original and any copies of the EMBI Property to EMBI at any time upon EMBI’s request. Upon termination of this Agreement by either party for any reason, Lorus agrees to promptly deliver to EMBI or destroy, at EMBI’s option, the original and any copies, including data stored in electronic format, of the EMBI Property. Lorus agrees to certify in writing that Lorus has so returned or destroyed all such EMBI Property.

- (f) **No Conflict of Interest.** During the term of this Agreement, Lorus will not accept work, enter into a contract, or accept an obligation, inconsistent or incompatible with Lorus' obligations or the scope of services rendered by EMBI under this Agreement. Lorus warrants that, to the best of its knowledge, it is not a party to any other contract or subject to any duty on its part inconsistent with this Agreement. Lorus agrees to indemnify EMBI from any and all loss or liability incurred by EMBI by reason of the alleged breach by Lorus of any services agreement with any third party.
- (4) **Indemnity.** EMBI shall use commercially reasonable efforts to cause any licensee of the IP, or any part thereof, to indemnify Lorus from any and all losses or claims arising in relation to the performance of its obligations under this Agreement.
- (5) **Non-interference with Business.** During this Agreement, and for a period of two (2) years immediately following its termination or any renewal or extension thereof, Lorus agrees not to solicit or induce any employee or independent contractor to terminate or breach an employment, contractual or other relationship with EMBI; provided that responses of individual employees or independent contractors to general advertisements or solicitations will not be deemed to be a breach of this Section.
- (6) **Successors and Assigns.** Except for patent and trade mark agents and legal counsel who may be engaged by Lorus from time to time in order to enable it to provide the Services, Lorus may not subcontract or otherwise delegate its obligations under or assign this Agreement without EMBI's prior written consent which consent may not be unreasonably withheld; provided that Lorus may assign its rights and obligations under this Agreement with the prior written consent of EMBI, not to be unreasonably withheld, in connection with a change of control of Lorus, or a sale, amalgamation, merger or other corporate reorganization of Lorus. Subject to the foregoing, this Agreement will be for the benefit of EMBI's successors and assigns, and will be binding on Lorus' successors and assigns.
- (7) **Notices.** Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be given by prepaid mail, by facsimile or other means of electronic communication or by hand-delivery. Any such notice or other communication, if mailed by prepaid mail shall be deemed to have been received on the second day after the date that was post-marked upon it, or if sent by facsimile or other means of electronic communication or hand-delivered, shall be deemed to have been received on the day it is delivered. All notices and other communications given or made pursuant to this Agreement shall be addressed as follows:

(a) if to EMBI:

7501 Keele Street  
Suite 500  
Concord, Ontario L4K 1 Y2  
Attention: Gerry C. Quinn  
Telecopier number: (416) 736-8373

(b) if to Lorus:

2 Meridian Road  
Toronto, Ontario  
M9W 4Z7  
Attention: Aiping Young  
Telecopier number: (416) 798-2200

- (8) **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.
- (9) **Severability.** Should any provisions of this Agreement be held by a court of law to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby.
- (10) **Injunctive Relief for Breach.** Lorus' obligations under this Agreement are of a unique character that gives them particular value; breach of any of such obligations will result in irreparable and continuing damage to EMBI for which there will be no adequate remedy at law; and, in the event of such breach, EMBI will be entitled to injunctive relief and/or a decree for specific performance.
- (11) **Entire Agreement.** This Agreement constitutes the entire agreement between the parties relating to this subject matter and supersedes all prior or contemporaneous oral or written agreements concerning such subject matter. The terms of this Agreement will govern all services undertaken by Lorus for EMBI. This Agreement may only be changed by mutual agreement or authorized representatives of the parties in writing.
- (12) **Counterparts.** This Agreement may be executed in any number of counterparts provided each party executes a counterpart and all of these counterparts taken together shall for all purposes constitute one agreement, binding on the parties notwithstanding that all parties are not signatory to the same counterpart. Counterparts may be executed either in original or faxed form and the parties adopt any signatures received by a receiving fax machine as original signatures of the parties; provided, however, that any party providing its signature in such manner shall promptly forward to the other party an original of the signed copy of this Agreement which was so faxed.

**[Signature Page Has Been Redacted.]**

**SCHEDULE "A" - [REDACTED]**

**The Virulizin patent and trademark information has been redacted**

**SCHEDULE "B"**

**FORM OF OFFICER'S CERTIFICATE**

TO: Erin Mills Biotech Inc.

AND TO: The board of directors of Lorus Therapeutics Inc.

RE: Supply and Services Agreement between Lorus Therapeutics Inc. and Erin Mills Biotech Inc. dated June 19, 2009 (the **Supply and Services Agreement**)

I, • [name], [President and Chief Executive Officer/Chief Financial Officer] of Lorus Therapeutics Inc. (the "Corporation"), hereby certify for and on behalf of the Corporation, and not in my personal capacity and without personal liability, that for the Fiscal Quarter ending • [date], the Corporation had expenditures (as defined in Canadian GAAP) of:

- (a) at least **[REDACTED]** per Fiscal Quarter on research and development in general; and
- (b) at least **[REDACTED]** per Fiscal Quarter (inclusive of the amount referred to in (a) above) for general operations.

All terms not otherwise defined herein have the meanings attributed to them in the Supply and Services Agreement.

DATED as of \_\_\_\_\_, 200•.

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Name:

Title:

