AGENCY AGREEMENT

THIS AGREEMENT is made as of the14th day of August, 2000

AMONG:

GOOSE RIVER CAPITAL INC., a corporation incorporated under the laws of the Province of Alberta, with an office in the City of Calgary in the Province of Alberta

(the "Corporation")

- and -

YORKTON SECURITIES INC., a corporation incorporated under the laws of the Province of Ontario, with an office in the City of Calgary, in the Province of Alberta

(the "Agent")

- and -

CIBC MELLON TRUST COMPANY, a trust company incorporated under the laws of Canada, with an office in the City of Calgary, in the Province of Alberta

(the "Trustee")

WHEREAS:

A. the Corporation wishes to raise funds by the sale of Common Shares in the Offering Jurisdiction; and

B. the Corporation has agreed to file a Prospectus in accordance with the Securities Legislation in order to qualify the distribution of the Offered Common Shares, the Agent's Option and the Directors' and Officers' Options; and

C. the Corporation has agreed to retain the Agent as its exclusive agent to solicit subscriptions for the Offered Common Shares on a reasonable best efforts basis, and the Agent has agreed to act in such capacity upon the terms and conditions hereinafter set out; and

D. the Trustee has agreed to act as trustee of all Subscription Funds on behalf of the Corporation subject to the terms and conditions hereof.

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

ARTICLE I
INTERPRETATION

1.1 For the purposes of this Agreement, including the recitals and any amendment hereto, the following words and phrases shall have the following meanings:

(a) "Agent's Commission" has the meaning ascribed thereto in Section 3.1;

(b) "Agent’s Option" means the sole, exclusive, irrevocable and non-transferable option to purchase up to 200,000 Common Shares, at a price of $0.25 per Common Share, to be granted by the Corporation to the Agent in accordance with Section 3.4;

(c) "Agent’s Option Agreement" has the meaning ascribed thereto in Section 3.4;

(d) "Agreement" means this agreement and the schedules hereto;

(e) "Closing" means the closing of the issue and sale of the Offered Common Shares as herein contemplated;

(f) "Closing Date" means the date upon which the Closing occurs, which date shall be determined by agreement between the Corporation and the Agent and shall not be more than 90 days from the date of issuance of a receipt for the Prospectus by the

Commission or such other later date as may be authorized by the Executive Director and may be agreed to by the Corporation and the Agent;

(g) "Commission" means the Alberta Securities Commission;

(h) "Common Shares" means common shares in the capital of the Corporation;

(i) "Directors' and Officers' Options" means options under which Directors and Officers of the Corporation will be granted the option to purchase 360,000 Common Shares at a purchase price of $0.25 per share for five years from the date the options are granted;

(j) "Executive Director" means the Executive Director of the Alberta Securities Commission;

(k) "Exchange" means the Canadian Venture Exchange Inc.;

(l) "Offering" means the offer by the Corporation to sell the Offered Common Shares as contemplated by the Prospectus and this Agreement;

(m) "Offered Common Shares" means 2,000,000 Common Shares offered for sale by the Corporation as contemplated by the Prospectus and this Agreement;

(n) "Offering Jurisdiction" means the Province of Alberta;

(o) "Policy" means Policy 2.4 of the Exchange entitled "Capital Pool Companies";

(p) "Preliminary Prospectus" means the preliminary prospectus of the Corporation dated June 19, 2000 duly approved, signed, certified and filed in accordance with the Securities Legislation;

(q) "Prospectus" means the prospectus of the Corporation, and any amendment thereof, duly approved, signed, certified and filed in accordance with the Securities Legislation qualifying the Offered Common Shares for distribution in the Offering Jurisdiction and qualifying the Agent's Option and the Directors' and Officers' Options for distribution in the Offering Jurisdiction;

(r) "Securities Legislation" means the *Securities Act* (Alberta) and the regulations thereto and the policy statements, notices and blanket orders of the Commission, the national policy statements, and uniform act policies applied by the Commission, and the policies and by-laws of the Exchange;

(s) "Subscribers" means subscribers for Offered Common Shares;

(t) "Subscription Funds" means the funds received in respect of subscriptions for Offered Common Shares pursuant to and in accordance with the terms of the Prospectus and this Agreement;

(u) "Time of Closing" means 10:00 a.m. Calgary time on the Closing Date or such other time on the Closing Date as the Corporation and the Agent may agree; and

(v) "Total Subscription" means subscriptions for all of the Offered Common Shares;

1.2 For the purposes of this Agreement, all references to "Dollars" or "$" shall mean Canadian funds, unless otherwise specified.

1.3 The headings of the Articles of this Agreement are inserted for convenience of reference only and shall not in any manner affect the construction or meaning of anything herein contained or govern the rights or liabilities of the parties hereto.

1.4 Words importing the singular number only shall include the plural and vice versa and words of gender shall entail all genders, including the neuter gender and words importing persons shall include companies, corporations, partnerships, syndicates, trusts and any number or aggregate of persons.

ARTICLE II
APPOINTMENT OF AGENT

2.1 Subject to the terms hereof, the Agent is hereby appointed by the Corporation as, and the Agent hereby agrees to act as, the sole and exclusive agent of the Corporation to solicit subscriptions to purchase the Offered Common Shares from Subscribers in the Offering Jurisdiction. The Agent shall use its reasonable best efforts to obtain subscriptions to purchase all of the Offered Common Shares. The Agent shall act as agent only and shall be under no obligation to purchase any of the Offered Common Shares. The Agent may retain as sub-agents other registered securities dealers and may receive subscriptions from such securities dealers. The Agent shall be under no liability for any failure to sell any or all of the Offered Common Shares or to engage sub-agents.

2.2 The Agent shall secure from each Subscriber such certificates, documents and forms as may be required by the Securities Legislation and such questionnaires, undertakings and other material as may, in the opinion of the Agent, be required by the Exchange.

ARTICLE III
AGENT'S FEES

3.1 In consideration of the Agent agreeing to act as agent for the Offering, the Corporation agrees to pay to the Agent at the Time of Closing, a cash commission equal to ten percent (10%) of the Total Subscription (the "Agent's Commission"). The Agent's Commission shall be paid by the Corporation to the Agent by certified cheque or in such other manner as is satisfactory to the Agent.

3.2 The services provided by the Agent in connection herewith will not be subject to the Goods and Services Tax provided for in the *Excise Tax Act* (Canada) and any taxable supplies provided will be incidental to the exempt financial services provided.

3.3 If the Agent retains sub-agents or receives subscriptions from sub-agents, the Agent, in its sole discretion, shall pay them a fee as may be agreed among them, but in no event shall the Corporation be required to pay a fee in excess of the Agent's Commission.

3.4 The Corporation agrees to grant the Agent's Option to the Agent, at the Time of Closing, and to execute and deliver an agreement setting forth the terms and conditions of the Agent's Option, which shall be substantially in the form of the option agreement appended hereto as Schedule "A" (the "Agent's Option Agreement"). The Corporation and the Agent intend that the Agent's Option be qualified under and be distributed pursuant to the Prospectus.

ARTICLE IV
SUBSCRIPTIONS

4.1 Residents of the Offering Jurisdiction may subscribe to purchase Offered Common Shares by delivering to the Agent on or prior to the Closing Date payment of the aggregate subscription price in respect of the Offered Common Shares subscribed for.

4.2 Subscription Funds received by the Agent shall be delivered by the Agent to the Trustee as soon as practicable after receipt, and in any event prior to the Time of Closing, and shall be held by the Trustee in trust for the Subscribers pursuant to the terms of this Agreement, and shall be dealt with by the Trustee as provided in Article V hereof.

ARTICLE V
THE TRUSTEE

5.1 The Trustee is hereby appointed as escrow agent and custodian for the receipt and holding of any and all Subscription Funds in accordance with Section 4.2 and the Trustee, by its execution and delivery of this Agreement, accepts such appointment.

5.2 The Trustee shall receive, tabulate, hold and account for all Subscription Funds received by it.

5.3 The Trustee may accept Subscription Funds in the form of cash, certified cheque or bank draft or in other form acceptable to the Trustee.

5.4 The Trustee shall hold Subscription Funds, in an interest bearing account within the Trustee's financial system or with a Canadian chartered bank, which may be an affiliate of the Trustee, until the Time of Closing, at which time such funds shall be released in accordance with the provisions of Article VII.

5.5 Prior to requesting a release of Subscription Funds, the Corporation shall deliver to the Trustee a certificate of the Corporation and the Agent jointly confirming acceptance by the Corporation of the Total Subscription and advising the Trustee which subscriptions, if any, have been rejected (in whole or in part) by the Corporation.

ARTICLE VI
INDEMNITY OF TRUSTEE

6.1 The Corporation shall indemnify and save harmless the Trustee against and from all reasonable costs which may be incurred by the Trustee in performance of its duties hereunder; provided, however, that all Subscription Funds, while in the custody of the Trustee, shall be and shall remain at the sole risk and responsibility of the Trustee. The Trustee shall be liable to the Corporation for any loss related to the Subscription Funds or any interest thereon while in the custody of the Trustee.

6.2 Subject to Section 6.1, without limiting any protection or indemnity of the Trustee and its officers, directors, employees and agents, under any other provisions hereof, or otherwise at law, the Corporation hereby agrees to indemnify and hold harmless the Trustee, its directors, officers, employees and agents from and against any and all liabilities, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements, including legal or advisor fees and disbursements, of whatever kind and nature, which may at any time be imposed on, incurred by or ascertained against the Trustee in connection with the performance of its duties and obligations hereunder, other than such liabilities, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements arising by reason of the negligence or willful misconduct of the Trustee. If any matter or thing contemplated by this Section shall be asserted against the Trustee, the Trustee shall notify the Corporation as soon as possible of the nature of such claim and the Corporation shall be entitled (but not required) to assume the defence of any suit brought to enforce such claim; provided however, that the defence shall be through legal counsel acceptable to the Trustee, acting reasonably, and that no settlement may be made by the Corporation or the Trustee without prior written consent of the other. If the Corporation assumes the defence of any such suit, the Trustee shall continue to have the right to employ its own counsel, which shall be acceptable to the Corporation, in any proceeding relating to the claim contemplated by this Section and the fees and expenses, of a reasonable dollar amount, of such counsel shall be recoverable by the Trustee from the Corporation to the extent that the same shall be covered by the indemnity in this Section if:

(a) the Trustee has been advised by such counsel that there may be legal defences available to it which are different from or additional to defences available to the Corporation (in which case the Corporation shall not have the right to assume the defence of such proceedings on the Trustee's behalf);

(b) the Corporation shall not have undertaken the defence of such proceedings and employed counsel within fifteen (15) days after notice of commencement of such proceedings; or

(c) the employment of such counsel has been authorized by the Corporation in connection with the defence of such proceeding.

This provision shall survive the resignation or removal of the Trustee, or the termination of this Agreement.

6.3 The Trustee may, in relation to the trusts herein created, act on the opinion or advice or information obtained from any lawyer or other expert, whether retained by the Trustee, the Corporation or the Agent, or otherwise, but shall not be bound to act upon such opinion, advice or information and shall not be held responsible for any loss occasioned for so acting or not so acting, as the case may be, except where such loss results from the gross negligence or gross misconduct of the Trustee. The Trustee may employ such assistance as may be necessary to properly discharge its duties and may pay any reasonable monies required for any legal or other advice as aforesaid.

6.4 In respect of the discharge of any of its duties set forth hereunder, the Trustee shall be entitled to rely upon a certificate signed by the President, the Vice-President or any two directors of the Corporation and, where applicable, of the Agent.

6.5 The Trustee may rely on any certificate, opinion, or other instruction purporting to be a certificate, opinion, or other instruction referred to in this Agreement and on the truth of the facts as set out herein and therein. The Trustee shall not be liable for any error in judgment, or for any act done or step taken or omitted by it in good faith, or as a result of a mistake in fact or for anything it may do or refrain from doing in connection herewith except for its own negligence or willful misconduct.

6.6 The Trustee shall have no duties and obligations except as set out herein.

ARTICLE VII
RELEASE OF SUBSCRIPTION FUNDS

7.1 The Trustee shall not at any time deliver any Subscription Funds received by it to the Corporation until it shall have received each of the following:

(a) the certificate referred to in Section 5.5 hereof; and

(b) written instructions from the Agent and the Corporation instructing the Trustee to deliver the Subscription Funds to the Corporation; and

7.2 Upon receiving the documentation referred to in Section 7.1 hereof, subject to Sections 7.4 and 12.1 hereof, the Trustee shall deliver to the Corporation at Closing all Subscription Funds held by it pursuant to this Agreement, together with all interest earned thereon.

7.3 If the Trustee has not received the documentation referred to in Section 7.1 hereof, at or prior to ninety (90) days after the issuance of a receipt for the Prospectus or such later date as may be agreed to by the parties hereto and the Executive Director, the Trustee shall, promptly thereafter, remit by ordinary mail and in any case not later than 30 days from the Time of Closing, to each Subscriber whose Subscription Funds are held by the Trustee, his Subscription Funds, without interest or deduction.

7.4 If the subscription of any subscriber delivered to the Agent is for any reason rejected (in whole or in part) by the Corporation, the Subscription Funds in respect of such rejected subscription shall be forthwith returned to such subscriber without interest or deduction.

7.5 All interest which shall have accrued with respect to the Subscription Funds held pursuant to Section 5.4 hereof shall be paid to the Corporation.

ARTICLE VIII
TRUSTEE FEE

8.1 The Corporation will pay to the Trustee for its services as trustee hereunder the remuneration mutually agreed to by the Corporation and the Trustee, and, in addition, the Trustee, upon presentation of its accounting and supporting invoices therefor, shall be reimbursed for all reasonable disbursements and out-of-pocket costs incurred by it in the furtherance of its duties hereunder, including, without limiting the generality of the foregoing, any reasonable costs and disbursements incurred pursuant to Section 5.1 hereof.

ARTICLE IX
REPRESENTATIONS AND WARRANTIES OF THE CORPORATION

9.1 The Corporation represents and warrants to the Agent and the Trustee, and hereby acknowledges that the Agent and Trustee are relying on such representations and warranties in entering into this Agreement as follows:

(a) the Corporation has been duly incorporated and organized and is valid and subsisting and in good standing under the laws of its jurisdiction of incorporation and has all the requisite corporate power and capacity to carry on its business as now conducted and as presently proposed to be conducted;

(b) the Corporation does not own or have an interest in any assets other than cash or short term investments;

(c) the Corporation has no business operations of any kind other than as permitted by the Policy;

(d) the authorized capital of the Corporation and the issued capital of the Corporation is as disclosed in the Prospectus; all of the issued and outstanding securities have been duly issued, in compliance with all applicable securities laws, and are fully paid and non-assessable; to the best of the knowledge of the Corporation, none of the issued and outstanding securities of the Corporation are owned directly or indirectly by any director, officer, employee or contractor of the Agent or any affiliates (as defined by the Policies of the Exchange) of any of the foregoing; and, no person, firm or corporation has any agreement or option, or right or privilege, whether preemptive or contractual, capable of becoming an agreement, including convertible securities, for the purchase, subscription or issuance of any unissued shares or other securities of the Corporation except as disclosed in the Prospectus;

(e) to the knowledge of the Corporation, there is no action, proceeding or investigation pending or threatened against the Corporation before or by any federal, provincial, state, municipal, county or other governmental department, commission, board or agency, domestic or foreign, which may result in any material adverse change in the condition, financial or otherwise, of the Corporation, or which questions the validity of any action taken or to be taken by the Corporation pursuant to or in connection with this Agreement or as contemplated by the Prospectus;

(f) the audited financial statements of the Corporation, including the notes thereto, contained in the Prospectus present fairly, in all material respects, the financial position and condition of the Corporation as at the date thereof, reflect all liabilities (absolute, accrued, contingent or otherwise) of the Corporation as at the date thereof, and have been prepared in accordance with generally accepted accounting principles applied on a consistent basis and there has not been any material adverse change in such position or condition since such date;

(g) no event of material default under any agreement or instrument which the Corporation is a party has occurred and no event which with the giving of notice or the passage of time or both would constitute an event of material default under any such agreement or instrument has occurred and is continuing;

(h) the Corporation has not entered into a transaction of a nature material to the Corporation, other than as disclosed in the Prospectus:

(i) The Corporation has not reached an "Agreement in Principle" (as defined in Section 1 of the Policy) and, the board of directors of the Corporation has not reached a "meeting of minds" with the other parties to a Qualifying Transaction (as defined in the Policy) on all terms of the Qualifying Transaction (as defined in the Policy) in respect of which no material conditions exist, the satisfaction of which is outside the control of the Corporation (such as completion of a financing, maturation of a business, development of assets or approval of a third party), and no significant due diligence matters remain unresolved;

(j) the Corporation has not made any payment which is prohibited under Section 8 of the Policy;

(k) except as disclosed herein or in the Prospectus, there is no person, firm or corporation acting or purporting to act for the Corporation entitled to any brokerage or finder's fee in connection with any of the transactions contemplated herein;

(l) the execution and delivery by the Corporation of this Agreement will not result in any breach or violation of, or be in conflict with, or constitute a default, under any term or provision of the constating documents of the Corporation or any shareholders' or directors' resolutions of the Corporation, or, to the best of the Corporation's knowledge, any agreement to which the Corporation is a party or by which the Corporation or any of its property is bound, and this Agreement has been duly authorized, executed and delivered by the Corporation;

(m) no approval, authorization, consent or other order of any governmental authority is required in connection with the execution and delivery or with the performance by the Corporation of this Agreement except requisite filings with the Commission and the Exchange;

(n) to the best of the knowledge of the management of the Corporation, none of the directors or senior officers of the Corporation, or any holder of more than 10% of its outstanding Common Shares, or any associate or affiliate (as such terms are defined in the *Securities Act* (Alberta)) of any of the foregoing persons or companies has, or has had any material interest, direct or indirect, in any continuing or existing material transaction or has any material interest, direct or indirect, in any proposed material transaction which, as the case may be, is material to or will materially affect the Corporation, except as stated in the Prospectus;

(o) no securities commission or other governmental authority has issued any order preventing or suspending the use of the Preliminary Prospectus or the Prospectus;

(p) all statements, facts, data, information and material made, furnished or provided from time to time by the Corporation in writing to the Agent relating to the Corporation are true and correct and all material facts relating to the Corporation have been fully disclosed to the Agent and such statements, facts, data, information and material did not and do not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make any statement or fact contained therein not misleading in light of the circumstances in which it was made;

(q) the directors and senior officers of the Corporation have reviewed the Prospectus and the directors have duly approved the Prospectus and have authorized its distribution by the Agent in connection with the Offering;

(r) except statements or facts relating solely to the Agent, for which the Corporation makes no representation or warranty, the Prospectus contains full, true and plain disclosure of all material facts in relation to the Offered Common Shares, the Agent's Option and the Directors' and Officers' Options as required by the Securities Legislation; none of the statements or facts contained in the Prospectus is false or misleading; and, there has been no omission to state any material fact in the Prospectus necessary in order to make any statement contained therein not misleading in light of the circumstances in which it was made; and

(s) the Trustee, at its principal offices in the City of Calgary, has been appointed transfer agent and registrar for the Common Shares.

ARTICLE X
COVENANTS OF THE CORPORATION

10.1 The Corporation will use its best efforts to take or cause to be taken all steps and proceedings that may be necessary under the Securities Legislation, including but not limited to the filing of the Prospectus and the obtaining of a receipt therefor from the Commission, to qualify the Offered Common Shares for distribution to the public resident in the Offering Jurisdiction through the Agent and sub-agents or other registered securities dealers and to qualify for distribution the Agent's Option, by not later than seven days after the date of this Agreement or such later date or dates as may be agreed to between the Agent and the Corporation in writing.

10.2 The Corporation shall promptly notify the Agent in writing of full particulars of any material change, actual, anticipated or threatened, during the period of distribution to the public of the Offered Common Shares pursuant to the Offering:

(a) in the business or affairs of the Corporation; or

(b) in the directors or officers of the Corporation; or

(c) in any material fact contained or referred to in the Prospectus or in any material supplemental thereto supplied by the Corporation, which is of such a nature as to render the Prospectus or material supplemental thereto, misleading or untrue; or

(d) in any of the representations and warranties contained in Article IX;

and the Corporation shall file under the applicable Securities Legislation, with all possible dispatch, and in any event within any statutory limitation therefor, such new or correcting information, amendments and other documents as the circumstances may require. The Corporation shall further provide the Agent with such copies of such information, amendments or other documents as the Agent may reasonably require.

10.3 The Corporation shall in good faith discuss with the Agent any change in circumstances which is of a nature that there is reasonable doubt as to whether notice in writing need be given to the Agent pursuant to Section 10.2.

10.4 The Corporation covenants with the Agent that it will advise the Agent promptly of any request of the Commission, the Exchange or other regulatory body for any amendment to the Prospectus or for any additional information, or the issuance by the Commission, the Exchange or any other regulatory body of any cease trading order or suspension order relating to the Common Shares or of the institution of any such proceedings. The Corporation covenants to use its best efforts to prevent the issuance of any such cease trading order or suspension order and, if issued, to obtain the withdrawal thereof as soon as possible.

10.5 The Corporation, from time to time at its expense, shall deliver to the Agent, at the direction of the Agent, as many commercial copies of the Prospectus (and in the event of an amendment, of such amended Prospectus) as the Agent may reasonably request, and any such delivery shall constitute the consent of the Corporation to the use thereof in connection with the Offering subject to the provisions of Securities Legislation relating thereto.

10.6 Delivery of the Prospectus and any supplementary material shall constitute a representation and warranty by the Corporation to the Agent that all information and statements (except information and statements relating solely to or provided solely by the Agent) contained in the Prospectus and supplementary material are true and correct in all material respects at the time of delivery thereof and contain no misrepresentation and constitute full, true and plain disclosure of all material facts relating to the Corporation and that no material fact has been omitted therefrom (except facts relating solely to the Agent) which is required to be stated therein or is necessary to make the statements or information contained therein not misleading in light of the circumstances under which they were made. Such delivery shall also constitute the Corporation's consent to the Agent's use of the Prospectus, any supplementary material and any other public documents supplied to the Agent by the Corporation for the distribution of the Offered Common Shares in the Offering Jurisdiction in compliance with the provisions of this Agreement and applicable Securities Legislation.

10.7 (a) The Corporation covenants and agrees to protect, indemnify and save harmless the Agent and its directors, officers and employees (collectively the "Indemnified Parties") from and against all losses, claims, damages, liabilities, costs or expenses (other than loss of profits), in any way caused, sustained or incurred by reason of or resulting directly from:

(i) any statement or information contained in or omitted from the Preliminary Prospectus, the Prospectus, any amended Prospectus and additional or ancillary material, information, evidence, return, report, application, statement, table or document that may be filed, or required to be filed, in connection with the Offering under the Securities Legislation, except statements or information relating solely to the Agent, which, at the time and in light of the circumstances under which it was made, was false or misleading with respect to any material fact or which omits to state any material fact, the omission of which makes the statement false or misleading;

(ii) any breach of the representations, warranties and covenants of the Corporation contained herein;

(iii) any prohibition or restriction of trading in the securities of the Corporation or any prohibition affecting the distribution of the Offered Common Shares which may be ordered by any one or more competent authorities if such prohibition is based on any statement or omission made by the Corporation in the Prospectus;

(iv) the Prospectus failing to comply with the requirements of the Securities Legislation in the Offering Jurisdiction so as to permit the lawful sale of the Offered Common Shares or by reason of the Corporation having failed to take or cause to be taken such steps or proceedings as were necessary to permit the lawful sale of the Offered Common Shares as contemplated by the Prospectus and as contemplated hereby; and

(v) any formal inquiry or investigation, whether prior to or subsequent to Closing, into the affairs, records or accounts of the Corporation or into holdings of securities of the Corporation or transactions in securities of the Corporation, which is commenced or contemplated by the Commission or the Exchange except where same relates solely to the activities of the Agent.

(b) If any matter or thing contemplated by Section 10.7(a) shall be asserted against the Indemnified Party, the Indemnified Party shall notify the Corporation as soon as possible of the nature of such claim and the Corporation shall be entitled (but not required) to assume the defence of any suit brought to enforce such claim; provided however, that the defence shall be through legal counsel acceptable to the Indemnified Party, acting reasonably, and that no settlement may be made by the Corporation or the Indemnified Party without prior written consent of the other. If the Corporation assumes the defence of any such suit, the Indemnified Party shall continue to have the right to employ its own counsel, which shall be acceptable to the Corporation, in any proceeding relating to the claim contemplated by Section 10.7(a) and the reasonable fees and expenses of such counsel shall be recoverable by the Indemnified Party from the Corporation to the extent that the same shall be covered by the indemnity in Section 10.7(a) if:

(i) the Indemnified Party has been advised by such counsel that there may be legal defences available to it which are different from or additional to defences available to the Corporation (in which case the Corporation shall not have the right to assume the defence of such proceedings on the Indemnified Party's behalf);

(ii) the Corporation shall not have undertaken the defence of such proceedings and employed counsel within fifteen (15) days after notice of commencement of such proceedings; or

(iii) the employment of such counsel has been authorized by the Corporation in connection with the defence of such proceedings.

10.8 The Corporation will take all necessary action to register the Corporation in a timely manner, whenever the business or property of the Corporation makes such registration necessary.

10.9 The Corporation will take all necessary action to complete its application for listing of the Common Shares on the Exchange with all reasonable diligence after the Closing, but in any event, the Corporation shall submit all required documents for listing on the Exchange within 30 days of the Closing Date.

ARTICLE XI
COVENANTS OF THE AGENT

11.1 The Agent hereby covenants, subject to the conditions contained in Article XII hereof, to use its reasonable best efforts to solicit subscriptions for Offered Common Shares in the Offering Jurisdiction.

11.2 The Agent hereby covenants and agrees that it will not solicit subscriptions for Common Shares except in compliance with applicable law, the rules, policies and by-laws of the Exchange and the terms and conditions set forth in the Prospectus and this Agreement and hereby indemnifies the Corporation and agrees to save the Corporation harmless from and against any and all losses, damages, liabilities, costs, expenses, claims or suits caused by or arising out of the Agent's gross negligence or gross misconduct which gives rise to a breach of the covenants in this Article XI.

11.3 The Agent will deliver to each Subscriber a copy of the Prospectus sufficiently in advance of the Time of Closing such that all withdrawal rights under applicable Securities Legislation will have expired at the Time of Closing.

11.4 The obligation of the Agent to execute any certificate or deliver any documents pertaining to the Preliminary Prospectus and the Prospectus shall be conditional upon compliance by the Corporation to the date of such execution and delivery with each of its covenants contained in this Agreement to be complied with prior to the filing of either the Preliminary Prospectus or the Prospectus, as the case may be.

11.5 The Agent covenants and agrees that it shall:

(a) provide all such notices and documents as may be required in connection with the Offering, including those required for the Prospectus by the orders, policies, rules, regulations, by-laws and procedures of the Commission and the Exchange which govern capital pool company offerings, as amended from time to time (collectively, the "CPC Rules"), and, without limiting the generality of the foregoing, file with the Exchange a Sponsor Report as required by Section 2(3)(n) of Policy 2.3 of the Exchange, it being understood and agreed by the Corporation that the Agent is under no obligation pursuant to this Agreement to provide a Sponsor Report for a Qualifying Transaction of the Corporation (as the term is defined in the CPC Rules); and

(b) deliver to the Exchange as soon as reasonably possible after the Closing Date, a Distribution Summary Statement as required by Section 2(3)(i) of Policy 2.3 of the Exchange.

ARTICLE XII
CONDITIONS OF THE AGENT'S OBLIGATIONS

12.1 The obligations of the Agent contained in this Agreement may be terminated by the Agent in the event that prior to the Time of Closing:

(a) any order operating to restrict, prevent or cease trading in the Common Shares is made pursuant to the Securities Legislation;

(b) there is any breach or non-performance of any of the covenants of the Corporation herein contained that has not been rectified, remedied or waived;

(c) any authority having jurisdiction, including any stock exchange, commences or gives notice that it intends to commence any formal inquiry or investigation in relation to the Corporation, its affairs, records or accounts or any of the directors or officers of the Corporation, or into any holdings or transactions in the securities of the Corporation.

(d) any inquiry, investigation or other proceeding (whether formal or informal) in relation to the Corporation or any of its directors or officers is commenced, announced or threatened, or any order is issued by any federal, provincial or other government authority or by any stock exchange, or there is any change of law which, in the sole opinion of the Agent, operates or will operate to prevent or to restrict the trading of the Common Shares or the distribution of any Common Shares or materially adversely affects or may materially adversely affect the marketability of the Common Shares;

(e) there shall occur any changes (actual, anticipated, contemplated or threatened) in the assets, liabilities, business or operations of the Corporation which, in the sole opinion of the Agent, could reasonably be expected to have a material adverse effect on the market price or value of the Common Shares or materially adversely affects or may materially adversely affect the marketability of the Common Shares;

(f) if there should develop, occur or come into effect or existence any event, action, state, condition or financial occurrence of consequence or any governmental action, law, regulation, inquiry or other occurrence of any nature whatsoever which, in the sole opinion of the Agent, acting reasonably, materially adversely affect or involve, the financial markets generally or the business, operations, affairs or financial condition of the Corporation, or the marketability of the Common Shares;

(g) any new or amended Prospectus discloses information which, in the sole opinion of the Agent, acting reasonably, results in the Subscribers of a material number of the Offered Common Shares exercising their rights under applicable legislation to withdraw from or rescind their purchase thereof at any time prior to the Closing; or

(h) there is any amendment to Securities Legislation which, in the sole opinion of the Agent, acting reasonably, will impose any limitations or restrictions on the exercise of the Agent's Option or on the subsequent trading of Common Shares which are acquired, or which may be acquired, by the Agent under the Agent's Option.

12.2 Any termination of any of the obligations of the Agent hereunder pursuant to the provisions hereof shall be effected by notice to the Corporation. Notwithstanding the giving of any notice of termination hereunder, the provisions of Section 10.7 and all rights of action in connection therewith shall survive for a period of two years following such termination and the fees and expenses agreed to be paid by the Corporation, referred to in Article XIV, incurred up to the time of the giving of such notice shall be paid by the Corporation. The rights of the Agent to terminate this Agreement are in addition to such remedies as it may have in respect of any default, misrepresentation, act or failure to act of the Corporation in respect of any of the transactions contemplated in this Agreement.

ARTICLE XIII
<u>THE CLOSING</u>

13.1 Subject to the terms and conditions hereof, the Closing shall take place at the Time of Closing at the offices of the Agent, or such other location in the City of Calgary, in the Province of Alberta, as the Agent may direct.

13.2 At the Time of Closing, the Corporation shall deliver to the Agent a certificate, in form and substance satisfactory to counsel for the Agent, signed by the Chief Executive Officer or President of the

Corporation, dated the Closing Date, addressed to the Agent to the effect that, after a reasonable investigation:

(a) the representations and warranties contained in Article IX hereof are true and correct at and as at the Time of Closing after giving effect to the transactions contemplated by the Prospectus;

(b) the Corporation has complied with all covenants and satisfied all the conditions contained herein on its part to be performed or satisfied at or prior to the Closing Date;

(c) such officer has carefully examined the Prospectus and since the respective dates as of which information is given in the Prospectus, except as set forth in and contemplated thereby, and the Corporation has not incurred any material amount of liabilities or obligations (absolute, accrued, contingent or otherwise); there has been no material adverse change in the assets or financial position of the Corporation; and there has occurred no event required to be set forth in an amended Prospectus which has not so been set forth; and

(d) no event of material default under any agreement or instrument to which the Corporation is a party has occurred and no event which with the giving of notice or the passage of time or both would constitute an event of material default under any such agreement or instrument has occurred and is continuing.

13.3 At the Time of Closing, the Agent shall receive a favourable legal opinion, addressed to the Agent, from counsel to the Corporation, to the effect that:

(a) the Corporation has been duly incorporated and organized and is valid and subsisting under the laws of the province of Alberta, and has all requisite corporate power and capacity to carry on its business as now conducted and as proposed in the Prospectus to be conducted;

(b) the authorized and issued capital of the Corporation is as disclosed in the Prospectus; the issued capital of the Corporation has been validly issued in accordance with applicable corporate and securities laws and is fully paid and non-assessable;

(c) the form of the definitive certificate representing the Common Shares has been approved and adopted by the directors of the Corporation and conforms to the requirements of applicable law;

(d) the Exchange has conditionally accepted notice of the issuance of the Offered Common Shares, the Common Shares issuable upon exercise of the Agent's Option and the Common Shares issuable upon exercise of the Directors' and Officers' Options and has conditionally approved the listing of such Common Shares and all previously issued Common Shares on the Exchange;

(e) this Agreement, the Escrow Agreement referred to in the Prospectus, the Agent's Option Agreement and the Directors' and Officers' Options have been duly authorized by all necessary corporate action by the Corporation and have been duly executed and delivered by the Corporation and constitute valid and binding obligations of the Corporation and each is enforceable against the Corporation in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable law;

(f) the execution and delivery by the Corporation of this Agreement and the Agent's Option Agreement and the performance by the Corporation of its obligations hereunder and thereunder will not result in any material breach or violation of, or be in conflict with, or constitute a material default under, any term or provision of the constating documents or any shareholders' or directors' resolutions of the

Corporation of which counsel is aware, or any agreement of which counsel is aware and to which the Corporation is a party or by which the Corporation is bound;

(g) the Trustee at its principal offices in the City of Calgary has been duly appointed the transfer agent and registrar for the Common Shares;

(h) all necessary documents have been filed and proceedings taken under the Securities Legislation to qualify the distribution of the Offered Common Shares to the public in the Offering Jurisdiction; the Agent's Option to the Agent in the Qualifying Jurisdiction; and, the Directors' and Officers' Options to Directors and Officers of the Corporation in the Offering Jurisdiction;

(i) all necessary corporate action has been taken by the Corporation to authorize the grant of the Agent's Option and issuance of 200,000 Common Shares in the event the Agent should exercise the Agent's Option and the Common Shares issuable upon the exercise of such Agent's Option, when issued and sold in accordance with the terms of the Agent's Option Agreement, will be validly issued as fully paid and non-assessable, and the first trade in the Offering Jurisdiction of the Common Shares issuable upon exercise of the Option (other than trades from the holdings of a "control person" as defined by the Securities Legislation) will be exempt from the prospectus requirements of the Securities Legislation and no other documents are or will be required to be filed, proceedings taken or approvals, permits, consents, orders or authorizations of regulatory authorities required to be obtained by the Corporation under the Securities Legislation in connection with any such trade made through a registrant properly registered under the Securities Legislation who has complied with the requirements thereof (subject to the usual qualifications); and

(j) such other matters as the Agent may reasonably request in connection with this Offering.

In giving the foregoing opinions counsel for the Corporation may rely upon opinions of local counsel, acceptable to the Agent, as to the laws of jurisdictions other than the Offering Jurisdiction, if any, and as to matters of fact not within their knowledge, upon certificates as to such facts, signed, in the case of the Corporation, by the President or a director of the Corporation.

13.4 At the Time of Closing, the Corporation shall direct the Trustee, as the registrar and transfer agent for the Common Shares, to issue the Offered Common Shares in accordance with the instructions of the Agent.

13.5 At the Time of Closing, the Corporation shall deliver to the Agent payment of the Agent's Commission in the form satisfactory to the Agent as provided for in Article III hereof and payment of the balance owed in respect of the expenses of the Agent's legal counsel, accounting for the $5,000 prepayment previously forwarded by the Corporation, as provided for in Article XIV.

ARTICLE XIV
EXPENSES OF THE ISSUE

14.1 Notwithstanding any termination of this Agreement or the cancellation of its obligations by the Agent pursuant to Article XII hereof and, except as otherwise indicated herein, the costs and expenses of or incidental to the creation, issue and offering of the Offered Common Shares including, without limitation, the fees and expenses of counsel for the Corporation and counsel for the Agent, all other reasonable expenses incurred by the Agent in connection with the Offering, the cost of printing and delivering the definitive certificates for the Offered Common Shares, the fees and disbursements of the transfer agent, the cost of preparing, printing and delivering the Prospectus to the Agent and the associated fees prescribed by the Securities Legislation in connection with the Offering shall, be paid by the Corporation whether or not the Offering is completed as contemplated. The Corporation will pay the fees and expenses of counsel for the Agent from time to time as requested by counsel to the Agent or at the Time of Closing by bank draft or certified cheque payable to the Agent or counsel to the Agent or in such other manner as is acceptable to the Agent or counsel to the Agent.

14.2 The Agent hereby acknowledges receipt of the sum of $7,000 for the Agent’s expenses and acknowledges receipt of $5,000 towards fees and expenses of Agent's legal counsel.

ARTICLE XV
RIGHT OF FIRST REFUSAL

15.1 The Corporation hereby grants to the Agent a right of first refusal, to act as the agent or underwriter of the Corporation in connection with any future equity financing of the Corporation for which the Corporation elects to use an agent, for a period of 12 months from the completion of the Corporation's Qualifying Transaction (as defined in Policy 2.4 of the Exchange) as amended from time to time. The Agent shall have ten (10) business days from receipt of written notice of any such financing to exercise such right on the specific financing for which written notice was received. In the event that the Agent does not elect to accept an agency or underwriting relationship for that financing, the Corporation is free to negotiate with any other securities firm or agent for such financing, provided that the Agent’s right of first refusal contained herein shall nevertheless continue to apply with respect to any future equity financing undertaken by the Corporation within the balance of the said 12 months. For purposes of this section, "equity financing" includes a debt financing where such debt is capable of being converted into equity securities of the Corporation.

ARTICLE XVI
NOTICES

16.1 Any notice required or permitted to be given hereunder shall be in writing and shall be deemed to have been given or made when delivered at the addresses of the relevant party set forth below or such other address as a party may stipulate in writing:

(a) to the Corporation at:

Goose River Capital Inc.
Suite 1750, 700 - 6th Avenue S.W.
Calgary, AB
T2P 0T8

Attention: President
Fax: 265-9243

with a copy to:

Armstrong Perkins Hudson
1600, 407 - 2nd Street S.W.
Calgary Alberta
T2P 2Y3
Attention: Adam B. Rubin
Fax: (403) 262-7896

(b) to the Agent at:

Yorkton Securities Inc.
Suite 2200, 440 - 2nd Avenue SW
Calgary, Alberta T2P 5E9
Attention: Manager
Fax: (403) 269-7870

with a copy to:

McManus Thomson
606 - 4th Street, S.W.
Calgary, Alberta T2P 1T1
Attention: James D. Thomson
Fax: (403) 517-6469

(c) to the Trustee at:

CIBC Mellon Trust Company
600, 333 - 7th Avenue S.W.
Calgary, Alberta T2P 2Z1
Attention: Stock Transfer Department
Fax: (403) 264-2100

ARTICLE XVII
MISCELLANEOUS

17.1 Upon the request of the Agent, the Corporation will supply to the Agent a copy of all financial and other information given by the Corporation to its public shareholders or to any stock exchange at the time when such information is so given for a period of two years following Closing.

17.2 Until the Corporation completes a Qualifying Transaction (as defined in Policy 2.4 of the Exchange) the Corporation will comply with all applicable provisions of Policy 2.4 of the Exchange. The Corporation will maintain its status as a reporting issuer not in default of any Securities Laws in the Offering Jurisdiction for a period of 18 months following the date that its Common Shares are listed and posted for trading on the Exchange and will use its best efforts to maintain its listing on the Exchange during such 18 months and to complete a Qualifying Transaction (as defined in Policy 2.4 of the Exchange) within such 18 months.

17.3 Time shall be of the essence with respect to the terms and conditions of this Agreement.

17.4 This Agreement may be executed in several counterparts and may be represented by facsimile, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution, shall be deemed to bear the date as of the date above written.

17.5 All warranties, representations, covenants, indemnifications and agreements herein contained or contained in certificates or documents submitted pursuant to or in connection with the transactions herein along with all rights of action in connection therewith shall survive the Closing of the Offering and shall continue in full force and effect for a period of two years following the Closing Date for the benefit of the Agent and for the benefit of the Corporation.

17.6 This Agreement supersedes all other agreements, documents, writings and verbal understandings among the parties relating to the subject matter hereof and represents the entire agreement between the parties relating to the subject matter hereof.

17.7 This Agreement shall be construed and interpreted, and the rights and obligations of the parties arising hereunder governed, by the laws of the Province of Alberta. The parties agree that the Court of Alberta shall have exclusive jurisdiction over any dispute, termination or breach of any kind or nature whatsoever arising out of or in connection with this Agreement.

17.8 All the terms and provisions of this Agreement shall be binding upon, shall enure to the benefit of, and shall be enforceable by and against the parties hereto and their respective successors and assigns, but shall not be assignable, before or after the Time of Closing, without the written consent of the other parties hereto.

17.9 The Agent may waive in whole or in part any breach of, default under or non-compliance with any representation, warranty, term or condition hereof, or extend the time for compliance therewith.

IN WITNESS WHEREOF the parties hereto have executed this Agreement effective the day and year first above written.

GOOSE RIVER CAPITAL INC.

Per: *"Robert D. Weir"*

Per: *"Jacobus (Jake) Pronk"*

YORKTON SECURITIES INC.

Per: *"Elias Foscolos"*

CIBC MELLON TRUST COMPANY

Per: *"Jacquie Fisher"*

Per: *"Rhonda Macleod"*

SCHEDULE "A"

SHARE OPTION AGREEMENT

THIS AGREEMENT is made as of the ____ day of ________________, 2000

BETWEEN:

GOOSE RIVER CAPITAL INC., a corporation incorporated under the laws of the Province of Alberta, with an office in the City of Calgary, in the Province of Alberta

(the "Corporation")

- and -

YORKTON SECURITIES INC., a corporation incorporated under the laws of the Province of Ontario, with an office in the City of Calgary, in the Province of Alberta

(the "Agent")

WHEREAS the Corporation has agreed pursuant to an Agency Agreement dated the **!** day of **!** , among the Corporation, CIBC Mellon Trust Company and the Agent, (the "Agency Agreement") to grant to the Agent an option to purchase the Optioned Shares, as defined below in consideration of the Agent's services performed under the Agency Agreement;

NOW THEREFORE in consideration of the premises, mutual covenants and agreements herein and therein contained, this agreement witnesses that and it is understood and agreed by and between the parties hereto as follows:

1. Grant of Option

Subject to the provisions hereinafter contained, the Corporation hereby grants to the Agent an irrevocable non-transferable option (the "Option") to purchase up to but not exceeding TWO HUNDRED

THOUSAND (200,000) common shares (the "Optioned Shares") in the capital stock of the Corporation, as presently constituted, at a price of TWENTY FIVE ($0.25) cents per share.

2. Term of Option

The Agent may exercise the Option on or before 4:30 p.m., Calgary time, on the date that is 18 months from the day the issued and outstanding common shares in the capital of the Corporation are listed and posted for trading on the Canadian Venture Exchange Inc. (the “Exchange”) (the "Expiry Time"), after which time all rights granted hereunder shall terminate.

3. Manner of Exercise

The Agent may exercise the Option in whole or in part, at any time and from time to time, on or prior to the Expiry Time, by notice in writing given by the Agent to the Corporation at its address for notice set out in the Agency Agreement, specifying the number of Optioned Shares in respect of which it is exercised and accompanied by payment in cash or certified cheque for the purchase price of all of the Optioned Shares specified in such notice, calculated in accordance with Section 1 hereof.

The Agent agrees that only up to a total of ONE HUNDRED THOUSAND (100,000) Optioned Shares obtained by the Agent pursuant to the exercise of this Option may be sold prior to the completion of a Qualifying Transaction by the Corporation (as defined by Policy 2.4 of the Exchange). The remaining ONE HUNDRED THOUSAND (100,000) Optioned Shares may only be sold after the completion of a Qualifying Transaction (as defined in Policy 2.4 of the Exchange) by the Corporation.

The Exchange may vary these requirements in exceptional circumstances upon application by the Agent.

4. Share Certificates

Upon exercise of the Option, the Corporation shall cause the transfer agent and registrar of the Corporation to deliver to the Agent, or as the Agent may otherwise in writing direct in the notice of exercise of option, within seven (7) days following the receipt by the Corporation of payment for the number of Optioned Shares so exercised, a certificate or certificates representing in the aggregate the number of Optioned Shares for which payment has been received by the Corporation.

5. No Rights as a Shareholder Until Exercise

Except as provided in Section 8 hereof, the Agent shall have no rights whatsoever as a shareholder (including any rights to receive dividends or any other distribution to shareholders or to vote at a general meeting of shareholders of the Corporation) other than in respect to shares in respect of which the Agent shall have exercised its right to purchase hereunder and which the Agent shall have actually taken up and paid for.

6. Non-Transferable

The rights conferred upon the Agent hereunder shall be non-transferable and non-tradeable.

7. No Fractional Common Shares

No fractional Optioned Shares will be issued on exercise of this Option, or any compensation made for such fractional Optioned Shares, if any.

8. Adjustments in Event of Change in Common Shares

In the event, at any time or from time to time, of a subdivision, consolidation or reclassification of the share capital of the Corporation, the payment of stock dividends by the Corporation or other relevant changes in the capital of the Corporation prior to the exercise by the Agent, in full, of the Option in respect of all of the shares granted herein, the Option with respect to any Optioned Shares which have not been purchased hereunder at the time of any such change to the capital of the Corporation shall be proportionately adjusted so that the Agent shall from time to time, upon the exercise of the Option, be entitled to receive the number of shares of the Corporation it would have held following such change in the capital of the Corporation if the Agent had purchased the shares and had held such shares immediately prior to such change in the capital of the Corporation.

9. Merger, Amalgamation or Sale

If, during the term of the Option, the Corporation shall become merged or amalgamated into or with any other corporation or shall sell the whole or substantially the whole of its assets and undertaking for shares or securities of another corporation, the Corporation will make provision that, upon the exercise of the Option during its unexpired period after the effective date of such merger, amalgamation or sale, the Agent shall receive such number of shares of the continuing or successor corporation in such merger or amalgamation or of the securities or shares of the purchasing corporation as it would have received as a result of such merger, amalgamation or sale if the Agent had purchased shares of the Corporation immediately prior thereto for the same consideration paid on the exercise of the Option and had held such shares on the effective date of such merger, amalgamation or sale. Upon such provision being made, the obligation of the Corporation to the Agent in respect of its shares then remaining subject to the Option shall terminate and be at an end.

10. Reservation of Shares

The Corporation shall at all times, during the term of this Agreement, reserve and keep available a sufficient number of unissued common shares to satisfy the requirements hereof.

11. Enurement

Except as otherwise set forth herein, this Agreement shall be binding upon and enure to the benefit of the respective successors and assigns of the Agent and of the Corporation.

12. Time

Time shall be of the essence of this Agreement.

IN WITNESS WHEREOF the parties hereto have hereunto executed and delivered this Agreement as of the day and year first above written.

GOOSE RIVER CAPITAL INC.

Per: ______________________________

Per: ______________________________

YORKTON SECURITIES INC.

Per: ______________________________