



**ESCROW AGREEMENT**

This Agreement made as of the 29<sup>th</sup> day of May, 2009

**AMONG:**

**PIIKANI ENERGY CORPORATION**  
(hereinafter called the "**Corporation**")

-and -

**DALE McMULLEN**  
(hereinafter called the "**Beneficiary**")

-and -

**DAVIS LLP**, Barristers and Solicitors, Calgary, Alberta  
(hereinafter called "**Davis LLP**")

**WHEREAS** the Beneficiary, as an officer and director of the Corporation, has been retained by the Corporation to provide services to the Corporation; and

**WHEREAS** the Beneficiary and the Corporation wish to provide a mechanism for payment by the Corporation to the Beneficiary for services rendered by the Beneficiary to the Corporation by utilizing the Initial Escrow Funds and the Additional Escrow Funds deposited by the Corporation with and held in trust by the Escrow Agent pursuant to and in accordance with the provisions of this Agreement; and

**WHEREAS** the parties hereto wish to document the agreement they have reached with respect to the escrowing of the Escrow Funds.

**IN CONSIDERATION** of the covenants and agreements among the parties hereto contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties hereto covenant and agree as follows:

**ARTICLE 1**  
**INTERPRETATION**

1.1 **Definitions** - In this Agreement the following words and phrases shall have the meanings ascribed thereto below, namely:

- (a) "**Additional Escrow Funds**" has the meaning ascribed thereto in Clause 3.1.

- (b) "**Agreement**" means this agreement inclusive of all schedules, if any, forming part hereof, as amended, confirmed, replaced or restated from time to time, together with all instruments supplemental hereto or in amendment or confirmation hereof.
  - (c) "**Business Day**" means any day other than a Saturday, Sunday or statutory holiday in Calgary, Alberta.
  - (d) "**Court**" means the Court of Queen's Bench of Alberta in Calgary, Alberta.
  - (e) "**Escrow Agent**" means initially Davis LLP or any successor to Davis LLP appointed as escrow agent pursuant to Clause 2.14.
  - (f) "**Escrow Funds**" means the Initial Escrow Funds, the Additional Escrow Funds and the Other Escrow Funds, plus, as the context may require, Escrow Interest.
  - (g) "**Escrow Interest**" means all interest accrued on the Escrow Funds during the Escrow Period.
  - (h) "**Escrow Period**" means the period of time commencing on the date any Escrow Funds are deposited by the Corporation with the Escrow Agent and running until 12:01 a.m. Calgary time on the day immediately following the date upon which all of the Escrow Funds have been distributed by the Escrow Agent in accordance with and pursuant to the terms of this Agreement.
  - (i) "**Initial Escrow Funds**" has the meaning ascribed thereto in Clause 3.1.
  - (j) "**Other Escrow Funds**" means any amount or amounts in addition to the Initial Escrow Funds and Additional Escrow Funds that the Corporation may, from time to time, deposit with the Escrow Agent to be held and utilized by the Escrow Agent in accordance with and pursuant to the provisions of Clause 2.7 of this Agreement.
  - (k) "**Person**" means an individual, a partnership, a corporation, a company, a trust, an unincorporated organization, a union, a government or any department or agency thereof (collectively an "**entity**") and the heirs, executors, administrators, successors or other legal representatives as the case may be of such entity.
- 1.2 **Article, Clause, Subclause, Paragraph and Subparagraph References** - A reference in the main body of this Agreement or in any schedule to an article, clause, subclause, paragraph or subparagraph shall be a reference to an article, clause, subclause, paragraph or subparagraph within the main body of this Agreement or such schedule, as applicable.
- 1.3 **Statutory References** - A reference in the main body of this Agreement or in any schedule to a statute shall include and shall be deemed to be a reference to both the statute and all associated regulations, all amendments made thereto and in force from time to time and any statute or regulation that may be passed which has the effect of supplementing or superceding the aforesaid statute or regulation.

- 1.4 **Construction** - Except as otherwise provided for herein, "this Agreement", "hereto", "hereof", "hereby", "hereunder" and similar expressions refer to this Agreement as a whole and not to any particular article, clause, subclause, paragraph, subparagraph or schedule or other portion thereof.
- 1.5 **Headings** - The headings of articles, clauses, subclauses, paragraphs and subparagraphs in this Agreement are inserted for convenience of reference only and shall not affect the construction of the provisions of this Agreement.
- 1.6 **Gender and Number** - This Agreement shall be read with all changes in gender and number as may be required by the context.
- 1.7 **Conflict** - Wherever any provision, whether express or implied, of this Agreement conflicts or is at variance with any documentation issued in furtherance hereof, the provisions of this Agreement shall prevail.
- 1.8 **Currency** - All dollar amounts referenced in this Agreement are expressed in Canadian dollars.
- 1.9 **Governing Law** - This Agreement shall, in all respects, be subject to and be construed and enforced in accordance with the laws in effect in the Province of Alberta and each party hereto attoms to the jurisdiction of the courts of the Province of Alberta and all courts of appeal therefrom for such purposes.
- 1.10 **Invalidity of Provisions** - If any provision of this Agreement or the application thereof to any Person or circumstance shall to any extent be held invalid, illegal or unenforceable by a court of competent jurisdiction, the remainder of this Agreement, the application of such provision to Persons or circumstances other than those to which it is held invalid, illegal or unenforceable or the validity, legality or enforceability of such provision in any other jurisdiction shall not in any way be affected or impaired thereby and such provision shall be severable from this Agreement to the extent of such invalidity, illegality or unenforceability.
- 1.11 **Entire Agreement and Amendment** - This Agreement supercedes and replaces any and all prior agreements or understandings, whether written or verbal among the Corporation, the Beneficiary and the Escrow Agent concerning the matters addressed in this Agreement and states and comprises the entire agreement among such parties in relation to the subject matter of this Agreement and may only be amended by a formal written instrument executed by all of the parties hereto. The Escrow Agent shall not be bound by any modification, amendment, termination, cancellation, recession or suppression of this Agreement unless same is in writing and signed by all of the parties to this Agreement, and, if the Escrow Agent's duties or obligations hereunder are affected in any way, unless the Escrow Agent has given prior written consent to any such modification, amendment, termination, cancellation, recession or suppression of this Agreement.

- 1.12 **Waiver** - The parties hereto acknowledge and agree that any waiver of the provisions of this Agreement shall only be binding upon the waiving party if evidenced by an instrument in writing and signed on behalf of the waiving party; any such waiver shall apply only to the particular breach, default, obligation or provision specifically identified and waived and not to any other breaches, defaults, obligations or provisions, whether or not similar; any such waiver shall not constitute a continuing waiver unless expressly stated and any delay or omission on the part of a party in exercising any right or power under this Agreement shall not impair the ability of such party to exercise such right or power or be considered to be a waiver of, or acquiescence to, any breach or default.
- 1.13 **Time of the Essence** - Time is and shall be of the essence in this Agreement.
- 1.14 **Weekend or Holiday Dates** - If any date for the payment of monies or the fulfillment of an obligation or any other stipulated deadline falls on a Saturday, Sunday or statutory holiday in the Province of Alberta, such date will be postponed to the next following Business Day, unless the parties hereto expressly agree to the contrary.
- 1.15 **Participation of Counsel** - The respective parties hereto have reviewed and participated in settling the terms of this Agreement and, consequently, the parties hereto agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party shall not be applicable to the interpretation of this Agreement.

## **ARTICLE 2 APPOINTMENT AND ACCEPTANCE**

- 2.1 **Appointment and Acceptance** - The Corporation and the Beneficiary hereby irrevocably appoint Davis LLP as the Escrow Agent hereunder to exercise such rights and powers granted to the Escrow Agent hereunder and Davis LLP hereby accepts such appointment and agrees to act as Escrow Agent hereunder and to exercise such rights or powers granted to the Escrow Agent hereunder in accordance with and pursuant to the terms and conditions of this Agreement, together with such other rights, powers and authorities as are reasonably incidental thereto. Without limiting the generality of the foregoing, the Escrow Agent acknowledges that it will only release, deliver, relinquish possession of or otherwise deal with the Escrow Funds as specifically provided for in this Agreement or upon the joint direction, in writing, of the Corporation and the Beneficiary provided to the Escrow Agent in accordance with and pursuant to the provisions of this Agreement. As to any matters not expressly provided for in this Agreement, the Escrow Agent will not be required to exercise any discretion or take any action, but will be required to act or refrain from acting (and will be fully indemnified and protected by the Corporation and the Beneficiary to the greatest extent permitted by applicable law in so acting or refraining from acting) upon the joint written instructions of the Corporation and the Beneficiary, provided however the Escrow Agent will not be required to take any action which, in the opinion of the Escrow Agent, might expose the Escrow Agent or any of its partners, associates, agents, contractors or employees to liability in such capacity, which could result in the Escrow Agent incurring any costs and expenses, or which is contrary to the spirit and intent of this Agreement.

2.2 **Duties and Obligations** - The Escrow Agent and each of its partners, associates, agents, contractors and employees will not be liable to either the Corporation or the Beneficiary for any action taken or omitted to be taken by the Escrow Agent under or in connection with this Agreement, except for its own gross negligence or wilful misconduct. Without limiting the generality of the foregoing, the Escrow Agent:

- (a) may assume that there has been no assignment or transfer by either the Corporation or the Beneficiary of its rights under this Agreement, unless and until the Escrow Agent receives a duly executed assignment agreement from the Corporation or the Beneficiary, as the case may be, in form satisfactory to the Escrow Agent, acting reasonably;
- (b) may consult with counsel and other independent experts selected by the Escrow Agent in its sole discretion and will not be liable for any action taken or omitted to be taken in good faith by the Escrow Agent in accordance with or in reliance upon the advise of such counsel or experts;
- (c) will assume no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing believed by the Escrow Agent to be genuine and signed or sent by the appropriate Person or by acting upon any representation or warranty of the Corporation or the Beneficiary made or deemed to be made hereunder; and
- (d) may rely, as to any matter of fact which might reasonably be expected to be within the knowledge of any Person, upon a certificate signed by or on behalf of such Person.

Further, the Agent (i) does not make any warranty or representation to the Corporation or the Beneficiary, (ii) will not have any duty or obligation to ascertain or enquire as to the performance or observance of any of the terms, covenants or conditions of any agreement between the Corporation and the Beneficiary, and (iii) will not be responsible for the due execution, legality, validity, enforceability, correctness, genuineness or sufficiency of this Agreement or any other instrument or document furnished pursuant hereto or thereto.

2.3 **Conflict** - The Corporation and the Beneficiary each acknowledge that Davis LLP may have provided legal counsel to the Corporation or the Beneficiary in connection with this Agreement or otherwise and that Davis LLP is acting hereunder for the convenience of the Corporation and the Beneficiary. If a dispute arises between the Corporation and the Beneficiary with respect to this Agreement, Davis LLP shall not be precluded from acting on behalf of either the Corporation or the Beneficiary with respect to such dispute; provided, however, in no event shall the duties or obligations of Davis LLP to the Corporation and the Beneficiaries as Escrow Agent hereunder be affected or reduced in any way.

2.4 **Depository** - The Escrow Agent acts hereunder as a depository only and is not responsible or liable in any manner whatsoever for the legality, validity, enforceability,

correctness, genuineness or sufficiency of the subject matter of the escrow, or any part thereof, or for the formal execution thereof, or for the identity or authority of any Person executing it.

- 2.5 **Delivery of Escrow Funds** - In the event the Escrow Agent is authorized or directed under and pursuant to the terms of this Agreement to deliver the Escrow Funds, or any part thereof, to either the Corporation or the Beneficiary, such delivery may be made by a qualified private delivery service, or by personal delivery at the address shown below. In the event the Escrow Agent is authorized or directed to deliver the Escrow Funds to any of the Corporation or the Beneficiary, such remittance shall be made by solicitor's trust cheque drawn on the trust account of the Escrow Agent to which trust account the Escrow Funds relate.
- 2.6 **Deposit of Escrow Funds** - Upon receipt of the Escrow Funds, the Escrow Agent shall, except as provided in Clause 2.7, deposit same for collection in accordance with prevailing bank practices and the Escrow Agent shall not be accountable for the proceeds of any such item unless such proceeds are received by the Escrow Agent in fully collected funds.
- 2.7 **Fees and Disbursements** - The Escrow Agent's fees, disbursements and the applicable goods and services tax (the "Fees") for services the Escrow Agent provides hereunder from time to time in respect of or under this Agreement, without limiting the generality of the foregoing, the preparation of this Agreement and acting as Escrow Agent shall be paid by the Corporation; the Corporation agrees to pay the Fees to the Escrow Agent forthwith upon an invoice being rendered therefor to the Corporation by the Escrow Agent. The Corporation agrees to and shall, at the time of depositing the Initial Escrow Funds with the Escrow Agent pursuant to Clause 3.1, deposit with the Escrow Agent as Other Escrow Funds, the sum of Twenty-Two Thousand Dollars (\$22,000.00) to be applied forthwith upon deposit by the Escrow Agent and from time to time thereafter in payment of the Fees; the Corporation hereby irrevocably authorizes, orders and directs the Escrow Agent to pay the Fees from the Other Escrow Funds and any Escrow Interest earned on the Escrow Funds.
- 2.8 **Duties** - With the exception only of the *Legal Profession Act* (Alberta) and the rules thereunder, this Agreement sets forth, exclusively, the duties and obligations of the Escrow Agent in respect of the Escrow Funds and no other duties or obligations shall be implied or otherwise arise.
- 2.9 **Liability** - The Escrow Agent shall not be liable for any error of judgment, any act done or step taken or omitted on the advice of independent counsel of its choice or otherwise in good faith, any mistake in fact or law or anything else which the Escrow Agent may do or refrain from doing in connection with this Agreement or the Escrow Funds, except for the Escrow Agent's gross negligence or wilful misconduct. Each of the Corporation and the Beneficiary agree that the Escrow Agent's duties are purely ministerial in nature and that the Escrow Agent shall incur no liability of whatsoever kind or character except for the Escrow Agent's gross negligence or wilful misconduct.

- 2.10 **Indemnification** - Subject to Clause 2.7, each of the Corporation and the Beneficiary hereby agree to jointly and severally indemnify and save the Escrow Agent and each of its partners, associates, agents, contractors and employees harmless from and against any and all direct or indirect obligations, liabilities, losses, costs, expenses, disbursements, penalties, fines, claims, actions, judgements, suits or damages of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Escrow Agent or any of its partners, associates, agents, contractors and employees in any way relating to or arising out of this Agreement or in any action taken or omitted by the Escrow Agent under or in respect of this Agreement in its capacity as Escrow Agent, provided that neither the Corporation nor the Beneficiary will be liable for any portion of such obligations, liabilities, losses, costs, expenses, disbursements, penalties, fines, claims, actions, judgements, suits or damages resulting from the Escrow Agent's gross negligence or wilful misconduct. Without limiting the generality of the foregoing, each the Corporation and the Beneficiary agrees to reimburse the Escrow Agent promptly upon demand for any reasonable out-of-pocket expenses (including legal fees, on a solicitor and his own client full indemnity basis) incurred by the Escrow Agent in connection with the preservation of any right of the Escrow Agent under, or the enforcement of, or legal advice in respect of rights and responsibilities under, this Agreement. This indemnity will survive the termination of the other provisions of this Agreement as a separate and continuing covenant of each of the Corporation and the Beneficiary.
- 2.11 **Reliance** - The Escrow Agent may rely and act upon any instrument or signature reasonably believed by it to be genuine and what it purports to be and may, unless the circumstances reasonably suggest otherwise, assume that any Person purporting to give any notice, instruction or other communication under this Agreement has been duly authorized to do so.
- 2.12 **Legal Action** - The Escrow Agent is not required to take, appear in, prosecute or defend any action or legal proceeding or file any income or other tax return in connection with this Agreement which may, in the reasonable opinion of the Escrow Agent, expose the Escrow Agent to any cost, expense, loss or liability unless the Escrow Agent is furnished with such further indemnity or other security in connection therewith as the Escrow Agent may reasonably request. In the event of any disagreement between the parties to this Agreement or between them or any of them and any other Person, resulting in multiple, conflicting or adverse claims or demands being made in connection with the subject matter of this Agreement, or in the event the Escrow Agent, in good faith, is in doubt as to what action should be taken hereunder, the Escrow Agent may at its option, refuse to comply with any claims or demands on it, or refuse to take any other action hereunder, so long as such disagreement continues or such doubt exists, and in any such event, the Escrow Agent shall not be or become liable in any way or to any Person for the Escrow Agent's failure or refusal to act, and the Escrow Agent shall be entitled to continue to so refrain from acting until:
- (a) the rights of all interested parties have been fully and finally adjudicated by a court of competent jurisdiction, or

- (b) all differences shall have been adjusted and all doubt resolved by agreement among all of the interested parties, and the Escrow Agent shall have been notified thereof in writing signed by all such interested parties.

The rights of the Escrow Agent in this Clause are cumulative of all other rights which it may have by law or otherwise including, but not limited to, the right to file an interpleader action in the Court.

- 2.13 **Disputes, Processes and Interpleader** - If any dispute arises out of this Agreement or any process is commenced in respect of the Escrow Funds, including court orders, garnishees, writs, judgments or decrees, the Escrow Agent is empowered and entitled to comply with any such court orders, garnishees, writs, judgments or decrees or, if it sees fit, to interplead the Escrow Funds into the Court. In the event the Escrow Agent elects to interplead or is joined to an interpleader action concerning the Escrow Funds, the Court shall award the Escrow Agent its reasonable solicitors' fees payable by such party or parties as the Court shall direct.
- 2.14 **Successor Escrow Agent** - The Escrow Agent may, as hereafter provided, at any time resign by giving thirty (30) days prior written notice (the "**Resignation Notice**") thereof to the Corporation and the Beneficiary at their address for service set forth in this Agreement or may be removed as the Escrow Agent hereunder by joint written notice (the "**Removal Notice**") given jointly by the Corporation and the Beneficiary to the Escrow Agent at its address set forth in this Agreement. Except as otherwise provided herein, the Escrow Agent shall be discharged from its duties and obligations under this Agreement on the earlier of the date of the appointment of a successor escrow agent (the "**Successor Agent**") or thirty (30) days following the date the Resignation Notice or Removal Notice was given. The Successor Agent shall be jointly appointed by the Corporation and the Beneficiary (or, in the event of disagreement, shall be appointed by arbitration under the *Arbitration Act* (Alberta)) and, upon delivery by the Successor Agent to all parties hereto of a written instrument accepting such appointment, shall thereupon succeed to the position of the Escrow Agent under this Agreement and become vested with all the rights, powers, privileges and duties as Escrow Agent of the resigning or removed Escrow Agent. The Escrow Agent, upon resigning or being removed, will be discharged from its further duties and obligations as Escrow Agent under this Agreement and shall deliver to the Successor Agent control of the Escrow Funds then remaining in trust, to be held by the Successor Agent in trust in accordance with this Agreement less any amounts payable to the resigning or removed Escrow Agent in accordance with the provisions of Clause 2.7 (Fees and Disbursements). All of the duties and obligations of the Escrow Agent shall cease and terminate on delivery of the Escrow Funds to the Successor Agent. If a Successor Agent is not appointed within thirty (30) days after a Resignation Notice or Removal Notice is given, the Escrow Agent shall retain the Escrow Funds as custodian until otherwise jointly directed in writing by the Corporation and the Beneficiary or by order of the Court, but without further liability or responsibility and all obligations of the Escrow Agent under this Agreement shall nevertheless terminate.

**ARTICLE 3  
ESCROW FUNDS**

- 3.1 **Deposit** - In addition to the Additional Escrow Funds to be deposited by the Corporation for the purposes set forth in and in accordance with the provisions of Clause 2.7 (Fees and Disbursements), the Corporation shall deposit the sum of Three Hundred Sixty Thousand Dollars (\$360,000.00) with the Escrow Agent concurrently with its execution and delivery of this Agreement and in any event not later than June 3, 2009 (the "**Initial Escrow Funds**"); the Corporation shall further deposit the sum of Three Hundred Sixty Thousand Dollars (\$360,000.00) with the Escrow Agent on or before July 15, 2009 (the "**Additional Escrow Funds**").
- 3.2 **Administration** - Upon receipt of any Escrow Funds, the Escrow Agent will immediately thereafter acknowledge receipt of same and the amount thereof, in writing to the Corporation and the Beneficiary and the Escrow Agent shall thereafter during the Escrow Period hold and administer the Escrow Funds in accordance with and pursuant to the provisions of this Agreement.
- 3.3 **Investment** - The Escrow Agent shall, upon receipt of the Escrow Funds, promptly negotiate same and deposit the Escrow Funds in a daily interest trust account held by it with a Canadian chartered bank in Calgary, Alberta, of the Escrow Agent's choosing, as soon as commercially reasonable.

**ARTICLE 4  
RELEASE OF ESCROW FUNDS**

- 4.1 **Release and Disbursement of Escrow Funds** - Subject to the provisions of Clauses 4.2 and 4.3, the Corporation hereby irrevocably authorizes, orders and directs the Escrow Agent to and the Escrow Agent agrees to,
- (a) pay and disburse to the Beneficiary from the Initial Escrow Funds without any deduction, set off, counterclaim or abatement or similar right, the following amounts on the following dates:

<u>Date</u>	<u>Payment</u>
January 2, 2010	\$240,000.00
January 2, 2011	\$120,000.00
	<u>\$360,000.00</u>

- (b) pay and disburse to the Beneficiary from the Additional Escrow Funds without any deduction, set off, counterclaim or abatement or similar right, the following amounts on the following dates:

<u>Date</u>	<u>Payment</u>
January 2, 2011	\$120,000.00
January 2, 2012	\$240,000.00
	<u>\$360,000.00</u>

- 4.2 **Termination of Beneficiary's Services** - Notwithstanding the provisions of Clause 4.1 or any other agreement to which the Corporation and the Beneficiary are a party, if the Beneficiary's employment with the Corporation as an officer of the Corporation is terminated by the Corporation for any reason whatsoever, the Corporation hereby irrevocably authorizes, orders and directs the Escrow Agent to, and the Escrow Agent shall, forthwith pay and disburse to the Beneficiary upon receipt of evidence satisfactory to the Escrow Agent, acting reasonably, that the Beneficiary's employment with the Corporation as an officer of the Corporation has been terminated, the then remaining balance of the Initial Escrow Funds and the Additional Escrow Funds which the Beneficiary is entitled to pursuant to Clause 4.1, notwithstanding that the due date for payment of same as set forth in Clause 4.1 has not yet occurred.
- 4.3 **Insolvency and Winding Up** - Notwithstanding the provisions of Clause 4.1 or any other agreement to which the Corporation and the Beneficiary are a party,
- (a) if a judgment, decree or order of a court of competent jurisdiction is entered against the Corporation (i) adjudging the Corporation bankrupt or insolvent, or approving a petition seeking its reorganization or winding up under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other bankruptcy, insolvency or analogous law; or (ii) appointing a receiver, trustee, liquidator, or other Person with like powers, over all, or substantially all, of the property of the Corporation; or (iii) ordering the involuntary winding up or liquidation of the affairs of the Corporation; or (iv) appointing any receiver or other Person with like powers over all, or substantially all, of the property of the Corporation, unless, in any such case, such judgment, petition, order or appointment is stayed and of no effect against the rights of the Beneficiary within thirty (30) days of its entry; or
  - (b) if (i) an order or a resolution is passed for the dissolution, winding up, reorganization or liquidation of the Corporation, pursuant to applicable law, including the *Business Corporations Act* (Alberta) or the *Canada Business Corporations Act*; or (ii) if the Corporation institutes proceedings to be adjudicated bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other bankruptcy, insolvency or analogous law; or (iii) the Corporation consents to the filing of any petition under any such law or to the appointment of a receiver, or other Person with like powers, over all, or substantially all, of the Corporation's property; or (iv) the Corporation makes a general assignment for the benefit of creditors, or becomes unable to pay its debts generally as they become due; or (v)

the Corporation takes or consents to any action in furtherance of any of the aforesaid purposes;

the Corporation hereby irrevocably authorizes, orders and directs the Escrow Agent to, and the Escrow Agent shall, forthwith pay and disburse to the Beneficiary upon receipt of evidence satisfactory to the Escrow Agent, acting reasonably, of any event enumerated in subclauses (a) or (b) of this Clause 4.3, the then remaining balance of the Initial Escrow Funds and the Additional Escrow Funds which the Beneficiary is entitled to pursuant to Clause 4.1, notwithstanding that the due date for payment of same as set forth in Clause 4.1 has not yet occurred.

- 4.4 **Accounting** - The Escrow Agent shall account to the Corporation and to the Beneficiary from time to time, and in any event at least annually, in respect of Escrow Interest earned from time to time on the Escrow Funds and the payment, release and disbursement of any Escrow Funds.
- 4.5 **Termination of the Escrow Agent's Obligations** - Subject to the provisions of Clause 2.14 (Successor Escrow Agent), the obligations of the Escrow Agent under this Agreement shall terminate upon payment, release and disbursement by the Escrow Agent of all the Initial Escrow Funds and all the Additional Escrow Funds. Any Escrow Funds remaining and held by the Escrow Agent after payment, release and disbursement to the Beneficiary of all the Initial Escrow Funds and all the Additional Escrow Funds, shall after payment of any amounts owing to the Escrow Agent for Fees pursuant to the provisions of Clause 2.7, forthwith be paid, released and disbursed by the Escrow Agent to the Corporation.

#### **ARTICLE 5 MISCELLANEOUS**

- 5.1 **Notices** - The address of the parties hereto for notices or other writings required, permitted or desired hereunder shall be as follows:

**the Corporation:**  
Piikani Energy Corporation  
c/o Bow Valley Square II  
600, 205 - 5 Avenue S.W.  
Calgary, AB T2P 2V7  
Fax: (403) 265-1941  
Attention: Edwin Yellow Horn

**McMullen:**  
Dale McMullen  
286 Springbluff Heights S.W.  
Calgary, AB T3H 5B7

**Escrow Agent:**  
Davis LLP  
1000, 250 - 2 Street SW  
Calgary, Alberta T2P 0C1  
Fax: (403) 697-6002  
Attention: Brian A. Yaworski

Any party hereto may from time to time change its address for service herein by giving written notice to the other parties hereto in the manner herein provided. Any such notice or other writing may be served by personal service or by fax, if any, to the number herein. Any notice given by personal service shall be deemed to be given on the date of such service if delivered during the regular business hours of the recipient or, if delivered outside such regular business hours, the next succeeding Business Day. Any notice given by fax with appropriate answerback acknowledged shall be deemed to be given to and received by the addressee on the date of transmission if such transmission is completed during the regular business hours of the recipient on a Business Day or, if transmitted outside such regular business hours on a Business Day, the next succeeding Business Day after the successful transmission thereof.

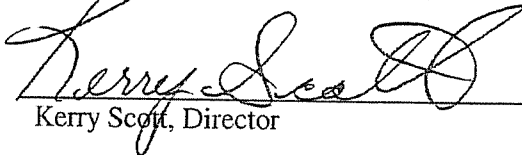
Any notice, instruction, disbursement or other communication that is required or may be given under the terms of this Agreement shall be made in writing and shall be sufficient in all respects if properly addressed and delivered personally or by mail, postage prepaid, or by facsimile, as provided in this Agreement.


- 5.2 **Further Assurances** - Each party hereto, without further consideration in the case of the Corporation and the Beneficiary, shall in a timely fashion do or perform or cause to be done or performed all such further and other acts and things, execute, acknowledge and deliver or cause to be executed, acknowledged and delivered all such further and other instruments, deeds and other writings and generally shall take or cause to be taken all such further and other actions as may be reasonably necessary or desirable to carry out its obligations under this Agreement or to ensure and give full force and effect to the provisions and intent, purpose and meaning of this Agreement.
- 5.3 **Enurement** - This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors, receivers, receiver-managers, trustees and permitted assigns.
- 5.4 **Assignment** - Neither this Agreement nor the obligations of any of the parties hereto under this Agreement may be assigned without the prior written consent of the other parties hereto which consent shall not be unreasonably withheld.

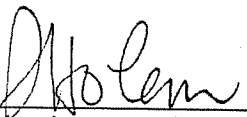
5.5 **Counterpart and Facsimile Execution** - This Agreement may be executed in one or more counterparts, each of which shall be considered an original but all of which together shall constitute one and the same instrument. In addition, facsimile copies of executed counterparts shall be conclusively regarded for all purposes as originally executed counterparts pending the delivery of the originals.

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

**PIIKANI ENERGY CORPORATION**

Per:   
Kerry Scott, Director

Per:   
Stan Knowlton, Director

  
Witness to the signature of Dale McMullen

  
**DALE McMULLEN**

**DAVIS LLP**

Per: \_\_\_\_\_  
Brian A. Yaworski

This is the execution page to an Escrow Agreement made among Piikani Energy Corporation, Dale McMullen, and Davis LLP.