

MANITOBA SECURITIES COMMISSION
Rule 44-501
(Section 149.1, *The Securities Act*)

Keystone Companies

PART 1 - INTERPRETATION

Interpretation

1.1 In this Rule,

"Completion of the Major Transaction" means the date on which all of the following have occurred:

- (a) an information circular prepared in compliance with 8.1 of this Rule was provided to all security holders,
- (b) the security holders' meeting at which the proposed Major Transaction is approved has been held,
- (c) all post-meeting documentation has been filed with the Exchange,
- (d) a notice has been issued by the Exchange confirming that the Major Transaction has been completed and that the company is no longer considered a Keystone;

"Control Person" means a person or company that holds or is one of a combination of persons or companies that holds

- (a) a sufficient number of any securities of a Keystone so as to affect materially the control of the Keystone, or
- (b) more than 20% of the outstanding voting securities of a Keystone except where there is evidence showing that the holding of those securities does not affect materially the control of the Keystone;

"Exchange" means The Winnipeg Stock Exchange;

"Exchange Requirements" means the by-laws, circulars, operating policies, rules, regulations and rulings of the Exchange and the instructions, decisions and directions of the Exchange (including those of any committee of the Exchange so authorized), as amended or supplemented and in effect from time to time;

"Keystone" means a company that

(a) files and receives a receipt for a Keystone Prospectus under this Rule, and

(b) has no Significant Assets or business and

(i) has no predetermined plans for, or agreements in principle relating to, the acquisition of a specific asset or business, or

(ii) has a specific plan or plans for the acquisition of an asset or business, but no written or oral agreement for the acquisition of any asset or business;

"Keystone Prospectus" means a preliminary prospectus or a final prospectus filed with the Exchange and the Commission by a Keystone under this rule;

"Majority of the Minority Approval" means a resolution approving the Major Transaction at a properly constituted meeting of the security holders of the Keystone which must be passed by at least 50% plus one vote of the votes cast by security holders other than Parties Related to the Major Transaction, and Parties Related to the Keystone, who vote at the security holders' meeting;

"Major Transaction" means a transaction in relation to which a Keystone

(a) issues or agrees to issue securities representing more than 25% of its securities issued and outstanding prior to the issuance, in consideration for the acquisition of Significant Assets,

(b) enters into an arrangement, amalgamation, merger or reorganization with another issuer with Significant Assets, by virtue of which the ratio of securities that are distributed to the security holders of the Keystone and of the other issuer results in the security holders of the other issuer acquiring control of the resulting entity, or

(c) otherwise acquires Significant Assets,

but does not include a private placement for cash as set out in section 3.3 of this rule;

"Party Related to the Keystone" means

(a) a promoter, officer, director or other insider of the Keystone,

(b) an issuer of which 10% or more of the voting securities are beneficially owned, directly or indirectly, by one or more of the persons referred to in clause (a),

(c) an issuer over which one or more of the persons referred to in clause (a) exercises control or direction (or a combination of beneficial ownership and control or direction), and

(d) an associate, immediate family member, as defined in Exchange Policy 1.4, or an affiliate of a person referred to in clause (a);

"Party Related to the Major Transaction means

(a) the vendor of the significant asset and a promoter, officer, director or other insider of the vendor,

(b) an issuer of which 10% or more of the voting securities are beneficially owned, directly or indirectly, by one or more of the persons referred to in clause (a),

(c) an issuer over which one or more of the persons referred to in clause (a) has control or direction (or a combination of beneficial ownership and control or direction), and

(d) an associate, an immediate family member, as defined in Exchange Policy 1.4, or affiliate of a person referred to in clause (a);

"Significant Assets" means assets or securities of another issuer, the acquisition of which by the Keystone results in the Keystone meeting Exchange Requirements for listing an issuer other than a Keystone, but does not include cash.

PART 2 - APPLICATION

Application

2.1 This Rule applies to all Keystones in respect of which a final receipt for a Keystone Prospectus has been issued by the Director on or after the effective date of this Rule.

Rule ceases to apply

2.2 Once the Exchange has confirmed that the Major Transaction has been completed and that the company is no longer considered to be a Keystone, the requirements of this Rule, other than Parts 7 and 9, cease to apply to the Keystone.

PART 3 - CERTAIN REQUIREMENTS OF A KEYSTONE

Business of a Keystone

3.1(1) The business objective of a Keystone shall be to identify and evaluate assets or businesses with a view to completing a Major Transaction approved by the Exchange and by majority of the minority approval in accordance with this Rule.

3.1(2) Until the completion of the Major Transaction, the Keystone shall not carry on any business other than the identification and evaluation of assets or businesses in connection with the potential Major Transaction.

Restrictions on foreign transactions

3.2(1) The majority of the directors of a Keystone shall be residents of Canada.

3.2(2) The majority of the officers of a Keystone shall be residents of Canada.

3.2(3) Not more than 20% of the securities of a Keystone that are issued and outstanding at any time prior to the public offering under a Keystone Prospectus shall be beneficially owned by individuals who, or entities that, reside outside of Canada.

3.2(4) Trusts, corporations or other entities shall not hold securities of a Keystone prior to the public offering under a Keystone Prospectus unless the name of the individual or individuals who beneficially own such securities is disclosed to the Commission. If the beneficial owner of these securities is not an individual, the name of the individual or individuals who beneficially own the intermediary entity or entities that hold the securities shall be disclosed to the Commission.

3.2(5) A Keystone shall not have as its objective the acquisition of properties or businesses located outside of Canada.

3.2(6) A Keystone shall not acquire rights or assets unless the rights or assets will be used, operated or located within Canada or the United States of America.

3.2(7) A Keystone shall not acquire securities of a company if

(a) the company is incorporated in a jurisdiction outside of Canada; or

(b) the company carries on a substantial portion of its business outside of Canada or the United States of America; or

(c) the majority of directors of the company are not residents of Canada.

Private placements for cash

3.3 Until the completion of the Major Transaction, a Keystone shall not issue for cash securities representing more than 25% of its securities issued and outstanding unless

(a) all applicable requirements of the Act are met;

(b) the consent of the Exchange is obtained prior to the issuance of the securities; and

(c) the requirements of Parts 6, 7 and 8 are met in connection with the proposed issuance of securities.

Requirement to maintain listing

3.4(1) A Keystone shall maintain a listing on the Exchange while it is subject to this Rule.

3.4(2) If a Keystone becomes delisted from the Exchange, the Director will issue an interim cease trade order against the Keystone.

3.4(3) If the securities of a Keystone are suspended from trading on the Exchange, the Director may issue an interim cease trade order against the Keystone.

PART 4 - CERTAIN REQUIREMENTS OF THE OFFERING

Underwriters and agents

4.1 A Keystone Prospectus offering shall have an underwriter or agent that

(a) is registered in Manitoba as an investment dealer; and

(b) is a member of the Exchange.

Conditional listing approval

4.2(1) Securities shall not be offered under a Keystone Prospectus unless the securities have been conditionally approved for listing by the Exchange.

4.2(2) Written confirmation from the Exchange to the Commission is required stating that application for listing has been approved subject to the issuer meeting the conditions imposed by the Exchange.

Restrictions on trading

4.3 Other than the initial distribution of securities under a Keystone Prospectus and the grant of options by the Keystone to an officer or director of the Keystone, securities of the Keystone shall not be traded during the period between the date of the receipt for the preliminary Keystone Prospectus and the time the securities commence trading on the Exchange.

Securities

4.4(1) Only voting common shares and options granted in accordance with Part 5 shall be offered or qualified under a Keystone Prospectus.

4.4(2) A Keystone shall not issue warrants or undertake a rights offering prior to Completion of the Major Transaction.

Dilution

4.5(1) Dilution in a Keystone Prospectus shall be calculated on the basis of total gross proceeds to the Keystone of securities and reported on a per security basis

(a) to be sold under the Keystone Prospectus; and

(b) sold prior to the filing of the preliminary Keystone Prospectus;

without deduction of expenses incurred by the Keystone in connection with the offering.

4.5(2) If an offering has a minimum and maximum subscription, dilution based on the minimum subscription and the maximum subscription shall be disclosed in the Keystone Prospectus.

Disclosure required in a Keystone Prospectus

4.6(1) In addition to complying with all applicable requirements of the Act and regulations and rules under the Act relating to form and content of a prospectus, a Keystone Prospectus shall

(a) be prepared in accordance with either Form 9, 10 or 11 of the *Securities Regulation*, except as otherwise provided in this Rule;

(b) disclose the business objective of the Keystone, which shall comply with the requirements of subsection 3.1(1);

(c) include a description of the speculative nature of the company and the securities being offered by way of an introductory statement to be made on the outside front cover page of the prospectus, summarizing the factors which make the offering a speculation;

(d) disclose, both on the cover page and in the body of the Keystone Prospectus under the "heading Risk Factors", in bolded, roman type at least as large as 10 point modern type, that

(i) the Keystone

(A) does not have business operations or assets other than seed capital, and

(B) has no written or oral agreements for the acquisition of a business or assets at the time of the offering, and

(ii) the offering is suitable only to those investors who are willing to rely solely on the management of the Keystone and who can afford to lose all of their investment;

(e) describe the security holder approval process for the Major Transaction, including that the security holders will receive an information circular for the security holder meeting that will include full, true and plain disclosure of all material facts relating to the securities of the issuer (assuming Completion of the Major Transaction);

(f) disclose that the security holders will be entitled to attend and vote at the meeting called to seek Majority of the Minority Approval from security holders for the Major Transaction;

(g) disclose the type of business opportunities that the Keystone is likely to pursue;

(h) disclose the dilution that investors can expect, calculated as outlined in Exchange Policy section 1.4.5.5;

(i) if an offering has a minimum and maximum subscription, disclose the dilution that investors can expect based on the minimum subscription and the maximum subscription;

(j) disclose the restrictions on payments to parties related to the Keystone as set out in section 6.1.

4.6(2) If a Keystone is developing a specific proposed Major Transaction that is not yet at the stage of an enforceable agreement, that transaction shall be identified in the Keystone Prospectus and the Keystone Prospectus shall, in addition to meeting the requirements of subsection (1),

(a) identify the specific proposed Major Transaction;

(b) disclose any non-arm's length relationship between

(i) the Keystone or any Party Related to the Keystone, and

(ii) any Party Related to the Major Transaction;

(c) disclose any conflict of interest arising out of the transaction among the Keystone, any Party Related to the Keystone and any Parties Related to the Major Transaction; and

(d) contain sufficient disclosure of material facts relating to the proposed Major Transaction to enable a potential investor to make a reasoned assessment of

(i) the nature of the proposed Major Transaction,

(ii) the nature and value of the consideration to be given by the Keystone in the proposed Major Transaction, and

(iii) the likelihood of completion of the proposed Major Transaction.

PART 5 - OPTIONS

Options to underwriter or agent

5.1(1) No option to acquire securities of a Keystone shall be granted to the underwriter in an underwritten offering or to an agent in a best efforts offering unless

(a) the option is a single non-transferable option;

(b) the number of securities subject to the option does not exceed 10% of the total number of securities offered under the Keystone Prospectus;

(c) the exercise price per security under the option is not less than the offering price per security to the public; and

(d) the exercise period does not exceed 18 months from the date of listing of the Keystone on the Exchange.

5.1(2) If an option to acquire securities of a Keystone is granted to the underwriter or agent as consideration for acting as underwriter or agent, the option may be exercised in whole or in part prior to the Completion of the Major Transaction by the Keystone, provided that no more than 50% of the aggregate number of securities which can be acquired by the underwriter or agent on exercise of the option may be sold by the underwriter or agent prior to Completion of the Major Transaction.

Options to Parties Related to the Keystone

5.2 No option to acquire securities of a Keystone shall be granted to a Party Related to the Keystone or an employee of a Party Related to the Keystone unless

(a) the number of securities reserved under option for issuance to Parties Related to the Keystone and their employees does not exceed 10% of the securities to be outstanding after the offering under the Keystone Prospectus; and

(b) the exercise price per security under the option is not less than the offering price per security to the public.

PART 6 - USE OF PROCEEDS

Prohibited payments to Parties Related to the Keystone

6.1(1) Except as provided in sections 5.2 and 6.2, until the Completion of the Major Transaction, no payment shall be made, directly or indirectly, by a Keystone to a Party Related to the Keystone by any means including

(a) remuneration, which, without limitation, includes

(i) salaries,

(ii) consulting fees,

(iii) management fees,

(iv) director fees;

- (v) finders' fees,
- (vi) loans,
- (vii) advances, and
- (viii) bonuses, including bonuses relating to the major transaction; and

(b) deposits and similar payments described in clause 6.3(b).

6.1(2) No payment referred to in subsection (1) shall be made by a Keystone on or after the Completion of the Major Transaction if the payment relates to services rendered or obligations incurred prior to or in connection with the Major Transaction.

Exceptions to the prohibitions on payments to Parties Related to the Keystone

6.2 Subject to sections 3.1, 3.2, 6.3 and 6.4, a Keystone may

(a) compensate a Party Related to the Keystone for

- (i) reasonable expenses for office supplies and office rent and related utilities,
- (ii) reasonable expenses for equipment leases, and
- (iii) legal services; provided that,

(A) if the lawyer receiving the remuneration is a sole practitioner, or a member of an association of sole practitioners, the lawyer is not a Promoter of the Keystone, and

(B) if the legal services are provided by a firm of lawyers, no member of the law firm is a Promoter of the Keystone; and

(b) reimburse a Party Related to the Keystone for reasonable out-of-pocket expenses incurred in pursuing the business of the Keystone.

Permitted uses of proceeds

6.3(1) Subject to sections 3.1, 3.2 and 6.1 and except as otherwise provided in section 6.4, until the Completion of the Major Transaction, the gross proceeds of all securities issued by the Keystone shall only be used

(a) for expenses in relation to the identification and evaluation of assets or businesses in pursuance of the Major Transaction, such as

- (i) business valuations,
- (ii) engineering reports, and

(iii) fees for legal advice relating to the identification and evaluation of assets or businesses and the obtaining of security holder approval for the proposed Major Transaction; and

(b) for the purpose of acquiring assets or businesses,

(i) on any form of non-refundable deposits up to an aggregate of \$25,000, and

(ii) on any form of refundable deposits up to an aggregate of \$100,000,

including, without limitation, secured deposits, unsecured deposits, trust deposits, lock-up fees and advances to preserve assets.

Restrictions on use of proceeds

6.4(1) Until the Completion of the Major Transaction, no more than 30% of the gross proceeds of all securities issued by a Keystone shall be used for purposes other than those permitted under section 6.3.

6.4(2) Expenditures that are not permitted under section 6.3 include, without limitation,

(a) listing and filing fees;

(b) underwriters' or agents' fees or commissions;

(c) other costs of the issue of securities, including legal and audit expenses relating to the preparation and filing of the Keystone Prospectus; and

(d) administrative and general expenses of the Keystone, including

(i) office supplies and office rent and related utilities,

(ii) printing costs, including printing of the Keystone Prospectus,

(iii) equipment leases, and

(iv) fees for legal advice relating to matters other than those described in paragraph 6.3(a)(iii).

6.4(3) Until the Completion of the Major Transaction, no proceeds of the issue of securities of a Keystone shall be used to acquire or lease a vehicle.

PART 7 - ESCROW

Escrow of securities issued at a discount

7.1 All securities of a Keystone of the class offered under the Keystone Prospectus and issued prior to the offering under the Keystone Prospectus at an issuance price per security that is less than the issuance price under the Keystone Prospectus shall be held in escrow under a Keystone escrow agreement.

Escrow of securities held by Parties Related to the Keystone

7.2 All securities of a Keystone

(a) beneficially owned, directly or indirectly, at the time of the offering under the Keystone Prospectus;

(b) acquired pursuant to the offering under the Keystone Prospectus; and

(c) acquired from treasury after the offering under the Keystone Prospectus but prior to Completion of the Major Transaction;

by Parties Related to the Keystone shall be held in escrow under a Keystone escrow agreement.

Further escrow of securities held by Control Persons

7.3 In addition to any securities required to be held in escrow under section 7.1 or 7.2, all securities of the Keystone acquired by a Control Person in the secondary market prior to Completion of the Major Transaction shall be held in escrow under a Keystone escrow agreement.

Holding companies

7.4(1) Where securities of a Keystone required to be held in escrow are held by a company, during the currency of the escrow agreement that company shall not carry out any transactions which would result in a change of control of that company.

7.4(2) Where securities of a Keystone required to be held in escrow are held by a company, the major asset of which consists of those escrowed securities or escrowed securities of any other Keystone, the securities of that company shall be held in escrow under a Keystone escrow agreement.

Release from escrow

7.5 Securities escrowed under a Keystone escrow agreement shall be released as to $\frac{1}{3}$ of the securities then subject to escrow requirements on each of the first, second and third anniversaries of the Completion of the Major Transaction.

Form of Keystone escrow agreement

7.6 Every Keystone escrow agreement referred to in Part 7 shall be in the form set out in the Schedule to this Rule.

PART 8 - CERTAIN REQUIREMENTS RELATING TO THE MAJOR TRANSACTION

Requirements relating to the Major Transaction

8.1 Prior to the completion of the Major Transaction or the issuance of any securities of the Keystone in connection with the Major Transaction, the Keystone shall

(a) comply with all applicable

(i) requirements of the Act and regulations under the Act,

(ii) rules under section 149.1 of the Act, and

(iii) Exchange requirements;

(b) prepare and submit to the Exchange for review by the Exchange an information circular for the security holders' meeting described in clause (c), which information circular shall be in Form 13 set out in Schedule B to the *Securities Regulation* and shall be prepared in accordance with the Act and regulations and rules under the Act and all applicable Exchange requirements; and

(c) provide to security holders the right to approve the Major Transaction by means of Majority of the Minority Approval.

PART 9 - EXEMPTION

Exemption

9.1 The Director or the Commission may grant an exemption to this Rule, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

PART 10 - EFFECTIVE DATE

Effective Date

10.1 This Rule comes into force effective August 28, 1999.

SCHEDULE
(Section 7.6, Rule 44-501)

Escrow Agreement for a Keystone Issuer

THIS AGREEMENT made as of the day of,
AMONG:

..... ("the Issuer")
-and -
..... ("the Trustee")
-and -
..... ("the Security Holders")

WHEREAS in order to comply with the requirements of Manitoba Securities Commission Rule 44-501, the Security Holders wish to deposit in escrow certain securities in the Issuer owned by them and have for that purpose delivered to the Trustee the securities described in Schedule "A", the receipt of which securities the Trustee hereby acknowledges;

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

NOW THEREFORE this agreement witnesses that, in consideration of the sum of one dollar (\$1.00) paid by the parties to each other, receipt 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. In this Escrow Agreement, or in any amendment or supplement hereto, unless the context otherwise requires, the words Control Person, Completion of the Major Transaction, Major Transaction, Keystone Prospectus, Parties Related to the Keystone and Significant Assets shall have the meaning ascribed to them in Rule 44-501 and the words Commission and Director shall have the meaning ascribed to them in *The Securities Act* (Manitoba), as amended from time to time.
2. Each of the Security Holders hereby places and deposits in escrow with the Trustee those of the Security Holder's securities in the Issuer described in Schedule "A". Each of the Security Holders agrees to deposit in escrow any further securities in the Issuer which the Security Holder may receive as a stock dividend on securities hereby escrowed, and to deliver to the Trustee immediately on receipt thereof the certificates (if any) for any such further securities and any replacement certificates which may at any time be issued for any escrowed securities.
3. Each of the Security Holders shall be entitled to a letter or receipt from the Trustee stating the number of securities held for the Security Holder by the Trustee subject to the terms of this agreement. It is expressly understood and agreed by the parties to this Escrow Agreement that such letter or receipt shall not be assignable.

4. Each of the Security Holders hereby undertakes and agrees to deposit in escrow any securities of the Issuer which the Security Holder may acquire in any of the following ways:

(a) pursuant to the distribution under the Keystone Prospectus, if the Security Holder is one of the Parties Related to the Keystone;

(b) from treasury, whether pursuant to the exercise of options or otherwise, prior to the Completion of the Major Transaction, if the Security Holder is one of the Parties Related to the Keystone;

(c) in the secondary market, prior to the Completion of the Major Transaction, if the Security Holder is a control person.

5. Except as provided in paragraph 6, the securities deposited in escrow as described shall remain in escrow and shall be released only on the written consent of the 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 pursuant to paragraph 6, or on the written consent of the Director, or cancelled pursuant to paragraph 14 hereof. For greater certainty, this paragraph does not apply to securities transferred within escrow.

6. Securities deposited with the Trustee pursuant to this agreement shall be released as to one-third ($\frac{1}{3}$) of the securities of each Security Holder then subject to escrow requirements under this agreement on each of the first, second and third anniversaries of the Completion of the Major Transaction by the Issuer. For greater certainty, the issuance for cash of securities representing more than 25% of the issued and outstanding securities of the Issuer shall not cause a release of the escrowed securities. To determine the date of the Completion of the Major Transaction for purposes of this paragraph, the Trustee may rely on a copy of a written notice of The Winnipeg Stock Exchange confirming that the Major Transaction has been completed and the Issuer is no longer considered a Keystone. In spite of the preceding sentences in this paragraph 6, if the Trustee receives written notification from the Director prohibiting further releases, the Trustee shall not make any subsequent releases of escrowed securities until the Trustee has received the written consent of the Director to further releases of securities.

7. Except with the written consent of the Director or as provided in paragraph 6, 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 the bankruptcy or death of a Security Holder, the Trustee, on written notification to the 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.

8. The 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 to be bound by this agreement and subject also to such other terms and conditions as the Director may impose, and the Trustee, on receipt of the written consent of the Director and of the agreement of the transferee or mortgagee as described, shall permit such transfer within escrow or hypothecation within escrow.

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

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

11. 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.

12. 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 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.

13. If the Issuer is wound up and any securities remain in escrow under this agreement at the time when assets of the Issuer are distributed to holders of securities pursuant to the winding up, 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.

14. Any securities not released from escrow under this agreement 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.

15. For the purposes of effecting cancellation of securities pursuant to paragraph 14, the Security Holders hereby irrevocably appoint the Trustee as their attorney for the purpose of cancelling the securities, with authority to substitute one or more persons with like full power.

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

17. The Issuer hereby acknowledges the terms and conditions of this agreement and

agrees to take all reasonable steps to facilitate the Issuer's performance of the agreement and to pay the Trustee's proper charges for the Trustee's services as trustee of this escrow.

18. 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.

19. If the Trustee should wish to retire, the Trustee shall provide ninety (90) days' notice to the Issuer, upon which the Issuer may, with the written consent of the Director, by writing appoint another trustee in the Trustee's 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.

20. The covenants of the Security Holders with the Issuer in this agreement are made with the Issuer both in the Issuer's 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.

21. 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 Director.

22. 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.

23. This agreement constitutes the entire understanding between the parties to this agreement with respect to the subject matter of this agreement and supersedes all prior agreements, understandings, negotiations, and discussions, whether oral or written, between the parties and there are no warranties, representations or other agreements between the parties in connection with this agreement, except as specifically set forth in this agreement.

24. This agreement shall be interpreted in accordance with and governed in all respects by the laws of the Province of Manitoba.

25. Any provision or any portion of any provision or provisions of this agreement determined by a court of competent jurisdiction to be invalid, illegal or unenforceable shall be deemed stricken to the extent necessary to eliminate any invalidity, illegality or unenforceability and the rest of the agreement and all other provisions and parts of this agreement shall remain in full force and effect and be binding on the parties to this agreement as though the illegal or unenforceable provision or provisions or part or parts of the agreement had never been included in this agreement.

26. In this agreement, the expression the Security Holders shall include the Security Holders' 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 7, and the expression the Trustee shall include a new trustee appointed under paragraph 19, 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.

27. 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 permitted assigns.

IN WITNESS WHEREOF the Issuer, the Trustee and the Security Holders have executed this Escrow Agreement as of the date and year first above written.

..... (Name and authorized signature of Issuer)

..... (Name and authorized signature of Trustee)

SIGNED, 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 the Escrow Agreement dated as of the day of,
.....**

Names of Security Holders	Number of Securities	Type of Securities
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Instructions to Escrow Agreement for a Keystone Issuer

1 *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.*