Form 51-102F3

Material Change Report

Item 1 Name and Address of Company

MaxTech Ventures Inc. (the “Company”)
1255 West Pender Street
Vancouver, British Columbia
V6E 2V1

Item 2 Date of Material Change

December 14, 2006, being the date the Board of Directors of the Company approved the Joint Venture Agreement described herein.

Item 3 News Release

The Company issued a news release on December 14, 2006 through the facilities of Canada Stockwatch and Market News Publishing, Inc., a copy of which has been filed on SEDAR.

Item 4 Summary of Material Change

The Company entered into a Joint Venture Agreement with Asia Gas Holdings Group Inc. (“Asia Gas”) to form a Sino-foreign cooperative joint venture limited liability company for the exploration and exploitation of coal bed methane gas (“CBM”) resources in an area (the “Project Area”) of approximately 11,726 square kilometres of the Fukang Municipal Government in the People’s Republic of China (the “PRC”).

Item 5 Full Description of Material Change

The Company entered into a Joint Venture Agreement (the “Joint Venture Agreement”) with Asia Gas, a Chinese Legal Entity, pursuant to which they have agreed to form a Sino-foreign cooperative joint venture limited liability company (the “JV Company”) to be called Fukang CBM Co. Ltd., under the laws of the PRC, for the exploration and exploitation of CBM and other valuable minerals produced, mined, extracted or derived during the exploitation of CBM, in the Project Area.

Asia Gas is responsible for obtaining all exploration and development permits and business licenses and other necessary approvals from PRC government authorities. The Company is required to contribute US$4,800,000 over a period of three years, the first US$2,000,000 is to be paid upon the formation of the JV Company and the receipt by the JV Company of its business license. The remaining US$2,800,000 shall be contributed by the Company as exploration capital for the JV Company’s first project (“First Project”). The Company’s obligation to contribute the US$2,800,000 is conditional upon the formation of the JV Company and the receipt by the JV Company of its business license and the receipt by the JV Company of an exploration certificate from the relevant PRC government authorities for the First Project. The First Project is with respect to a licensed area of 670 square kilometres within the Project Area. The time limit for contribution of the remaining US$2,800,000 shall be in accordance with the exploration program for the First Project as agreed upon by the parties.

If the parties agree to commercially develop the First Project, they will contribute capital in the ratio of 35% for Asia Gas and 65% for the Company. If any of the US$2,800,000 contributed by the Company for exploration capital is remaining, it will be credited as part of the Company's contribution. The total amount to be contributed by the parties as capital to commercial development of the First Project will be agreed by the parties, and the time limit for contribution shall be agreed upon in writing by the parties. During the exploration phase of the Company's First Project, the Company is entitled to 65% of the profits from the First Project and during the commercial development phase of the First Project but before the full recovery of the exploration capital contributed by the Company and spent on and during exploration (the "First Exploration Costs"), the Company is entitled to 75% of the profits from the First Project. After the full recovery of the First Exploration Costs by the Company, the parties shall share the profits of the First Project in a ratio of 35% for Asia Gas and 65% for the Company.

If the parties agree not to commercially develop the First Project, any of the US$2,800,000 contributed by the Company for exploration capital that is remaining will be credited as the Company's contribution to the exploration of the second project (the "Second Project") within the Project Area to be undertaken by the JV Company and the arrangements for the Second Project in respect of contributions and profit sharing shall be the same as those for the First Project.

If the parties agree that the First Project is successful and the Second Project should be undertaken within the Project Areas, the arrangements in respect of contributions and profit sharing shall be as agreed by the parties provided that Asia Gas and the Company will contribute and share profits with respect to both the exploration and development phases of the Second Project in a ratio of 50% for Asia Gas and 50% for the Company, provided either party may purchase the equity interest of the other by reaching further agreement.

Subject to the obligations of the parties to contribute to the capital of the JV Company, if the Board of Directors determines that it is in the best interests of the JV Company to increase the capital of the JV Company, Asia Gas and the Company shall have the right to contribute to the increased capital in accordance with their share of the profits of the JV Company, i.e. 35% for Asia Gas and 65% for the Company for the First Project and 50% for Asia Gas and 50% for the Company for the Second Project, and maintain their percentages of the JV Company. This capital will fund the exploration and development of further CBM related projects within the Project Area.

If a party fails to make its capital contribution, in whole or in part, it shall pay simple interest to the JV Company on the unpaid amount at the rate of 1% above the average during the period in default of the daily London Inter Bank Offered Rate for six-month United States Dollar deposits.

All increases in the capital of the JV Company shall require the written consent of Asia Gas and the Company, the approval of the Board of Directors and the approval of PRC government authorities.

Pursuant to the JV Agreement, the Company is also responsible for arranging financing for the JV Company's projects and if financing is not available, for loaning funds to the JV Company on commercial interest rates. At the request of the Board of Directors of the JV Company, the Company will provide, at cost, financial, accounting, management structure, personnel, technical, mining and other necessary services to the JV Company. The Company will appoint 3 of the 5 directors on the Board of Directors of the JV Company and the general manager of the joint venture.

Neither party may assign its interest in the Joint Venture Agreement and/or the capital of the JV Company, other than to an affiliate, without the consent of the other party. The sale by a party to a third party is subject to a right of first refusal in favour of the other party and if the Company wishes to sell its interest to a third party, it is to use its best efforts to obtain an offer from the third party for Asia Gas's interest as well. Assignments are also subject to approval by PRC government authorities.

The Joint Venture Agreement is for a term of 30 years and may only be extended with the approval of PRC government authorities. Either party may give written notice to the other to terminate the Joint Venture Agreement prior to the expiration of the term (i) if the other party is in material breach of the agreement which is not cured within 180 days of written notice, (ii) in the event of bankruptcy or insolvency of the JV Company or the other party, (iii) if a situation occurs which is unexpected at the time of signing the agreement that makes the purpose of the JV Company impossible to achieve, (iv) any government authority having authority over the JV Company requires any provision of the agreement or the Articles of Association of the JV Company to be revised in such a way as to cause significant adverse consequences to the JV Company, (v) the parties agree in writing that the First Project is not economically viable, or (vi) Force Majeure results in major impairment to the functioning of the JV Company for a period in excess of 24 months and the parties are unable to find an equitable solution. The parties shall then have 90 days from the notice of termination in which they shall endeavour to resolve the problem through negotiation and agreement. After liquidation and division of the JV Company's assets and the settlement of all of its outstanding debts, the balance shall be paid to the parties in proportion to their then respective shares of the profits, provided that if the Joint Venture Agreement and/or the JV Company is terminated before the issuance of the exploration certificate for the First Project, the balance shall be paid to the Company only.

A party giving a notice of termination may also give notice that it wishes to buy-out the interest of the other party. Once the value of the interest is determined, the party initiating the buy-out procedure may elect to complete the purchase, subject to approval by PRC government authorities.

The amount of a party's liability for breach of the JV Agreement shall be limited to the amount of its contributions to the capital of the JV Company.

Pursuant to a further agreement between the Company and Asia Gas, supplemental to the Joint Venture Agreement, it was acknowledged that under PRC laws they may be required to deal with China United Coalbed Methane Co., Ltd. ("CUCM") and agreed to cooperate with CUCM and that among other things, they would be willing to transfer to CUCM an ownership interest in the JV Company of not more than 4% to be borne by the Company and Asia Gas 50/50.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

This Report is not being filed on a confidential basis in reliance on subsection 7.1(2) or (3) of National Instrument 51-102.

Item 7 Omitted Information

No information has been omitted on the basis that it is confidential information.

Item 8 Executive Officer

The name and business telephone number of the executive officer of the Company who is knowledgeable about the material change and this Report:

Thomas R. Tough, President
(604) 687-2038

Item 9 Date of Report

December 22, 2006

JOINT VENTURE CONTRACT

between

ASIA GAS HOLDINGS GROUP INC.

and

MAXTECH VENTURES INC.

to form

a Sino-foreign Cooperative Joint Venture

FUKANG CBM CO., LTD.

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1. PRELIMINARY STATEMENT

1.1 THIS CONTRACT is made in Vancouver, British Columbia, Canada on November 18, 2006

BETWEEN **Asia Gas Holdings Group Inc., China** (Party A)

AND **Maxtech Ventures Inc., Canada** (Party B).

in accordance with the Laws of the People's Republic of China on Sino - Foreign Cooperative Enterprises (hereinafter referred to as the "Cooperative Enterprises Law"), the implementing rules issued there under ("Detailed Rules") and other relevant laws and regulations of the People's Republic of China.

1.2 After friendly consultations conducted in accordance with the principles of equality and mutual benefit, the Parties have agreed to establish a Sino-foreign cooperative joint venture limited liability company in Xinjiang Uigur Autonomous Region, People's Republic of China, in accordance with the above-mentioned laws and regulations and the provisions of this Contract.

2. Parties to this Contract

2.1 The Parties to this Contract are:

(1) Party A: **Asia Gas Holdings Group Inc. (新疆燃气（集团）有限公司)**, a Chinese legal entity with its legal address at No. 120, Carat Ma East Street, North Lane, Urumqi, Xinjiang Uigur Autonomous Region, People's Republic of China.
Authorized Representative of Party A:
Name: Wang Feng
Position: Director and Senior V.P.
Nationality: Chinese

(2) Party B: **Maxtech Ventures Inc.**, Canada, with its legal address at 1250 Hastings St., Vancouver, British Columbia, Canada.
Authorized Representative of Party B:
Name: Navchand Jagpal
Position: Authorized Representative
Nationality: Canadian

3. Definitions

3.1 Unless otherwise provided herein, the following words and terms used in this Contract shall have the meanings set forth below:

(1) "Affiliate" means, in relation to each Party, any individual, company or other kinds of legal entity which, through ownership of registered capital, voting stock or otherwise, directly or indirectly, is controlled by or under common control with, or in control of, this Party; the term "control" meaning ownership of fifty percent or more of the registered capital, voting stock or the power to appoint or elect a majority of the directors or the power to direct the management of a company.

(2) "Articles of Association" means the Articles of Association of the Joint Venture Company signed by Party A and Party B simultaneously with this Contract.

(3) "Board of Directors" means the board of directors of the Joint Venture Company.

(4) "Business License" means the business license of the Joint Venture Company issued by the Company Registrar.

(5) "China" or "P.R.C." means the People's Republic of China.

(6) "Commencement of Production" means the date on which the CBM Production Operation established by the Joint Venture Company during the Second Phase have begun.

(7) "Company Establishment Date" means the date of issuance of the Business License.

(8) "Company Registrar" means the Xinjiang Administration for Industry and Commerce or its local delegate which is duly authorized by the Xinjiang Administration for Industry and Commerce to issue the Business License.

(9) "Contract Term" means the term of this Contract as set forth in Clause 18 of this Contract.

(10) "CBM" means coal bed methane.

(11) "Effective Date" means the effective date of this Contract, which shall be the date on which this Contract and the Articles of Association have been approved by the Examination and Approval Authority and an approval certificate issued.

(12) "Examination and Approval Authority" means the Ministry of Commerce or its local delegate with authority to approve this Contract and the Articles of Association.

(13) "Exploration Program" means the program adopted by the Joint Venture Company relating to geological investigation, exploration, pilot testing and analysis of the CBM production potential within the Project Areas to an extent sufficient to allow the preparation of the Feasibility Study. "Exploration Program" consists of several Working Plans pertaining to the Licensed Areas, and shall be approved by both parties and used by Party A and the Joint Venture Company to apply for the exploration certificates for the Licensed Areas.

(14) "Feasibility Study" means a feasibility study or studies into the establishment of a CBM Production Operation based on drilling, hydrological, soil and metallurgical tests, processing design, environmental, marketing and any other studies sufficient to warrant an economically viable commercial CBM Production Operation using international practices in the whole or in part or parts of the Project Areas. International practice means the practice and standards adopted and used by reputable international enterprises to achieve proper economic targets, management and technical development of that enterprise. Any Feasibility Study shall be in a detailed and comprehensive form that may be submitted to a reputable international lending institution and acceptable to it for the purposes of raising finance sufficient to establish the economically viable commercial CBM Production Operation in the whole or in part or parts of the Project Areas. The Feasibility Study shall be approved by both parties and be used by Party A and the Joint Venture to apply for the exploration and exploitation certificates for the Licensed Areas.

(15) "First Phase" means the conduct of a thorough investigation and verification of all existing data regarding the Project Areas, execution of the Exploration Program, including but not limited to all activities necessary for the preparation of a Feasibility Study for the purpose of determining the long term commercial and technical viability of conducting a CBM Production Operation in the whole or in part or parts of the Project Areas.

(16) "First CBM Project" shall mean the CBM related project approved by the Board of Directors of the Joint Venture Company to be explored and developed by the Joint Venture Company within the Licensed Areas.

(17) "Joint Venture Company" means the Sino-foreign cooperative joint venture limited liability company formed by the Parties pursuant to this Contract.

(18) "Management Personnel" means the Joint Venture Company's General Manager, and, if appointed. the Deputy General Manager, Finance Manager (i.e., Chief Accountant), Marketing Manager, Personnel and Administration

Manager and other management personnel who report directly to the General Manager.

(19) "Exploitation Product" means CBM and any other valuable minerals in any form or compound whatsoever produced, mined, extracted or derived during the CBM Production Operation, including but not limited to any coal derived hydrocarbon production to a depth of 2,000 meters.

(20) "Licensed Areas" means the areas approximately of 670 square kilometers within the Project Areas whose coordinates are listed in the Appendix I.

(21) "CBM Production Operation" means an operation directed to the exploitation of CBM and the treatment of the methane to produce a saleable gas product.

(22) "Project Areas" means the areas of the Fukang Municipal Government with an area approximately of 11,726 square kilometers.

(23) "Renminbi" or "RMB" means the lawful currency of China.

(24) "Second Phase" means to commercially develop part or parts of the Project Areas pursuant to the Feasibility Study for CBM Production Operation.

(25) "Third Party" means any natural person, legal person or other organization or entity other than the Parties to this Contract. However, with respect to Clause 6.12 below, a third party shall not mean any Affiliate of either of the parties.

(26) "United States Dollars" or "US$" means the lawful currency of the United States of America.

(27) "Working Personnel" means all employees and staff of the Joint Venture Company other than the Management Personnel.

(28) "Second CBM Project" shall mean the CBM related project approved by the Board of Directors of the Joint Venture Company to be explored and developed by the Joint Venture Company within the Project Areas but outside of the Licensed Areas. The Second CBM Project shall include all of the Project Areas outside of the Licensed Areas provided that such areas could viably produce CBM.

(29) "Economically Viable" shall have the meaning as defined in the Exploration Program and Economical Viability shall be defined accordingly.

Unless otherwise stated, all references herein to numbered Articles and Appendices are to Articles and Appendices of this Contract.

4. Establishment and Legal Form of the Joint Venture Company

4.1 The Parties hereby agree to establish the Joint Venture Company promptly after the Effective Date in accordance with the Cooperative Enterprises Law, the Detailed Rules, other relevant laws, and regulations and the provisions of this Contract.

4.2 The name of the Joint Venture Company shall be 阜康市煤层气有限公司 in Chinese and Fukang CBM Co., Ltd. in English, which shall be subject to the final verification by the Company Registrar.

4.3 The legal address of the Joint Venture Company shall be in Fukang, Xinjiang, China.

4.4 The Joint Venture Company may establish branch offices inside or outside China with the consent of the Board of Directors and approval from the relevant Chinese governmental authorities.

4.5 The Joint Venture Company shall be an enterprise legal person under the laws of China. The activities of the Joint Venture Company shall be governed by the laws, decrees, rules, and regulations of China and its lawful rights and interests shall be protected by the laws, decrees, rules, and regulations of China.

4.6 The Joint Venture Company shall be a limited liability company. The liability of each Party to the Joint Venture Company shall be limited to the full amount of its share in the Joint Venture Company consisting of capital investments or cooperative contributions. Unless otherwise provided pursuant to a written agreement signed by a Party and a creditor of the Joint Venture Company, creditors of the Joint Venture Company and other claimants against the Joint Venture Company shall have recourse only to the assets of the Joint Venture Company and shall not seek compensation, damages or other remedies from any of the Parties. Subject to the foregoing, the Parties shall share the Joint Venture Company's profits, and bear the losses and risks arising from their investments in the Joint Venture Company in accordance with the provisions herein.

5. Purpose and Scope of Business

5.1 Business Scope of the Joint Venture Company is: investment in CBM projects, development of CBM exploration and exploitation technologies, development of CBM commercialization technologies, technical consulting and services, and such other business as allowed by Chinese laws and regulations and approved by the Examination and Approval Authority and the Company Registrar.

5.2 The business activities of the Joint Venture Company in the First Phase are to conduct a thorough verification of all existing data regarding the Project Areas, conduct drilling operations, including all activities necessary for the performance of the Exploration Program and the preparation of a Feasibility Study and for the purpose of determining the commercial and technical viability of conducting CBM Production Operations in the whole or in part or parts of the Project Areas or elsewhere as may be decided by the Board of Directors.

5.3 The business activities of the Joint Venture Company in the Second Phase are to commercially develop CBM Production Operations in the whole or in part or parts of the Project Areas based on the results of the First Phase Feasibility Study and thereafter of other CBM Production Operations based on other Feasibility Studies and to undertake all activities desirable for such development and sale of Exploitation Products.

5.4 The purpose of the Joint Venture Company is to (1) adopt advanced western technology and managerial practices that are internationally recognised and applicable during the exploration, development and operation; (2) to improve the production safety of the coal mines within the Project Areas; (3) to better utilize the CBM as an alternative energy, for the achievement of the best performance of the Joint Venture Company, and best return for investors.

5.5 The parties hereto agree that the business of exploration and exploitation of CBM of the Joint Venture Company is limited to the Project Areas. If the parties intend to expand such business into areas outside of the Project Areas, they shall form a separate joint venture to undertake the business outside of the Project Areas.

6. Capital Contributions, Share Structure and Profit Sharing

6.1 The Joint Venture Company's total investment (during the First Phase of the First CBM Project) shall be US$4,000,000 and the total amount of registered capital (during the First Phase of the First CBM Project) shall be US$2,000,000.

(1) Party A shall make its contribution of cooperation terms in the First Phase of the First CBM Project by contributing the following items to the Joint Venture Company:

(a) The exclusive use of all reports, samples, data, analyses, tests, investigations, surveys and all other information available to or in the possession of Party A pertaining to the Project Areas.

(b) The attain for the Joint Venture Company the approvals and the certificate of approval from the Examination and Approval Authority, the Business License issued by the Company Registrar and other approvals, licenses, registrations and filings which are necessary for the due establishment and effective existence of the Joint Venture Company.

(c) using its best efforts to obtain for the Joint Venture Company the exploration and exploitation certificates for the First CBM Project. For clearance of any doubt, the tax, fees, levy, tariff or any other charges imposed by the PRC governmental authorities in relation to the exploration and exploitation certificates and other expenses which may be charged by the owners of the coal mines within the Project Areas in relation to the First

CBM Project ("Concession Costs") shall be borne by the Joint Venture Company. It is estimated that the Concession Costs shall be around RMB1,500,000. The parties hereto agree that this is only an estimate and for the parties' reference only, therefore, this number is not binding upon the parties.

(d) The transfer or attain for the Joint Venture Company the first right of refusal for all CBM related projects within the Project Areas from the Fukang Municipal Government, Xinjiang, PRC.

(e) Party A shall ensure that in the First Phase no government authority, including the local government authority, charges the Joint Venture Company any fees or other imposts of which the reduction and exemption have been approved by the relevant authorities.

(f) Party A will vigorously assist the Joint Venture Company in dealing with the local and provincial governmental authorities.

(g) Party A will use its best efforts to attain for the Joint Venture Company the tax and other kinds of benefits and preferential treatments listed in Appendix IV.

(2) In the First Phase of the First CBM Project, Party B shall make contributions to the Joint Venture Company of US$2,000,000 in cash as the registered capital of the Joint Venture Company, representing one hundred percent (100%) share interest of the Joint Venture Company within fifteen (15) days after the Business License is issued. If the registered capital is paid in foreign exchange other than US$, for the purposes of this Contract, the exchange rate between the said foreign exchange and US$ shall be calculated on the basis of the average of the buying and selling rates for US$ and the said foreign exchange published by the People's Bank of China on the same business day as and when the money is wired to the account of the Joint Venture Company.

(3) Within three (3) years after the Company Establishment Date, Party B shall contribute US$2,800,000 into the registered capital of the Joint Venture Company in addition to the contribution to the registered capital of Joint Venture Company provided in Clause 6.1(2), as the exploration capital for the First Phase of the First CBM Project ("Additional Exploration Capital"). The time limit for contribution of the Additional Exploration Capital shall be in accordance with the Exploration Program and be agreed upon by the parties hereto.

6.2 The parties hereto agree that, prior to the exploration certificate for the First CBM Project is issued, the registered capital and the Additional Exploration Capital shall not be spent by the Joint Venture Company except for the Concession Costs and the expenses for setting up and Joint Venture Company and for maintaining the Joint Venture Company as a going concerning.

6.3 The registered capital provided in Clause 6.1(1) and the Additional Exploration Capital shall be used firstly to the exploration work of the First Phase of the First CBM Project. Upon completion of all the exploration work of the First Phase of the First CBM Project, if there is any balance of the aggregate of the registered capital provided in Clause 6.1(1) and the Additional Exploration Capital ("First Exploration Balance") and the parties agree to enter into the Second Phase of the First CBM Project, the First Exploration Balance shall be credited as the contribution of Party B to the registered capital in the Second Phase. If the parties hereto agree in writing that the exploration results obtained during the First Phase of the First CBM Project have proved that the First CBM Project is not economically viable, the First Exploration Balance shall be credited as the contribution of Party B to the exploration capital of the second CBM related project within the Project Areas approved by the parties in writing to be undertaken by the Joint Venture Company.

6.4 If the parties hereto agree in writing that the Second Phase of the First CBM Project shall be commenced, the parties shall, in addition to the registered capital at that time, respectively contribute capital to the registered capital of the Joint Venture Company in the ratio of 35% : 65%. The First Exploration Balance, if any, shall be credited as a part of the contribution of Party B required under this Clause 6.4. The total investment, registered capital as well as the amount of contribution by both parties in the Second Phase of the First CBM Project shall be agreed upon the parties hereto according to the Feasibility Study. Party A's contribution shall be made in RMB in cash and Party B shall make its contribution in US$ in cash. The time limit for contribution of the registered capital by both parties hereto shall be agreed upon in writing by the parties and such agreement shall be a supplemental agreement to this Contract.

6.5 During the First Phase of the First CBM Project, Party B is entitled to sixty-five percent (65%) of the profits of the First CBM Project, and during the Second Phase of the First CBM Project but before the full recovery of the exploration capital contributed by Party B and spent on and during the First Phase of the First CBM Project ("First Exploration Costs"), Party B is entitled to seventy-five (75%) of the profits of the First CBM Project. After the full recovery of the First Exploration Costs by Party B, the parties hereto shall share the profits of the First CBM Project in a ratio of 35% : 65%. Each party shall procure the directors of the Joint Venture Company appointed by them respectively to vote on the meetings of the Board of Directors of the Joint Venture Company to give effect to the profit sharing arrangement provided in this Clause 6.5.

6.6 If the parties hereto agree in writing that the exploration results obtained during the First Phase of the First CBM Project have proved that the First CBM Project is not Economically Viable, and the parties agree in writing to undertake the second CBM project within the Project Areas, the arrangements of the second CBM project in respects of contribution of exploration capital, Concession Costs, contribution of registered capital and profit sharing shall be the same arrangement of the First CBM Project provided in this Contract. If the parties hereto agree in writing that the First CBM Project is successful and the Second CBM Project shall be undertaken within the Project Areas, the arrangement of the second CBM related project in respects of contribution of exploration capital, contribution of registered capital and profit sharing shall be agreed upon by the parties in writing, and such agreement shall be a supplemental agreement to this Contract. However, notwithstanding the above, the parties hereto agree that the parties shall contribute the registered capital and share the profits of the Joint Venture Company (including both the First Phase and the Second Phase) in a ratio of 50% : 50%, provided however, any party may purchase the equity interests held by the other party by reaching further agreement.

6.7 Subject to the obligations of each party of contribution of the registered capital as stipulated in Clauses 6.1, 6.4 and 6.6, if the Board of Directors determines that it is in the best interests of the Joint Venture Company to increase the registered capital, Party A and Party B shall have the right to contribute to the increased registered capital in accordance with their share of the profits of the Joint Venture Company, i.e. 35% : 65% for the First CBM Project, and 50% : 50% for the Second CBM Project and maintain their percentages of the Joint Venture Company. This registered capital will fund the exploration and development of further CBM related projects within the Project Areas.

6.8 In the event that a Party fails to make its capital contribution. in whole or in part, in accordance with this Clause 6, such Party shall pay simple interest to the Joint Venture Company on the unpaid amount from the date due until the date the contribution is made at a rate of one percentage point above the average during such default period of the daily London Inter Bank Offered Rate (LiBOR) for six-month United States Dollar deposits.

6.9 No Party shall be obligated to make any contribution to the Joint Venture Company's registered capital in addition to the registered capital of US$2,000,000 to be paid by Party B as provided in Clause 6.1, if any of the following conditions has not been satisfied or waived in writing by all Parties:

(1) this Contract and the Articles of Association have been signed by the Parties, and approved by the Examination and Approval Authority (as evidenced by the issue of an approval certificate) without altering their terms and conditions and without imposing any additional obligations on any Party or the Joint Venture Company, unless each Party has been notified in advance of and consented in writing to such alterations or additional obligations;

(2) the Business License has been issued without altering the Joint Venture Company's business scope as set forth in Clause5.1,unless each Party has been notified in advance of and consented in writing to such alteration; and

(3) the exploration certificate of the First CBM Project has been issued.

6.10 Each time a Party makes a contribution to the Joint Venture Company's registered capital, a Chinese registered accountant appointed by the Board of Directors shall promptly verify the contribution and issue a capital verification report to the Joint Venture Company. Within thirty (30) days from receipt of the capital verification report, the Joint Venture Company shall issue an investment certificate to such Party in the form prescribed by the Detailed Rules, signed by the Chairman and the Vice-Chairman of the Board and chopped with the Joint Venture Company's chop. Each investment certificate shall indicate the amount of the capital contribution and the date on which such, contribution was made, and a copy shall be submitted to the Examination and Approval Authority for the record. The General Manager shall maintain a file of all capital verification reports and copies of all investment certificates that have been issued to the Parties.

6.11 Any increase in the registered capital of the Joint Venture Company shall require the written the consent of both Parties and the approval of the Board of Directors. The Parties agree that they will cause the Directors appointed by them to approve of the increase in the registered capital in accordance with the recommendations of the Feasibility Study. Unless otherwise agreed in writing by both Parties and subject to the provisions of Clause 6.7, any contribution shall be in proportion to each Party's respective shares of profits at the time of such increase. All increases in registered capital must be approved by the Examination and Approval Authority. Each party agrees to cause its representatives on the Board of Directors to vote on Board matters in a manner consistent with that party's contractual obligations herein. Each party agrees that it will use its best efforts to cause the Examination and Approval Authority to approve any increases in the registered capital and corresponding amendments to this Contract. Upon receipt of such approval, the Joint Venture Company shall register the increase in registered capital with the Company Registrar.

6.12 Except in accordance with the provisions of this Article 6.12, no Party to this Contract may assign all or part of its interest in the registered capital of the Joint Venture Company and/or interest in the Contract (together "Equity Interest in the Joint Venture Company") to a Third Party without the prior written consent of the other Party.

(1) Assignment to Affiliates

Each party hereby consents to any future assignment by the other Party ("Assigning Party") of all or part of its Equity Interest in the Joint Venture Company to one or more of its Affiliates for any consideration deemed appropriate by the Assigning Party and its Affiliate(s). Each Party shall give the waiver of its right of pre-emptive purchase of such Equity Interest in the Joint Venture Company to be assigned by the Assigning Party pursuant to Clause 6.12 (1) and cause the directors appointed by it to vote in a duly convened meeting of the Board of Directors in favor of any such assignment. The provisions of Clause 6.12 (1) shall apply *mutatis mutandis* to the execution of documents by the Affiliate(s) of the Assigning Party for the assumption of rights and obligations which were originally assumed by the Assigning Party under this Contract prior to the Assignment.

(2) Assignment between the Parties

Subject to Clause 6.12 (1), in the event that either party ("Selling Party") wishes to sell, transfer or otherwise assign all or part of its Equity Interest in the Joint Venture Company to a Third Party, the Selling Party is obliged to offer the Equity Interest in the Joint Venture Company in question for sale to the other Party ("Continuing Party") first, for which purpose the Selling Party shall notify the Continuing Party in writing of its offer to sell ("Selling Notice"), which Selling Notice shall contain a proposed price for the Equity Interest in the Joint Venture Company ("Offered Price") and the information of this Third

Party buyer as well as the main terms and conditions of the transfer and is open for acceptance by the Continuing Party within sixty (60) days after receipt of the Selling Notice ("Acceptance Period"). In the event that the Continuing Party confirms in writing within the Acceptance Period, that it shall purchase all of the Selling Party's Equity Interest in the Joint Venture Company, unless the Parties agree otherwise, the price for such sale and purchase to be paid to the Selling Party shall be the price agreed by the Parties based on the Offered Price. If no agreement is reached regarding the price within thirty (30) days after the expiry of the Acceptance Period, the parties shall, within ten (10) days after the expiration of this thirty-day period, select an internationally recognized asset appraisal organization independent of either party and which has substantial expertise in the mining industry ("Valuer"). The Valuer shall complete its valuation and issue a written report to both parties within thirty (30) days of being appointed. The cost of the valuation shall be borne by the Selling Party. The value of the Selling Party's Equity Interest in the Joint Venture Company determined by the Valuer shall be the price by which Continuing Party purchases the Selling Party's Equity Interest in the Joint Venture Company referred to in the Selling Notice ("Determined Price"). Within ten (10) days after the Valuer's report is submitted, the Continuing Party shall elect to purchase the Selling Party's Equity Interest in the Joint Venture Company at the Determined Price. Should the Continuing Party decline to purchase the Equity Interest in the Joint Venture Company offered for sale by the Selling Party within the Acceptance Period (a failure to reply within said period shall be deemed to be a declination to purchase), then the Selling Party is entitled to sell the equity interest to a Third Party provided that the price shall not be lower than the Offered Price. Otherwise, the Selling Party shall offer the Equity Interest in the Joint Venture Company in question to the Continuing Party at the lower price pursuant to the procedures mentioned above in Clause 6.12 (2).

(3) Bring-along

In the event that the Party B wishes to sell, transfer or otherwise assign all or part of its Equity Interest in the Joint Venture Company to a Third Party, Party B shall use its best efforts to ensure that the Selling Notice which it gives under Clause 6.12 (2) is accompanied by an offer to Party A from the Third Party to buy all the Equity Interest in the Joint Venture Company held by the Party A on the same terms as are set out in the Selling Notice. The offer shall be expressed to be irrevocable and governed by Chinese laws and open for acceptance by Party A during the Acceptance Period. If the Selling Notice is not accompanied by such an offer:

(a) the Acceptance Period for the purpose of Clause 6.12 (2) shall, notwithstanding the terms of Clause 6.12 (2), be extended to a period of one hundred (100) days from the date of receipt of the Selling Notice;

(b) the Party B shall use its best efforts during the extended Acceptance Period to ensure that:

i. the Third Party makes an offer to the Continuing Party in the terms of this clause; and

ii. Party A may participate fully at its own expense in all negotiations and discussions between Party B and the Third Party or their respective agents; and

(c) subject to any confidentiality obligations owed to Third Parties, Party B shall give Party A full access to all documents and information in theParty B's possession or under its custody and control which:

i. directly or indirectly relates to the intended transfer of the Equity Interest in the Joint Venture Company in question to the Third Party; and

ii. Party A may require in connection with negotiations and discussions with the Third Part

(4) Assignment - General

The Selling Party shall be responsible for ensuring that the Third Party will execute all documents such that the Third Party shall assume such rights and obligations as were originally assumed by the Selling Party under this Contract prior to the assignment to the third party of all (or, as the case may be, part) of the Selling Party's Equity Interest in the Joint Venture Company. Any consent given by the Continuing Party for the assignment by the Selling Party to the Third Party shall be deemed withdrawn if either of the Selling Party or the Third Party does not comply with the foregoing terms of this paragraph. An assignment to a Third Party shall be completed within ninety (90) days or an amended timescale by mutual agreement after the approval of the approval of the Examination and Approval Authority.

(5) Approval

Details of any Assignment to be made in accordance with this Clause 6.12 (and any amendment to this Contract (if any) required as a result thereof) shall be submitted by the Continuing Party, the Selling or Assigning Party and the Joint Venture Company to the Examination and Approval Authority for approval. The Parties agree to use their respective best endeavours to procure that the relevant approvals are obtained as soon as practicable. Upon receipt of the approvals of the Examination and Approval Authority and the completion of the assignment transaction, the Parties shall procure that the Joint Venture Company registers the change in Equity Interest in the Joint Venture with the Company Registrar, and issues to the shareholder a new investment certificate recording the change in question.

(6) Mortgage of Equity Interest in the Joint Venture Company

Subject to the written consent of the other party, both parties hereto can pledge, create a security interest or lien on, or otherwise encumber all or any part of its Equity Interest in the Joint Venture Company to its lending bank.

6.13 Subject to approval by the Board of Directors, the Joint Venture Company may obtain loans from banks or other authorized lenders in China or from banks, export credit agencies, international financial organizations and other lenders abroad.

6.14 Except as otherwise expressly provided in this Contract or its Appendices, the Joint Venture Company shall not assume or undertake any liabilities or other obligations of Party A or Party B.

7. Responsibilities of the Parties

7.1 In addition to their other obligations under this Contract, Party A shall have the following responsibilities:

(1) assist the Joint Venture Company upon request to prepare and submit all applications and obtain all approvals and licenses necessary for the establishment of the Joint Venture Company, and provide Party B with copies of all approval documents (including official replies and approval certificates) for the project proposal, the undertaking of the Feasibility Study, the implementation of the Exploration Program, this Contract and the Articles of Association and any of the ancillary contracts requiring approval, and of the Business License;

(2) on the behalf of the Joint Venture Company, use its best efforts to obtain all licenses and permits required for the operation of the Joint Venture Company's business;

(3) assist the Joint Venture Company with obtaining and protecting exclusive right over the Project Areas;

(4) use its best efforts to obtain for the Joint Venture Company, the most preferential tax treatment and other investment incentives available under the relevant laws, administrative regulations and local rules and regulations of China described in Appendix IV;

(5) assist the Joint Venture Company, upon request, in purchasing, leasing or otherwise procuring exploration equipment and technology, office furniture and equipment, vehicles and other materials required for the Joint Venture Company's operations from sources in China;

(6) assist the Joint Venture Company, upon request, in applying for licenses for the import of exploration equipment, office furniture and equipment, vehicles and required for the Joint Venture Company's operations, and in carrying out all import and customs formalities in respect thereto:

(7) assist the Joint Venture Company, upon request, in obtaining all necessary entry visas, work permits. residence permits and other necessary documents for its expatriate personnel;

(8) assist the Joint Venture Company, upon request, in recruiting skilled managers and technical personnel;

(9) assist the Joint Venture Company, upon request, in obtaining or providing housing for its personnel (the cost of such housing shall be borne by the Joint Venture Company);

(10) assist the Joint Venture Company, upon request, in obtaining and maintaining a Foreign Exchange Registration Certificate and other necessary approvals to utilize the various foreign exchange balancing methods permitted under P.R.C. laws and regulations;

(11) hold the Joint Venture Company and Party B harmless from and against any claims, losses. costs, damages, liabilities or expenses resulting from, arising out of or based upon the presence, or release of any hazardous materials on, in or under the Project Areas, or arising from any violation of relevant laws in China to the extent such events occurred before Commencement of Production which is caused by Party A;

(12) assist the Joint Venture Company, upon request, in applying to obtain necessary loans from domestic banks on the most favorable conditions to provide the necessary information and to sign the necessary documents requested by the banks in connection therewith and to provide the necessary relevant government approvals and registrations thereof;

(13) purchase the Exploitation Products of the Joint Venture Company on no less favorable terms than the terms on which Party A purchases similar gas products from any Third Party provided that the Exploitation Products of the Joint Venture Company meet the prevailing product quality standards and requirements of Party A. Notwithstanding the above in this paragraph, Party A has the option (not obligation) to purchase the non-gas Exploitation Products which are not suitable or not economically viable for urban gas consumption.

(14) provide a projection of demand of gas and the trend of sale price of gas of Urumqi, Xinjiang within three (3) years after the Contract is signed, which is attached hereto as Appendix V; for clearance of doubt, such projection is only for reference of Party B and the Joint Venture Company and Party A is not bound by any content of such projection, therefore, not liable for any mistake or failure of realization of the such projection;

(15) handle other matters entrusted by the Board of Directors.

7.2 In addition to its other obligations under this Contract, Party B shall have the following responsibilities:

(1) with the assistance of Party A, prepare for the Joint Venture Company the Exploration Program and the Feasibility Study;

(2) assist the Joint Venture Company, upon request, in purchasing, leasing or otherwise procuring exploration equipment, office furniture and equipment, vehicles and other materials required for the Joint Venture Company's production and operation from sources outside of China;

(3) upon request from the Joint Venture Company, assist its employees and members of the Board of Directors in obtaining visas and other necessary travel documents for business travel outside China on behalf of the Joint Venture Company;

(4) assist the Joint Venture Company, upon request, in recruiting skilled managers and technical personnel;

(5) assist the Joint Venture Company, upon request, in training the Joint Venture Company's management and technical personnel;

(6) arrange for the Joint Venture Company to obtain necessary loans from foreign banks on the most favorable conditions;

(7) to make the contributions described in Clause 6;

(8) assist the Joint Venture Company with obtaining exclusive access to the Project Areas;

(9) at the request of the Board of Directors, Party B shall provide the Joint Venture Company at cost with services in financing, accounting, management structure, personnel, technical, mining and other necessary services after the Company Establishment Date; and

(10) handle other matters entrusted by the Board of Directors.

7.3 The Parties shall equally provide other reasonable assistance and support required for the Joint Venture Company's operations and development.

7.4 Each party pledges to the other party neither to undertake on their own nor cooperate with any Third Party, for the purpose or interest of itself or any Third Party, with respect to the exploration, construction and development of or the application and implementation of any CBM related project on all or any part of the Project Areas throughout the Contract Term.

7.5 Party A shall use its best efforts to make the Contract approved by China United Coalbed Methane Co., Ltd. (中联煤层气有限责任公司) within ninety (90) days after the Contract is formally signed, if such approval is required under the Chinese laws. Party B shall provide all the necessary supports to this.

8. Further Funding for CBM Production Operations

8.1 Subject to Clause 6.4 above, after the Commencement of Production, all costs, expenses and liabilities incurred by the Joint Venture Company in relation to CBM Production Operations within the Licensed Areas must be funded in the following priority:

(1) from any surplus funds held by the Joint Venture Company;

(2) from any monies which the Joint Venture Company is able to borrow from external financiers ("External Funds") and which may be arranged with the assistance of both Parties;

(3) if there are no surplus funds and no External Funds, Party B shall provide the funding based on commercial interest rate ("Borrowed Funds"). The Borrowed Funds shall be registered with the State Administration of Foreign Exchange of China.

8.2 In case of Clause 8.1 (3), the Joint Venture Company shall repay to Party B the Borrowed Funds from all cash flow of the Joint Venture Company, which shall be first applied towards the repayment of the Borrowed Funds, together with the interest.

9. Further Exploration and Development

9.1 Where further funding is required for the exploration and development of CBM related project following the First CBM Project and the Second CBM Project within the Project Areas, such funding shall be contributed in the following priority:

(1) from any surplus funds held by the Joint Venture Company;

(2) from External Funds which may be arranged with the assistance of both Parties;

(3) if there are no surplus funds or if the amount required exceeds the amount of surplus funds or no External Funds are available, the parties shall provide the equity in accordance with the proportion of their share of the profits of the Joint Venture Company at that time; and

(4) If none of (1), (2), or (3) applies, Party B shall provide the funding as shareholder's loan based on commercial interest rate. Such funding shall be registered with the State Administration of Foreign Exchange of China.

9.2 Where further funding for the exploration and development of mines other than the First CBM Project and the Second CBM Project is provided under Clause 9.1 (4), Party A and Party B 's return under Clause 6 shall not be payable and such funds shall be applied to the repayment of the further funding until the further funding is totally repaid.

10. Mutual Representations and Warranties

10.1 Each of the Parties hereby represents and warrants to the other Party that, as of the date hereof and as of the Effective Date:

(1) such Party is duly organized, validly existing and in good standing under the laws of the place of its establishment or incorporation;

(2) such Party has all requisite power and approval required to enter into this Contract and, upon the Effective Date, will have all requisite power and approval to perform fully each and every one of its obligations hereunder;

(3) such Party has taken all internal actions necessary to authorize it to enter into this Contract and its representative whose signature is affixed hereto is fully authorized to sign this Contract and to bind such Party thereby

(4) upon the Effective Date, this Contract shall be legally binding on such Party;

(5) neither the signature of this Contract nor the performance of its obligations hereunder will conflict with, or result in a breach of, or constitute a default under, any provision of the Articles of Association of such Party, or any law, regulation, rule, authorization or approval of any government agency or body, or of any contract or agreement, to which such Party is a party or subject;

(6) no lawsuit, arbitration, other legal or administrative proceeding, or governmental investigation is pending, or to the best of such Party's knowledge threatened against such Party that would affect in any way its ability to enter into or perform this Contract; and

(7) all documents, statements and information in the possession of such Party relating to the transactions contemplated by this Contract which may have a material adverse effect on such Party's ability to fully perform its obligations hereunder, or which if disclosed to the other Party, would have a material effect on the other Party's willingness to enter into this Contract, have been disclosed to the other Party, and no document previously provided by such Party to the other contains any untrue statement of material fact or omits to state any material fact necessary in order to make the statements contained therein not misleading.

11. Board of Directors

11.1 The Board of Directors shall be the highest authority of the Joint Venture Company.

The Company Establishment Date shall be considered the date of establishment of the Board of Directors.

11.2 The Board of Directors shall comprise five (5) directors: two (2) of whom shall be appointed by Party A, three (3) of whom shall be appointed by Party B. The chairman of the Board of Directors shall be appointed by Party B from one of the directors appointed under Clause 11.2. The vice chairman shall be appointed by Party A from one of the directors appointed under Clause 11.2.

11.3 In order for a board meeting to be properly constituted, a minimum of three (3) Directors and/or their authorized representatives shall be present at the board meeting with a minimum of two (2) Directors (and/or their authorized representatives, as the case may be) from Party B and one (1) Director (and/or his/her authorized representative, as the case may be) from Party A.

11.4 The Joint Venture Company shall indemnify each director against all claims and liabilities incurred by reason of his being a director of the Joint Venture Company, provided that the director's acts or omissions giving rise to such claim or liability did not constitute intentional misconduct or gross negligence or a violation of criminal laws.

11.5 The Management Personnel may attend Board of Directors meetings, and the Management Personnel who is not a direct shall not vote at such meetings.

11.6 The Board of Directors shall be guided by the goal of achieving long-term economic success for the Joint Venture Company and by the principles of the market economy in making decisions.

11.7 The details regarding the Board structure, meeting procedures, powers, responsibilities, term, and other Board functions will be fully described in the Articles of Association.

12. Board of Supervisors

12.1 The Joint Venture Company shall have its Board of Supervisors which shall comprise of three (3) supervisors, with each party to appoint one (1) supervisor respectively and the third supervisor to be appointed by mutual consent of the parties hereto. The details regarding the Board structure, meeting procedures, powers, responsibilities, term, and other Board functions will be fully described in the Articles of Association.

12.2 The directors or Management Personnel shall not serve as supervisors.

13. Management Organization

13.1 The Joint Venture Company's management organization shall be under the leadership of a General Manager, who shall report directly to the Board of Directors. The Management Personnel shall be individuals with excellent professional qualifications or substantial experience in their respective fields. The management organization and Management grant or approve the issue of mining licenses or the conduct of CBM related projects within the Project Areas.

17.6 If any Party or the Joint Venture Company breaches the provisions of this Article 17, it shall be liable for damages accrued to the other Party or the Joint Venture Company as a result of such breach, which damages shall be determined in accordance relevant Chinese law, provided that in the case of a breach by a Party, such damages shall not exceed the amount of the breaching Party's contribution to the Joint Venture Company's registered capital. The payment of damages shall be without prejudice to any other rights or remedies accrued at the date of such breach.

17.7 This Clause 17 and the obligations and benefits hereunder shall commence on the date this Contract is signed by the Parties and shall survive the expiration or early termination of this Contract and shall remain in effect for the periods stated herein, notwithstanding the dissolution or liquidation of the Joint Venture Company.

18. Contract Term

18.1 The Contract Term shall commence upon the Effective Date and shall extend for a period of thirty (30) years unless earlier terminated in accordance with the terms of this Contract.

18.2 Upon the agreement of both Parties and the unanimous consent of the Board of Directors, an application to extend the Contract Term may be made to the Examination and Approval Authority no less than six (6) months prior to the expiration of the Contract Term. The Contract Term may be extended only upon approval of the Examination and Approval Authority.

19. Termination, Buyout and Liquidation

19.1 Any Party shall have the right to terminate this Contract prior to the expiration of the Contract Term by written notice to the other Party if any of the following events occur:

(1) The other Party materially breaches this Contract or materially violates the Articles of Association, and such breach or violation is not cured within one hundred and eighty (180) days of written notice to the breaching/violating Party;

(2) the Joint Venture Company or the other Party becomes bankrupt, or is the subject of proceedings for liquidation or dissolution, or ceases to carry on business, or becomes unable to pay its debts as they come due;

(3) occurrence of situation which is unexpected at the time of signing the Contract makes the purpose of the Joint Venture Company impossible to achieve;

(4) any government authority having authority over the Joint Venture Company requires any provision of this Contract or the Articles of Association to be revised in such a way as to cause significant adverse consequences to the Joint Venture Company;

(5) the Parties agree in writing that the First CBM Project is not economically viable; or

(6) the conditions or consequences of Force Majeure (as hereinafter defined) prevail with the result of a major impairment to the functioning of the Joint Venture Company for a period in excess of twenty-four (24) months and the Parties have been unable to rind an equitable solution pursuant to Clause 21.

19.2 If any Party gives notice to terminate this Contract pursuant to Clause 19.1, the Parties shall endeavour to resolve the problem through negotiation and agreement. If, within ninety (90) days of receipt of such notice, the Parties have not agreed in writing to continue this Contract and this Party has not commenced the Buy-out procedures set forth in Clause 19.3, then each Party and the directors appointed by each Party shall be deemed to have agreed to terminate this Contract and dissolve the Joint Venture Company. An application for the same shall forthwith be submitted to the Examination and Approval Authority by the Board of Directors.

19.3 If any Party gives notice to terminate the Contract pursuant to Clause 19.1 of this Contract, this Party (hereinafter referred to the "Buying Party") shall have the right to purchase the interest of the other Party (hereinafter collectively referred to as the "Other Party") in accordance with the following provisions:

(1) The Buying Party may commence Buy-out procedures by written notice to the other party (hereinafter referred to as a "Buyout Notice").

(2) The Parties shall first endeavour to agree upon the value of the other party's Equity Interest in the Joint Venture Company through negotiations. If no agreement has been reached within thirty (30) days of the other party's receipt of the Buyout Notice ("Negotiation Period"), the fair market value of the other party's Equity Interest in the Joint Venture Company shall be determined by an internationally recognized asset valuation organization independent of either Party and which has substantial expertise in the mining industry (the "Valuation Organization"). The Valuation Organization shall be appointed by the Buying Party within fifteen (15) days after the expiry of the Negotiation Period. The Valuation Organization shall complete its valuation and issue a written report to both Parties within thirty (30) days of being appointed. The cost of the valuation shall be borne by the Buying Party.

(3) If the other party disagrees with the value of its Equity Interest in the Joint Venture Company as determined by the Valuation Organization, it shall notify the Buying Party and appoint a second Valuation Organization within

fifteen (15) days of receipt of the Valuation Organization's written report The second Valuation Organization shall complete its valuation and issue a written report to both Parties within thirty (30) days of being appointed. The cost of the second valuation shall be borne by the Other Party.

(4) Any differences in the value of the Joint Venture Company as determined by the two Valuation Organizations shall in the first instance be resolved by consultation and agreement between the two Valuation Organizations, provided that if no agreement is reached within fifteen (15) days of the receipt of the second Valuation Organization's report, then the average of the two values shall be deemed to be the fair market value of the Joint Venture Company.

(5) Following determination of the Buy-out Price, the Buying Party may elect to purchase the Other Party's interest in the Joint Venture Company at the Buy-out Price by written notice to the Other Party within fifteen (15) days of the determination of the Buy-out Price.

(6) If the Buying Party elects to purchase the Other Party's Equity Interest in the Joint Venture Company, the Parties shall .promptly conclude a contract for the transfer of such interest or interests in the Joint Venture Company to the Buying Party and apply for all government approvals necessary to complete such transfer. If such transfer has not been completed within one hundred eighty (180) days after receipt of such foregoing notice, the Buying Party shall have the right, but not the obligations to, terminate the Buy-out at any time, in which case the application for transfer shall be withdrawn and the Joint Venture Company and the Parties shall immediately apply to the Examination and Approval Authority to terminate the Contract and dissolve the Joint Venture Company.

19.4 Following an application to dissolve the Joint Venture Company pursuant to Clause 19.1 of the Contract, the Board of Directors shall forthwith appoint a liquidation committee which shall have the power to represent the Joint Venture Company in all legal matters. The liquidation committee shall value and liquidate the Joint Venture Company's assets in accordance with the applicable Chinese laws and regulations and the principles set forth herein.

19.5 The liquidation committee shall be made up of five (5) members, and Party A shall appoint two (2) members and Party B shall appoint three (3) members. Members of the liquidation committee may, but need not be, directors or Management Personnel of the Joint Venture Company. The liquidation committee may engage a lawyer and an accountant registered in China to assist the liquidation committee. When permitted by Chinese law, any Party may also appoint professional advisors to assist the liquidation committee. The Board of Directors shall report the formation of the liquidation committee to the Examination and Approval Authority in charge of the Joint Venture Company.

19.6 The liquidation committee shall conduct a thorough examination of the Joint Venture Company's assets and liabilities, on the basis of which it shall develop a liquidation plan, which, if approved by the Board of Directors, shall be executed under the liquidation committee's supervision.

19.7 In developing and executing the liquidation plan, the liquidation committee shall use every effort to obtain the highest possible price for the Joint Venture Company's assets.

19.8 The liquidation expenses, including remuneration to members and the lawyers and accountants assisting the liquidation committee, shall be paid out of the Joint Venture Company's assets in priority to the claim of other creditors.

19.9 After the liquidation and division of the Joint Venture Company's assets and the settlement of all of its outstanding debts, the balance shall be paid over to the Parties in proportion to their then respective shares of the profits of the Joint Venture Company, provided always that, if this Contract and/or the Joint Venture Company is terminated before the issuance of the exploration certificate for the First CBM Project, the above said balance shall be paid over to Maxtech only.

19.10 On completion of all liquidation work, the liquidation committee shall provide a liquidation completion report approved by the Board of Directors to the Examination and Approval Authority, hand in the Joint Venture Company's business license to the original registration authority and complete all other formalities for nullifying the Joint Venture Company's registration. Party A shall have a right to the originals of all of the Joint Venture Company's accounting books and other documents, but copies thereof may be obtained by Party B and the related costs shall be included in the liquidation expenses; however, if the termination is attributable to the material breach of the Contract by Party B, such related costs shall be borne by Party B.

20. Breach of Contract

20.1 In the event that a breach of contract committed by a Party to this Contract results in the non-performance of or inability to perform this Contract or its appendices fully, the liabilities arising from the breach of contract shall be borne by the Party in breach. In the event that a breach of contract is committed by more than one Party, each such Party shall bear its individual share of the liabilities arising from the breach of contract. Provided, however, that in all cases the amount of any Party's liability shall be limited to the amount of its contribution to the Joint Venture Company's registered capital.

21. Force Majeure

21.1 "Force Majeure" shall mean all events which were unforeseeable at the time this Contract was signed, the occurrence and consequences of which cannot be avoided or overcome, and which arise after the Effective Date and prevent total or partial performance by any Party. Such events shall include earthquakes, typhoons, flood, fire, war, failures of international or domestic transportation, acts of government or public agencies, epidemics, civil disturbances, strikes and any other instances which cannot be foreseen, avoided or overcome, including instances which are accepted as Force Majeure in general international commercial practice.

21.2 If an event of Force Majeure occurs, a Party's obligations under this Contract affected by such an event shall be suspended during the period of delay caused by the Force Majeure and shall be automatically extended, without penalty, for a period equal to such suspension.

21.3 The party claiming Force Majeure shall promptly inform the other Party in writing and shall furnish within fifteen (15) days thereafter sufficient evidence of the occurrence and duration of such Force Majeure. The party claiming Force Majeure shall also use all reasonable endeavors to terminate the Force Majeure.

21.4 In the event of Force Majeure, the Parties shall immediately consult with each other in order to find an equitable solution and shall use all reasonable endeavors to minimize the consequences of such Force Majeure.

22. Settlement of Disputes

22.1 In the event a dispute arises in connection with the interpretation or implementation of this Contract, the Parties shall attempt in the first instance to resolve such dispute through friendly consultations. If the Parties are unable to resolve the dispute through friendly consultation, they may engage the services of a mediator to assist in the resolution of the dispute. If the dispute is not resolved through consultations within ninety (90) days after one Party has served a written notice on the other Party requesting the commencement of consultations, then any Party may refer the dispute to China International Economic and Trade Arbitration Commission ("CIETAC") for arbitration, in accordance with the arbitration rules of the CIETAC at that time in force. The arbitration shall be in Beijing, China.

22.2 There shall be three (3) arbitrators, one (1) of whom shall be appointed by Party A , one (1) of whom shall be appointed by Party B , and one (1) of whom shall be appointed by the CIETAC and shall serve as chairman of the tribunal. However, Asia Gas shall not appoint an arbitrator who is a PRC citizen and Maxtech shall not appoint an arbitrator who is a Canadian citizen.

22.3 The arbitration award shall be final and binding on the Parties.

22.4 When any dispute occurs and when any dispute is under arbitration, except for the matters under dispute, the Parties shall continue to exercise their other respective rights and fulfil their other respective obligations under this Contract.

22.5 In any arbitration proceeding, any legal proceeding to enforce any arbitration award and in any legal action between the Parties pursuant to or relating to this Contract, each Party expressly waives the defense of sovereign immunity and any other defense based on the fact or allegation that it is an agency or instrumentality of a sovereign state.

23. Applicable Law

23.1 The formation, validity, interpretation and implementation of this Contract, and any disputes arising under this Contract, shall be governed by the laws of the People's Republic of China. If P.R.C. law does not address a particular matter relating to this Contract, reference shall be made to general international commercial practices.

23.2 If one Party's economic benefits are adversely and materially affected by the promulgation of any new laws, rules or regulations of China or the amendment or interpretation of any existing laws, rules or regulations of China after the Effective Date of this Contract, the Parties shall promptly consult with each other and use their best endeavors to implement any adjustments necessary to maintain each Party's economic benefits derived from this Contract on a basis no less favorable than the economic benefits it would have derived if such laws, rules or regulations had not been promulgated or amended or so interpreted.

23.3 The Joint Venture Company and the Parties shall be entitled according to the law to any tax, investment or other benefits or preferences that become available or publicly more favorable than those set forth in this Contract, and the Parties agree that they and the Joint Venture Company shall promptly apply, if necessary, to enjoy such benefits and preferences.

24. Quality, Safety and Environmental Protection

24.1 The Parties hereby agree that they will do their best to ensure that the Joint Venture Company's policies and practices relating to the quality and safety of the Exploration Program and to environmental protection for the Contract Term shall meet the relevant laws of China, meet or exceed the relevant Chinese standards, and shall reflect international mining practices. The Exploration Program and Feasibility Study shall take into account the impact of the CBM Production Operation upon the safety and production of the related coal mines, and the Joint Venture Company shall take effective measures to mitigate such impact as much as possible. The Joint Venture Company shall undertake an environmental study to determine the extent of environmental damage, if any, which exists in the Project Areas as of the commencement and the end of the First Phase. The Joint Venture Company shall not be responsible for any environmental damage in the Project Areas which is not caused by the Joint Venture Company.

25. Miscellaneous Provisions

25.1 To the extent permitted by Chinese law, failure or delay on the part of any Party hereto to exercise a right under this Contract and the Appendices hereto shall not operate as a waiver thereof; nor shall any single or partial exercise of a right preclude any other future exercise thereof, except as otherwise provided in this Contract.

25.2 Except as otherwise provided herein, this Contract may not be assigned in whole or in part by any Party without the prior written consent of the other Party and the approval of the Examination and Approval Authority.

25.3 This Contract is made for the benefit of Party A, Party B and their respective lawful successors and assignees and is legally binding on them. This Contract may not be amended orally, and any amendment hereto must be agreed to in a written instrument signed by all of the Parties and approved by the Examination and Approval Authority before taking effect.

25.4 Subject to the provisions of Clause 23.2 hereof, the invalidity of any provision of this Contract shall not affect the validity of any other provision of this Contract.

25.5 This Contract is signed in the Chinese language in originals and in the English language in originals. In the event of discrepancy between the two versions, the Chinese version shall prevail. Both of the parties shall be held responsible for consistency between the two versions.

25.6 This Contract and the Appendices hereto constitute the entire agreement between the Parties with respect to the subject matter of this Contract and supersede all prior discussions, negotiations and agreements between them with respect to the subject matter of this Contract. In the event of any conflict between the terms and provisions of this Contract and the Articles of Association, the terms and provisions of this Contract shall prevail.

25.7 Any notice or written communication provided for in this Contract from one Party to the other Party or to the Joint Venture Company shall be made in writing in Chinese and English and sent by courier service delivered letter or by facsimile with a confirmation receipt to prove the facsimile has been sent. The date of receipt of a notice or communication hereunder shall be deemed to be seven (7) days after the letter is given to the courier service or one (1) day after sending in the case of a facsimile, provided it is evidenced by a confirmation receipt. All notices and communications shall be sent to the appropriate address set forth below, until the same is changed by notice given in writing to the other Party.

Party A:
Asia Gas Holdings Group Inc.
No.120, Carat Ma East Street, North Lane, Urumqi, Xinjiang, People's Republic of China
Postcode No: 830000
Facsimile No: 86-991-4845574
Telephone No: 86-991-4811814

Attention: Mr. Wang Feng,

Party B:
Maxtech Ventures Inc.
1250 Hastings St., Vancouver, British Columbia, Canada.
Facsimile No: 1 604 408 9301
Telephone No: 1 604 687 0879
Attention: Navchand Jagpal

25.8 Any change, amendment or addendum to any clause of this Contract shall form an integral part of this Contract after having been agreed upon in writing by all Parties, signed by the authorized representatives of the Parties and approved by the Examination and Approval Authority.

25.9 Expenses for and relating to the establishment of the Joint Venture Company, including but not limited to travel expenses and legal fees, which are agreed upon by the Parties, shall be borne by the Joint Venture Company.

25.10 The Appendices hereto listed below are made an integral part of this Contract and are equally binding with the formal content in this Contract:

I Coordinates of the Licensed Areas;
II Exploration Program;
III Feasibility Study;
IV Incentives or preferential treatments applicable to the Joint Venture Company under the Chinese law
V Projection of demand of gas and the trend of sale price of gas of Urumqi, Xinjiang within three (3) years after the Contract is signed;
VI Resolution of Board of Directors of each party approving the signing and performance of the Contract and Article of Association.

IN WITNESS WHEREOF, the duly authorized representative of each Party has signed this Contract in Vancouver, B.C., Canada, on November 18th, 2006.

ASIA GAS HOLDINGS GROUP INC. (company seal)

____
Name: Wang Feng

Title: Director, Senior Vice President

MAXTECH VENTURES INC.

____
Name: Navchand Jagpal

Title: Authorised Representative

Appendix I Coordinates of the Licensed Areas:

884335, 435830
880352, 440740
884054, 440328
884050, 440030
881500, 440354
875018, 435456

The Municipal Government of Fukang has agreed to give Asia Gas Holdings Group Inc. the exploration right within the coal mine exploitation area of Fukang covered by these coordinates, and the rest area is in the Urumuqi City.

Appendix II: Exploration Program

Dr. M. V. Achuthan, P.Geol.

132 Silver Springs Place NW
Calgary, Alberta T3B 3P9
Phone / Fax (403) 247-4918
E-mail address: warrier8@shaw.ca

November 16, 2006

RE: Follow-up to phone conversion with Xinjiang Asia Gas November 8, 2006

Preliminary Work Program - Fukang Exploration Area

The preliminary work program for the CBM exploration and development of the Fukang Exploration Region will result in two or three production wells. The JV will initially focus on the First Contract Area and after diligent evaluation of the results, will continue to explore for suitable areas within the entire first right of refusal area.

The goal of the JV is to create an economically viable CBM project in terms of production and potential resource with the initial exploration capital of $US 4,800,000.

The following items should be meet:

1) Production per Well: According to calculations based on a projected net gas price of $US 3.00 per mcf (US$ 106 per Cubic Meter), the JV will need each production well to produce a minimum of 7 cubic meters gross and 5 cubic meters net to MVT.

2) The Joint Venture will need a potential resource in the area and other public company deals in order to ensure the ability to finance the development.

The initial details of the work program budget are as follows:

1) $100,000 – $200,000 to retrieve geological data (geology and coal analysis etc.)

2) $300,000 to acquire existing geophysical information and to produce new seismic data to define the CBM prospect

3) $1,600,000 to develop 2 to 3 wells into production in an area of high potential and marketability for local consumption as pilot project.

MAchuthan

Dr. M.V. Achuthan, P.Geol.

PROFESSIONAL GEOLOGIST ALBERTA
DR. M. V. ACHUTHAN