

FORM 16

**ESCROW AGREEMENT FOR A
NATURAL RESOURCE ISSUER**

THIS AGREEMENT made in triplicate this day of 19 .

AMONG

_____ (herein called
"the Issuer")

and

_____ (herein called
"the Trustee")

and

_____ (herein called
"the Security
Holders")

WHEREAS the Security Holders (or predecessors in title to one or more of them) and the Issuer entered into an agreement dated the day of 19 whereby the Security Holders (or such predecessors) agreed to sell certain property to the Issuer, the consideration for such property being at least in part the allotment of securities in the Issuer to the Security Holders (or such predecessors), the property and the number of securities and the names of the Security Holders presently owning such securities being respectively and more particularly described in Schedule "A" attached to and forming part of this agreement.

AND WHEREAS in order to comply with the requirements of the Securities Act, the Security Holders are desirous of depositing in escrow certain securities in the Issuer owned by them and have for that purpose delivered to the Trustee the security certificates described in Schedule "A", the receipt of which certificates the Trustee hereby acknowledges;

AND WHEREAS the Trustee has agreed to undertake and perform its duties according to the terms and conditions hereof;

NOW THEREFORE this agreement witnesses that, in consideration of the sum of one dollar (\$1) paid by the parties to each other, receipt

FORMS

of this sum being acknowledged by each of the parties, the Security Holders jointly and severally covenant and agree with the Issuer and with the Trustee, and the Issuer and the Trustee covenant and agree each with the other and with the Security Holders jointly and severally, as follows:

1 Each of the Security Holders hereby places and deposits in escrow with the Trustee those of his securities in the Issuer which are represented by the certificates described in Schedule "A" and the Trustee hereby acknowledges receipt of those certificates. The Security Holders agree to deposit in escrow any further certificates representing securities in the Issuer which he may receive as a stock dividend on securities hereby escrowed, and to deliver to the Trustee immediately on receipt thereof the certificates for any such further securities and any replacement certificates which may at any time be issued for any escrowed securities.

2 Each of the Security Holders shall be entitled to a letter or receipt from the Trustee stating the number of securities represented by certificates held for him by the Trustee subject to the terms of this agreement. It is expressly understood and agreed by the parties hereto that such letter or receipt shall not be assignable.

3 The securities deposited in escrow as aforesaid shall remain in escrow and shall be released only on the written consent of the Executive Director of The Alberta Securities Commission (referred to as "Executive Director") to the Trustee. Any such release may be either total or partial; a partial release shall release from escrow only the securities specified in it, and this agreement shall continue in force as respects those securities as may from time to time remain in escrow until all the escrowed securities have been either released on the written consent of the Executive Director or cancelled pursuant to paragraph 11 hereof.

4 Except with the written consent of the Executive Director, the securities held in escrow under this agreement and the beneficial ownership of or interest in them and the certificates representing them (including any replacement certificates) shall not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner and the Trustee shall not acknowledge or implement any of the foregoing. In the event of bankruptcy or death of a Security Holder, the Trustee, on written notification to the Executive Director, may transmit the Security Holder's securities by operation of law to the trustee in bankruptcy, personal representative, or surviving joint tenant as the case may be but, notwithstanding such transmission, the securities shall remain in escrow subject to this agreement.

5 The Executive Director may consent in writing to the transfer within escrow or hypothecation within escrow of any of the escrowed securities, subject to the transferee or mortgagee agreeing in writing under seal to be bound by this agreement and subject also to such other terms and conditions as the Executive Director may impose, and the Trustee, on receipt of the written consent of the Executive Director and of the agreement of the transferee or

FORMS

mortgagee as aforesaid, may permit such transfer within escrow or hypothecation within escrow.

6 Any Security Holder applying to the Executive Director for a consent for a release from escrow or to a transfer or hypothecation within escrow shall, before applying, give reasonable notice in writing of his intention to the Issuer and the Trustee.

7 All voting rights attached to the escrowed securities shall at all times be exercised by the respective registered owners thereof.

8 The Security Holders hereby renounce and release any right to receive payment of any dividend (other than a stock dividend) which may be payable on any securities held in escrow pursuant to this agreement with the intent that the dividend shall not be paid on securities which are in escrow on the record date set for the dividend.

9 The Security Holders agree that, while any of their securities are held in escrow under this agreement, they will not, without the prior written consent of the Executive Director, vote any of their securities (whether escrowed or not) in support of any arrangement that would result in a repayment of capital being made on escrowed securities prior to the commencement of the winding up of the Issuer.

10 If the Issuer is wound up and any securities remain in escrow under this agreement at the time when a distribution of assets to holders of securities is made by the liquidator, the Security Holders do hereby assign their right to receive that part of the distribution which is attributable to the escrowed securities to the Trustee, for the benefit of, and in trust for the persons and companies who are then holders of securities in the Issuer which securities are not subject to this escrow agreement, rateably in proportion to their holdings.

11(1) In the event that the Issuer has lost, alienated or has not obtained a good or marketable title to, or has abandoned or discontinued development of any or all of the aforesaid property, which was or formed part of the consideration for which the aforesaid securities were issued, or that any or all of the said property has become of little or no value, the Issuer and each Security Holder have the express obligation and hereby agree to declare in writing any such event or circumstance and the particulars thereof to the Executive Director.

(2) If the Issuer has at any time hereafter lost, alienated or has not obtained a good or marketable title to, or has abandoned or discontinued development of, any or all of the aforesaid property which was or formed part of the consideration for which the aforesaid securities were issued, or if any or all of the said property has become of little or no value, the Issuer, any director of the Issuer, any of the Security Holders or any security holder or group of security holders of the Issuer holding in the aggregate not less than 5% of the voting securities of the Issuer may, by notice in writing to the Executive Director, request that the Executive Director order that the securities remaining in escrow hereunder be cancelled.

FORMS

(3) Upon the Executive Director being advised of the loss, alienation, failure to acquire title to, abandonment, discontinuance of development or diminution of value of any or all of the property pursuant to paragraph 11(1) or upon receiving a notice in writing pursuant to paragraph 11(2) and upon the granting of an opportunity for a hearing, the Executive Director may, in his discretion, make an order for the cancellation of that number of securities as he deems advisable, and the Issuer and the Security Holders hereby agree, subject to paragraph 11(7) to be bound by such order and to take all actions as may be necessary to expeditiously carry out the order.

(4) Upon the Trustee being advised of an order under paragraph 11(3), the Trustee shall, subject to paragraphs 11(6) and (7), cancel that number of securities as the Executive Director has ordered.

(5) For the purpose of effecting cancellation of securities pursuant to an order of the Executive Director under paragraph 11(3) and subject to paragraph 11(7) the Security Holders hereby irrevocably appoint the Trustee their attorney for the purpose of cancelling any portion of the securities with authority to substitute one or more persons with like full power.

(6) Upon receipt by the Trustee of any order for the cancellation of any of the securities, the Trustee shall promptly advise the Security Holders and shall not take any steps to cancel the securities for 90 days from receipt of the order.

(7) The Issuer or any Security Holder shall have the right to appeal the order of the Executive Director under paragraph 11(3) to the Alberta Securities Commission in accordance with section 24 of the Securities Act.

(8) Notice of any order of the Executive Director shall be given by the Trustee to all persons or parties affected thereby at their last known address.

12(1) Any securities not released from the escrow hereby created before the expiration of ten years from the date of this agreement shall be cancelled forthwith and the Issuer and the Trustee hereby agree to take all actions as may be necessary to expeditiously effect cancellation.

(2) For the purposes of effecting cancellation of securities pursuant to paragraph 12(1), the Security Holders hereby irrevocably appoint the Trustee their attorney for the purpose of cancelling the securities, with authority to substitute one or more persons with like full power.

13 The Trustee accepts the responsibilities placed on it by this agreement and agrees to perform them in accordance with the terms hereof and with the applicable consents, orders or directions of the Executive Director.

14 The Issuer hereby acknowledges the terms and conditions of this agreement and agrees to take all reasonable steps to facilitate its

FORMS

performance and to pay the Trustee's proper charges for its services as trustee of this escrow.

15 This agreement may be executed in several parts in the same form and the parts as so executed shall together constitute one original agreement, and the parts, if more than one, shall be read together and construed as if all the signing parties hereto had executed one copy of this agreement.

16 The Security Holders hereby jointly and severally agree to and do hereby release and indemnify and save harmless the Trustee from and against all claims, suits, demands, costs, damages and expenses which may be occasioned by reason of the Trustee's compliance in good faith with the terms hereof.

17 If the Trustee should wish to resign, it shall give at least 3 months notice to the Issuer which may, with the written consent of the Executive Director, by writing appoint another Trustee in its place and such appointment shall be binding on the Security Holders, and the new Trustee shall assume and be bound by the obligations of the Trustee hereunder.

18 The covenants of the Security Holders with the Issuer in this agreement are made with the Issuer both in its own right and as trustee for the holders from time to time of free securities in the Issuer, and may be enforced not only by the Issuer but also by any holder of free securities.

19 In this agreement, the expression "the Security Holders" shall include their respective permitted transferees within escrow and any person to whom the interest of a Security Holder may be transmitted by operation of law as provided in paragraph 4, and the expression "the Trustee" shall include a new trustee appointed under paragraph 17, and wherever the singular or masculine is used, the same shall be construed to include the plural or feminine or neuter where the context so requires.

20 This agreement may be amended upon agreement of the Issuer, the Trustee and the Security Holders and upon the written consent having been obtained from the Executive Director.

21 This agreement shall enure to the benefit of and be binding on the parties to this agreement and each of their heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF the Issuer and the Trustee have caused their respective corporate seals to be hereto affixed and the Security Holders have hereto set their respective hands and seals.

(Name, corporate seal and _____
authorized signatures of Issuer) _____

FORMS

(Name, corporate seal and _____
authorized signatures of Trustee) _____

SIGNED, SEALED AND DELIVERED by the respective security holders whose names are subscribed in the right-hand column below in the presence of the respective persons whose names are subscribed in the left-hand column.

Witnesses Security Holders

SCHEDULE A

to Agreement dated the _____ day of _____ 19 ___, and made between _____, therein called "the Issuer", _____, therein called "the Trustee", and some security holders of the Issuer, therein called "the Security Holders".

Names of Security Holders	Number of Securities Allotted	Number of Securities Escrowed	Certificate Numbers of Securities Escrowed	Signatures of Security Holders
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DESCRIPTION OF PROPERTY

INSTRUCTIONS TO ESCROW AGREEMENT FOR A NATURAL RESOURCE ISSUER

1 If "cheap" securities have been issued for cash, for cash and other valuable consideration, or a combination of cash, other valuable consideration and properties, the wording in the opening paragraph of the sample escrow agreement is required to be changed as applicable to state the number and type of security and the price for each security should be specifically described in a schedule attached to the escrow agreement.

2 In order to afford the promoters of the Issuer more flexibility in developing the Issuer and its natural resource properties for the benefit of all purchasers, the Executive Director is prepared to

FORMS

allow, if the escrow Security Holders so wish, for the inclusion of an additional paragraph under paragraph 11 of the escrow agreement as follows:

Paragraph 11(9)

The escrow Security Holders may, for the benefit of the Issuer, acquire other natural resource properties or enter into other forms of natural resource exploration and development of properties, the net values of which, as determined by an independent consultant, may be considered instead of, or in addition to the net values of the natural resource properties set forth in Schedule "A" of this escrow agreement for purposes of the assessments to be made under paragraph 11(1) and (2) of the escrow agreement.

3 In Schedule A, under "Names of Security Holders" if the name of the beneficial owner is different than the name of the Security Holder, please also state name of beneficial owner.

4 In Schedule A, under "Description of Property" include the exact nature of the interest held by the issuer in the property.