

**SUBSCRIPTION PROCEEDS ESCROW AGREEMENT**

**THIS AGREEMENT** made as of December 1, 2000 (this “Agreement”)

**BETWEEN:**

**MICRO MINING TECHNOLOGIES LTD.,**  
(the “*Corporation*”)

- and -

**BIEBER SECURITIES INC.,**  
(the “*Agent*”)

- and -

**OLYMPIA TRUST COMPANY,**  
(the “*Escrow Agent*”)

**WHEREAS** the Corporation is a corporation duly incorporated under the laws of the Province of Alberta with an authorized capital consisting of an unlimited number of common shares without par value of which, at the date hereof, 11,948,800 Shares have been issued and are outstanding as fully paid and non-assessable;

**AND WHEREAS** the Corporation has requested Olympia Trust Company to act as escrow agent hereunder for the purpose, inter alia of receiving the aggregate gross proceeds resulting from subscriptions of Subscribers for Shares of the Offering (the “Subscription Proceeds”);

**AND WHEREAS** Olympia Trust Company has agreed to act as escrow agent pursuant to the provisions set forth below;

**AND WHEREAS** on November 14, 2000, the Corporation filed its Preliminary Prospectus in connection with the Offering with the Commissions pursuant to the mutual reliance review system for the clearance of offerings of securities in Canada (“MRRS”) and received from

the Alberta Securities Commission, as principal regulator in connection with the Offering, (the “Principal Regulator”) a preliminary MRRS decision document confirming that the Commissions have issued their receipts for the Preliminary Prospectus;

**AND WHEREAS** the Corporation intends to file its Final Prospectus in connection with the Offering pursuant to MRRS following receipt of advice from the Principal Regulator that all of the Commissions are clear to receive final materials;

**AND WHEREAS** the Prospectus provides that the Subscription Proceeds are to be deposited by the Agent with and held by the Escrow Agent in accordance with this Agreement until the subscription requirements of the Minimum Offering are met;

**AND WHEREAS** if the subscription requirements of the Minimum Offering are not met within sixty days after the issuance of receipts by the Commissions for the Prospectus or within such longer period as may be authorized by the Commissions and agreed to by the Agent (the “Offering Period”), the Subscription Proceeds are to be forthwith returned by the Agent to Subscribers, without interest or deduction;

**AND WHEREAS** the recitals herein are representations made by the parties to this Agreement, except the Escrow Agent;

**AND WHEREAS** capitalized terms where used herein shall, unless otherwise herein defined, have the meanings attributed to them in the agency agreement between the Corporation and the Agent dated August 31, 2000 (as amended, the “Agency Agreement”);

**NOW THEREFORE**, pursuant to the premises, in consideration of the covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby covenant and agree as follows:

## **Article I**

### **Appointment and Duties of Escrow Agent**

1.01 Olympia Trust Company is hereby appointed and hereby accepts its appointment as escrow agent hereunder for the purpose of receiving, holding and releasing the Subscription Proceeds and otherwise performing the duties of an escrow agent in accordance with the provisions of this Agreement.

1.02 As and when the Agent is in possession of a final MRRS decision document issued by the Principal Regulator confirming that the Commissions have issued their receipts for the Final Prospectus and after the subscription requirements of the Minimum Offering have been met, the Agent shall prepare, for delivery to the Escrow Agent with the Subscription Proceeds, a certificate of release and direction to be executed by the Agent and the Corporation (the "Release Certificate").

1.03 A representative of the Escrow Agent shall receive the Subscription Proceeds in the form of a bank draft issued in favour of the Escrow Agent by The Toronto-Dominion Bank on or prior to the Closing Date and the Escrow Agent shall deposit the same into a trust account opened in its name in trust for the Corporation (the "Escrow Bank Account") with a Canadian chartered bank or a financial institution licensed to receive deposits and otherwise act in the Province of Alberta. Any interest accruing on such funds after deposit thereof as aforesaid shall not be deemed to be part of the Subscription Proceeds.

1.04 The Corporation shall authorize and direct the Escrow Agent, by way of treasury order in the form attached as Schedule "A" hereto (the "Treasury Order") to issue, and the Escrow Agent shall issue and deliver on the Closing Date, a "global" certificate of the Corporation dated the

Closing Date, registered in the name of Investor Co. and representing the aggregate number of Shares subscribed for by Subscribers to the Offering (the “Global Certificate”).

1.05 On or prior to the Closing Date, the Agent shall prepare and deliver to the Escrow Agent:

- (a) a statement executed by the Agent in form attached as Schedule “B” hereto (the “Distribution Statement”) showing the numbers of Subscribers for Shares of the Offering; and
- (b) a certificate executed by the Corporation in form attached as Schedule “C” hereto (the “Acceptance Certificate”) that the Corporation has accepted subscriptions and received Subscription Proceeds in accordance with the requirements of the Minimum Offering described in the Prospectus.

1.06 Following receipt by the Escrow Agent of the Release Certificate, the Distribution Statement, the Acceptance Certificate and the Treasury Order, the Escrow Agent shall release the Subscription Proceeds (together with any interest earned thereon) and the Global Certificate in accordance with the provisions of Article II of this Agreement.

## **Article II**

### **Closing**

2.01 The Agent shall deliver to a representative of the Escrow Agent at the offices of Thompson Dorfman Sweatman, counsel to the Agent, prior to the Closing Time on the Closing Date, a bank draft issued by The Toronto-Dominion Bank and payable to the Escrow Agent in an amount of not less than \$2,035,0000, representing the aggregate Subscription Proceeds.

2.02 The Release Certificate shall be directed to the Escrow Agent and shall provide inter alia the following:

- (a) confirmation that a final MRRS decision document has been issued by the Principal Regulator for the Final Prospectus, including the date of such decision document and, if applicable, the date upon which the Corporation proposes to terminate the Offering Period;
- (b) confirmation, by reference to the Distribution Statement and the Acceptance Certificate, that the requirements of the Minimum Offering have been met;
- (c) confirmation that the Conditions of Closing and the Agent's contractual obligations as set forth in the Agency Agreement have been met; and
- (d) direction to the Escrow Agent:
  - (i) as to the release of the Subscription Proceeds to the Corporation and to such other parties and in such amounts as the Corporation may direct; and
  - (ii) as to the release of the Global Certificate.

2.03 Following receipt by the Escrow Agent of the Distribution Statement, the Acceptance Certificate, the Release Certificate and the Treasury Order, together with the Subscription Proceeds, in the form of a bank draft of the TD Bank issued in favor of the Escrow Agent, the Escrow Agent shall at the Closing Time on the Closing Date:

- (a) deliver to a representative of the Agent at the offices of Thompson Dorfman Sweatman, counsel to the Agent, the Global Certificate issued in accordance with the Treasury Order (and the Agent shall forthwith do and cause to be done all things necessary so that the Shares shall be listed, posted and called for trading on the Canadian Venture Exchange as soon as possible after the Closing Time on the Closing Date as the Agent can arrange); and

- (b) release the Subscription Proceeds to representatives of the Corporation or its order by way of cheques drawn on the Escrow Bank Account and payable in accordance with the Release Certificate.
- 2.04
- (a) If the Release Certificate is not received by the Escrow Agent on or prior to the Closing Time;
  - (b) if the Escrow Agent receives notice of termination of this Agreement by the Agent or the Corporation in accordance with the terms hereof;
  - (c) if the aggregate gross proceeds of at least \$2,035,000 are not received by the Escrow Agent by the Closing Time; or
  - (d) if the Closing is not consummated at the Closing Time;

then the Escrow Agent shall forthwith issue to the Agent on behalf of the Subscribers a cheque in the amount of the aggregate subscription amount received by the Escrow Agent on behalf of the Subscribers, without interest or deduction, if such subscription amount has not been paid to the Corporation or to its order as aforesaid.

2.05 Upon receipt by the Agent of a cheque from the Escrow Agent pursuant to Section 2.045 hereof, the Agent shall forthwith issue to the Subscribers within ten (10) Business Days after receipt of such notice, advice or occurrence or after the Closing Date, as the case may be, a cheque in the amount of the aggregate subscription payment for the Shares (including the Fee) paid on behalf of such Subscribers, without interest or deduction.

2.06 The Corporation and the Agent shall execute and deliver such additional documents as may be required by the Escrow Agent in order to fulfill the terms of this Agreement.

### **Article III**

#### **Further Provisions Respecting Escrow**

3.01 The Escrow Agent shall be protected in acting and relying reasonably upon any written notice, direction, instruction, order, certificate, confirmation, request, waiver, consent, receipt, statutory declaration or other paper or document (collectively "Documents") furnished to it and signed by any person required to or entitled to execute and deliver to the Escrow Agent Documents in connection with this Agreement, not only as to the due execution and the validity and effectiveness of the provisions of any Document, but also as to the truth and accuracy of any information therein contained which the Escrow Agent in good faith believes to be genuine.

3.02 The Escrow Agent may retain such legal counsel and advisors as may be reasonably required for the purpose of discharging its duties or determining its rights under this Agreement, and may rely and act upon the advice of such counsel or advisors. The Corporation shall pay or reimburse the Escrow Agent for any reasonable fees, expenses and disbursements of such counsel or advisors.

3.03 The Escrow Agent shall have no duties or responsibilities except as expressly provided in this Agreement and shall have no liability or responsibility arising under any other agreement, including any agreement referred to in this Agreement, to which the Escrow Agent is not a party.

3.04 The Corporation shall indemnify and hold harmless the Escrow Agent and its employees, directors, officers and agents from and against any liability, loss, claim, action, cost and expense, including legal fees and disbursements, (collectively "Liabilities") which may be asserted against the Escrow Agent arising from or out of this Agreement; provided that the Corporation shall not be required to indemnify the Escrow Agent in the event that any Liabilities are a result of the gross negligence or willful misconduct of the Escrow Agent. This provision shall survive the resignation or removal of the Escrow Agent and the termination of this Agreement.

3.05 (a) The Corporation may remove the Escrow Agent or the Escrow Agent may resign after giving at least thirty days notice in writing to the Escrow Agent or to the

Corporation of the effective date of removal or resignation (the "Effective Date"), as the case may be, and upon the appointment of a successor agent by the Corporation, the Escrow Agent shall be discharged from all further duties and obligations hereunder.

- (b) Failing such appointment as referred to in subsection (a) hereof, by the Corporation within 30 days from the Effective Date, the Escrow Agent shall return all Subscription Proceeds to the Agent to be held in trust for and disbursed to subscribers entitled to the Subscription Proceeds and the duties and obligations of the Escrow Agent under this Agreement shall cease immediately.

3.06 The Corporation agrees to pay the Escrow Agent's fees as may be agreed with the Corporation, together with the Escrow Agent's expenses and disbursements. Notwithstanding any provision contained in this Agreement, if any of the Escrow Agent's fees, expenses and disbursements are in arrears, then the Escrow Agent reserves the right to withhold the release of any Subscription Proceeds until such fees, expenses and disbursements are paid in full.

#### **Article IV**

##### **Miscellaneous**

4.01 The Corporation and the Agent, in respect of the Escrow Agent's subscription escrow duties and obligations hereunder, hereby jointly and severally agree to indemnify the Escrow Agent, its agents, employees, directors and officers and to save the Escrow Agent, its agents, employees, directors and officers harmless of and from any and all costs, suits, actions, demands, liabilities or claims whatsoever arising from or out of the performance of the Escrow Agent's duties and obligations hereunder, save only in the event of gross negligence, willful misconduct or bad faith on the part of the Escrow Agent. No act or omission by the Escrow Agent, its agents, employees, directors and officers shall constitute or be deemed to constitute negligence, willful misconduct or bad faith if it is done or omitted at the written direction of the Corporation or the Escrow Agent. This indemnity shall survive the termination or discharge of this Agreement or the

resignation or removal of the Escrow Agent, provided that the event or claim in respect of which indemnity is sought related to a time when the Escrow Agent was bound by this Agreement.

4.02 This Agreement shall come into force as of December 1, 2000 and except as provided above, shall continue in force until the earlier of:

- (a) the release by the Escrow Agent of the Subscription Proceeds to the Corporation and others at its direction, as provided by Section 2.03.
- (b) the release by the Escrow Agent of the Subscription Proceeds to the Agent, as provided by Section 2.04.

4.03 Any certificate, opinion, direction, instruction or other communication required or permitted to be given to a party to this Agreement shall be in writing and shall be deemed to have been sufficiently given if delivered or sent by prepaid mail addressed to the party at the address shown below:

if to the Corporation:  
Micro Mining Technologies Ltd.  
2-2180 Pegasus Way NE  
Calgary AB T2E 8M5  
Attention: Vaughan K. Watts  
Facsimile No. (403) 291-6789

if to the Escrow Agent:  
Olympia Trust Company  
2600, 700 - 9<sup>th</sup> Avenue SW  
Calgary AB T2P 3V4  
Attention: Manager, Client Services  
Facsimile No. (403) 265-1455

if to the Agent:  
Bieber Securities Inc.  
801 - 400 St. Mary Avenue  
Winnipeg MB R3C 4K5  
Attention: Guy Bieber  
Facsimile No. (204) 956-0747

or to such other address as any party may from time to time notify the other, in accordance with this Section. Each such document shall be deemed to have been received if delivered, on the date of delivery, or, if sent by prepaid mail, on the third business day after mailing thereof, except in the event of an interruption in regular postal service, in which case such notice shall be delivered.

4.04 Time shall be of the essence of this Agreement.

4.05 This Agreement shall not be assigned by the Escrow Agent without the prior written consents of the Corporation and the Agent, and subsequent to the discharge of the Escrow Agent's duties and obligations hereunder, without the prior written consent of the Corporation alone.

4.06 This Agreement shall be governed by and construed in accordance with the laws of the Province of Manitoba and the laws of Canada applicable therein.

4.07 This Agreement shall enure to the benefit of and be binding upon the successors and permitted assigns of the parties hereto.

4.08 This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**IN WITNESS WHEREOF** this Agreement has been duly executed by the parties hereto as of the day and year first above written.

**MICRO MINING TECHNOLOGIES LTD.**

Per: “Vaughan Watts”  
VAUGHAN WATTS c/s  
Secretary

Per: “Michael Diebel”  
MICHAEL DIEBEL  
Vice President

**BIEBER SECURITIES INC.**

Per: “Guy Bieber”  
GUY BIEBER c/s

**OLYMPIA TRUST COMPANY**

Per: “Lorrie Conn”  
LORRIE CONN c/s  
Vice President

Per: “Gail Williams”  
GAIL WILLIAMS  
Manager of Operations



SCHEDULE "A"

TREASURY ORDER

Olympia Trust Company  
Corporate & Shareholder Services  
2600, 700 – 9th Avenue S.W.  
Calgary, Alberta T2P 3V4

Dear Sirs:

You are hereby authorized and directed to issue a "global" certificate (the "Global Certificate") for • fully paid Common Shares in the capital stock of Micro Mining Technologies Ltd. (the "Corporation") to the following:

Investors Co.  
77 Bloor Street West  
Toronto, Ontario  
M4Y 2T1

We certify that the Corporation has received the full consideration therefor and that the said Common Shares are therefore validly issued as fully paid and non-assessable.

And we also certify that the said allotment and issuance hereunder constitute the first transaction having an effect of creating ownership, control, or the right to receive such Common Shares.

Furthermore, we also certify that this Treasury Order adheres to the requirements as set out in the Corporation's By-Laws and any and all applicable statutes and regulations. These shares have been issued pursuant to a resolution of directors of the Corporation dated •, 2000

Following this issue of Common Shares represented by the Global Certificate, there will be • Common Shares of the Corporation issued and outstanding.

Dated this     day of December, 2000.

MICRO MINING TECHNOLOGIES LTD.

Per:

"Jeff Love"  
\_\_\_\_\_  
JEFF LOVE,  
CHIEF FINANCIAL OFFICER

SCHEDULE "B"

DISTRIBUTION STATEMENT

MICRO MINING TECHNOLOGIES INC.

STATEMENT SHOWING NUMBER OF SHAREHOLDERS AS AT CLOSING DATE

NUMBER		SHARES
0	Holders of 1 - 99 Shares	•
0	Holders of 100 - 499 Shares	•
0	Holders of 500 - 999 Shares	•
•	Holders of 1,000 to 9,999 Shares	•
•	Holders of 10,000 Shares or over	•
•	<b>TOTAL NUMBER OF SHAREHOLDERS</b>	•

BIEBER SECURITIES INC.

per:

•

For purposes of information, Bieber Securities Inc., advises that as of the Closing Date, we have identified that • insider(s) or parties related to the Corporation, purchased an aggregate of • shares of the Offering.

SCHEDULE "C"

ACCEPTANCE OF SUBSCRIPTIONS

TO: \_\_\_\_\_ OLYMPIA TRUST COMPANY, Calgary, Alberta

I, JEFF LOVE, being the Chief Financial Officer of Micro Mining Technologies Ltd. (the "Corporation") do hereby certify that the Corporation has accepted subscriptions for • common shares pursuant to the Prospectus of the Corporation dated December •, 2000 and further that, to the best of my knowledge, information and belief, the proceeds payable to the Corporation from the subscription funds exceed the requirements of the Minimum Offering as described in the Prospectus.

IN WITNESS WHEREOF, I have hereunto caused the seal of the Corporation to be affixed hand as of this 1st day of December, 2000.

MICRO MINING TECHNOLOGIES LTD.

Per: "Jeff Love"  
JEFF LOVE, Chief Financial Officer

Countersigned by the Agent:

BIEBER SECURITIES INC.

Per: "Guy Bieber"  
Guy Bieber, Chief Executive Officer

Per: "Deborah Metcalfe"  
Deborah Metcalfe  
Chief Executive Officer