

UNDERWRITING AGREEMENT

April 3, 2007

First Calgary Petroleums Ltd.
Suite 500, 1414 – 8th Street S.W.
Calgary, AB T2R 1J6

Attention: Mr. Richard G. Anderson
President & Chief Executive Officer

Dear Sirs:

The undersigned (collectively the “Underwriters” and each individually, an “Underwriter”), understand that First Calgary Petroleums Ltd. (the “Company”) proposes to issue and sell to the Underwriters an aggregate of 30,000,000 common shares of the Company (the “Purchased Securities”) at a price of \$5.08 per Purchased Security. Subject to the terms and conditions of this Agreement, the Underwriters severally offer to purchase from the Company, and by its acceptance of this Agreement the Company agrees to sell to the Underwriters, at the Closing Time (as defined in this Agreement) all but not less than all of the Purchased Securities for the aggregate purchase price (the “Purchase Price”) of \$152,400,000.

DEFINITIONS

In this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the following meanings respectively:

“**1933 Act**” means the United States Securities Act of 1933, as amended, including the rules and regulations adopted by the SEC thereunder;

“**1934 Act**” means the United States Securities Exchange Act of 1934, as amended, including the rules and regulations adopted by the SEC thereunder;

“**affiliate**”, “**distribution**”, “**material change**”, “**material fact**”, “**misrepresentation**”, and “**subsidiary**” have the respective meanings given to them in the Securities Act;

“**Agreement**” means this agreement, including all schedules and all amendments or restatements as permitted;

“**AIF**” means the annual information form of the Company dated March 27, 2007, and all schedules thereto;

“**AIM**” means the AIM Market operated by the London Stock Exchange plc;

“**ASC**” means the Alberta Securities Commission;

“**Auditors**” means KPMG LLP;

“**Business Day**” means any day, other than a Saturday, a Sunday or a statutory or civic holiday in the city of Calgary, Alberta or London, United Kingdom;

“**Canadian Securities Laws**” means all applicable securities laws in each of the Qualifying Provinces and the respective rules, regulations, instruments, blanket orders and blanket rulings under such laws together with applicable published policies, policy statements, instruments and notices having the force of law of the securities regulatory authorities in the Qualifying Provinces;

“**Canadian Securities Regulators**” means the applicable securities commission or securities regulatory authority in each of the Qualifying Provinces;

“**Claim**” has the meaning given to it in paragraph 11(a);

“**Closing**” means the completion of the issue and sale by the Company and the purchase by the Underwriters of the Purchased Securities pursuant to this Agreement;

“**Closing Date**” means April 17, 2007 or such other date as the Underwriters and Company may agree, but in any event not later than the Latest Closing Date;

“**Closing Time**” means 6:30 a.m. (Calgary time);

“**Common Shares**” means the common shares in the capital of the Company;

“**Company**” has the meaning given to it above;

“**Company’s Counsel**” means Burnet, Duckworth & Palmer LLP;

“**D&M**” means DeGolyer & MacNaughton, independent engineering evaluators, of Dallas, Texas;

“**D&M Reserve Report**” means the report prepared by D&M dated March 27, 2007 and effective December 31, 2006 on Reserves Attributable to the Company in Block 405(b) in Algeria;

“**Documents Incorporated by Reference**” means the documents incorporated by reference in the Prospectus; specifically the Company’s:

- (a) annual information form dated March 27, 2007;
- (b) information circular - proxy statement for the annual and special meeting of shareholders of the Company held on May 11, 2006;
- (c) audited consolidated, comparative financial statements as at and for the fiscal year ended December 31, 2006, together with the auditors’ report thereon and Management’s Discussion and Analysis with respect thereto;
- (d) material change report dated February 28, 2007 in respect of the receipt of Menzel Ledjmet East field development approval;

- (e) material change report dated March 30, 2007 in respect of the Offering; and
- (e) all other documents filed subsequent to the date of this Agreement which are required to be incorporated by reference into the Prospectus by Canadian Securities Laws;

“**Due Diligence Sessions**” has the meaning given to it in paragraph 2;

“**Environment**” means the environment or natural environment as defined in any Environmental Laws and includes air, surface water, ground water, land surface, soil, subsurface strata, stream sediments, ambient air (including indoor air), plant and animal life and any other environmental medium or natural resource, any sewer system and the environment in the workplace;

“**Environmental Laws**” means laws relating to the Environment, product liability, or public health or safety, and includes laws relating to the storage, generation, use, handling, manufacture, processing, labelling, advertising, sale, display, transportation, treatment, reuse, recycling, release and disposal of Hazardous Substances;

“**Final Prospectus**” means the (final) short form prospectus of the Company, including any Documents Incorporated by Reference, prepared by the Company and relating to the proposed distribution of the Purchased Securities and for which an MRRS decision document has been issued by the ASC, in its capacity as principal regulator under NI 43-201, on its own behalf and on behalf of each of the other Canadian Securities Regulators;

“**Final Prospectus Date**” means April 10, 2007;

“**Financial Information**” means the Company’s financial statements together with any auditors’ report thereon and the notes thereto and the financial disclosure forming part of the management’s discussion and analysis for the years ended December 31, 2006 and 2005 included in the Documents Incorporated by Reference;

“**Government Authority**” means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law, rule or regulation-making organizations or entities (a) having or purporting to have jurisdiction on behalf of any nation, province, territory, state or other geographic or political subdivision thereof; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;

“**Hazardous Substances**” means pollutants, contaminants, wastes of any nature, hazardous substances, hazardous materials, toxic substances, prohibited substances, dangerous substances or dangerous goods as defined, judicially interpreted or identified in any Environmental Laws including asbestos, asbestos containing materials, mould, microbial organisms or substances related thereto;

“Inactive Subsidiaries” means, collectively, EURL FCP Algeria Opco; 1082294 Alberta Ltd.; FCP Petroleum (International) Limited; FCP Petroleum (Algeria) Limited; FCP Petroleum (Yemen) Limited; FCP Petroleum Inc. and FCP Petroleum Limited;

“Indemnified Party” has the meaning given to it in paragraph 11(a);

“Information Furnished by the Underwriters” means the statements relating solely to the Underwriters which has been provided by the Underwriters in writing specifically for use in the Prospectus that are contained in (i) the names of the Underwriters contained on the cover page of the Prospectus; and (ii) the names of the Underwriters and the information regarding the Underwriters contained in the Underwriters’ certificate in the Prospectus;

“Latest Closing Date” means May 15, 2007;

“Lead Underwriter” means UBS Securities Canada Inc.;

“Material Adverse Effect” means any matter, event or occurrence that has materially adversely affected or could reasonably be expected to materially adversely affect the business, properties, financial condition, results of operation or prospects of the Company and the subsidiaries, taken as a whole;

“Material Contracts” means any contract or agreement that is material to the business of the Company and its subsidiaries, taken as a whole, or which, if terminated without the consent of the Company or any subsidiary, as the case may be, would have a Material Adverse Effect;

“Money Laundering Laws” has the meaning given to it in paragraph 8(vv);

“MRRS” means the mutual reliance review system procedures provided for under NP 43-201;

“NGL” means natural gas liquids, including condensate;

“NI 44-101” means National Instrument 44-101 adopted by the Canadian Securities Regulators;

“NI 51-102” means National Instrument 51-102 adopted by the Canadian Securities Regulators;

“notice” has the meaning given to it in paragraph 21;

“NP 43-201” means National Policy 43-201 adopted by the Canadian Securities Regulators and its related memorandum of understanding;

“Other Offering Jurisdiction” has the meaning given to it in paragraph 3(c);

“**Preliminary Prospectus**” means the preliminary short form prospectus of the Company, including any Documents Incorporated by Reference, prepared by the Company and relating to the proposed distribution of the Purchased Securities;

“**Preliminary Prospectus Date**” means the date hereof;

“**Prospectus**” means, collectively, the Preliminary Prospectus, the Final Prospectus and any Prospectus Amendment;

“**Prospectus Amendment**” means any amendment to the Preliminary Prospectus or the Final Prospectus;

“**Public Record**” means all information filed by or on behalf of the Company with the Canadian Securities Regulators, including, without limitation, the Prospectus, the Financial Information, and any other information filed with any Canadian Securities Regulator in compliance, or intended compliance, with any applicable Canadian Securities Laws, other than the filing of confidential material change reports;

“**Purchase Price**” means \$152,400,000;

“**Purchased Securities**” has the meaning given to it above;

“**Qualified Institutional Buyers**” has the meaning given to it under Rule 144A;

“**Qualifying Provinces**” means, collectively, each of the Provinces of Canada, other than Québec;

“**Regulation D**” means Regulation D under the 1933 Act;

“**Regulation S**” means Regulation S under the 1933 Act;

“**Rule 144A**” means Rule 144A under the 1933 Act;

“**Schedules**” means the schedules attached to and forming part of this Agreement;

“**SEC**” means the United States Securities and Exchange Commission;

“**Securities Act**” means the *Securities Act* (Alberta) S-4 RSA 2000;

“**Stock Exchanges**” means, collectively, the TSX and AIM;

“**TSX**” means the Toronto Stock Exchange;

“**Underwriter**” and “**Underwriters**” have the respective meanings given to them above;

“**Underwriters’ Counsel**” means McCarthy Tétrault LLP;

“**Underwriting Fee**” means 4.5% of the Purchase Price, being \$0.2286 per Purchased Security;

“**United States**” means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;

“**U.S. Counsel**” means Carter, Ledyard & Milburn LLP; and

“**U.S. Placement Memorandum**” means a private placement memorandum incorporating the Prospectus prepared for use in connection with the offering for sale of Purchased Securities to certain persons in the United States.

Unless otherwise expressly provided in this Agreement, words importing only the singular number include the plural and vice versa and words importing gender include all genders. References to “paragraphs” and “clauses” are to the appropriate paragraph or clause of this Agreement.

All references to dollars or “\$” are to Canadian dollars unless otherwise stated.

TERMS AND CONDITIONS

1. Compliance With Canadian Securities Laws

The Company shall, as soon as possible and in any event by 5:00 p.m. (Calgary time) on the Preliminary Prospectus Date under the applicable laws of the Qualifying Provinces, have prepared, filed and obtained an MRRS decision document issued by the ASC, in its capacity as the principal regulator under NP 43-201 evidencing that a receipt has been issued by each of the Canadian Securities Regulators in accordance with NP 43-201 for the Preliminary Prospectus and other related documents in respect of the proposed distribution of the Purchased Securities.

The Company shall, as soon as possible after any comments of the Canadian Securities Regulators have been satisfied and in any event by 5:00 p.m. (Calgary time) on the Final Prospectus Date under the applicable laws of the Qualifying Provinces (or in any case, by such later date or dates as may be determined by the Underwriters in their sole discretion, acting reasonably), have prepared, filed and obtained an MRRS decision document issued by the ASC, in its capacity as principal regulator under NI 43-201, evidencing that a receipt has been issued by each of the Canadian Securities Regulators for the Final Prospectus in accordance with NP 43-201 and other related documents in respect of the proposed distribution of the Purchased Securities and shall have fulfilled and complied with, to the reasonable satisfaction of the Underwriters, the Canadian Securities Laws required to be fulfilled or complied with by the Company to enable the Purchased Securities to be lawfully distributed to the public in the Qualifying Provinces through the Underwriters or any other investment dealers or brokers registered as such in the Qualifying Provinces.

2. Due Diligence

Prior to the filing of the Preliminary Prospectus and the Final Prospectus, the Company shall permit the Underwriters and Underwriters’ Counsel to participate fully in the preparation of the Prospectus and any U.S. Placement Memorandum and shall allow each of the Underwriters’ Counsel to conduct all due diligence investigations which any of them requires in order to fulfil their obligations as underwriters under the Canadian Securities Laws and in order to enable them

responsibly to execute the certificates in the Preliminary Prospectus and Final Prospectus required to be executed by them. Following the filing of the Final Prospectus up to the later of the Closing Date and the date of completion of the distribution of the Purchased Securities, the Company shall allow each of the Underwriters and Underwriters' Counsel to conduct any due diligence investigations which any of them requires (all such investigations are collectively referred to herein as the "Due Diligence Sessions").

3. Distribution and Certain Obligations of the Underwriters

(a) Restrictions on Sale Outside the Qualifying Provinces

The Underwriters agree not to distribute the Purchased Securities in such manner as to require registration of the Purchased Securities or the filing of a prospectus or any similar document under the laws of any jurisdiction outside of the Qualifying Provinces and to distribute the Purchased Securities only in the Qualifying Provinces and in accordance with all Canadian Securities Laws.

(b) Without limiting the generality of paragraph (a) above, the Underwriters acknowledge that the Purchased Securities have not been and will not be registered under the 1933 Act and may not be offered or sold within the United States except in accordance with Rule 144A. In this regard, the Underwriters agree that they will not offer or sell any of the Purchased Securities constituting a part of their allotment within the United States except, if applicable, for offers and sales in the United States by the U.S. affiliates of the Underwriters in accordance with the federal securities laws of the United States and applicable state securities laws as set out in Schedule "A" – U.S. Offers and Sales.

(c) Without limiting the generality of paragraphs (a) and (b) above, the Underwriters may offer and sell the Purchased Securities constituting a part of their allotment within any jurisdiction outside of the Qualifying Provinces and the United States in accordance with the applicable securities laws of such jurisdiction provided that such securities laws permit offers and sales of the Purchased Securities on a basis that does not subject the Company to material filing or registration requirements in the jurisdiction including, without limitation, the obligation to file a prospectus, registration statement or any similar document with any securities commission or similar regulatory authority in the jurisdiction in connection with such offers and sales (any such jurisdiction is referred to herein as an "Other Offering Jurisdiction").

(d) Any agreements between the Underwriters and the members of any banking or selling group will contain similar restrictions to those contained in paragraphs (a), (b) and (c), which shall be applicable to such members.

(e) The Company and the Underwriters agree that Schedule "A" to this Agreement, entitled "U.S. Offers and Sales", is incorporated by reference in and shall form part of this Agreement.

4. Delivery of Documents

(a) Deliveries on Filing

Prior to the filing of the Preliminary Prospectus or the Final Prospectus, as the case may be, the Company shall deliver to each of the Underwriters:

- (i) a copy of the Preliminary Prospectus or the Final Prospectus, as the case may be (and, for certainty, including all Documents Incorporated by Reference which have not been previously delivered to the Underwriters), signed and certified as required by the Canadian Securities Laws applicable in the Qualifying Provinces;
- (ii) a copy of any U.S. Placement Memorandum;
- (iii) a copy of any other document required to be filed by the Company in compliance with the Canadian Securities Laws;
- (iv) a “long-form” comfort letter of the Auditors, dated as of the Final Prospectus Date (with the requisite procedures to be completed by the Auditors not more than two Business Days prior to the date of the Final Prospectus Date), addressed to the Underwriters and the board of directors of the Company, in form and substance satisfactory to the Underwriters, acting reasonably, with respect to certain financial and numerical information relating to the Company contained in the Final Prospectus, which letter shall be in addition to the auditors’ report incorporated by reference into the Prospectus and the auditors’ comfort letters addressed to the Canadian Securities Regulators; and
- (v) documentation in form and substance satisfactory to the Underwriters, acting reasonably, that the Purchased Securities have been conditionally approved for listing on the TSX, subject to standard listing conditions, and will be admitted to trading on AIM, in each case effective on the Closing Date.

(b) Prospectus Amendments

In the event that the Company is required by Canadian Securities Laws to prepare and file, or otherwise prepares and files, a Prospectus Amendment following the filing of the Final Prospectus, the Company shall prepare and deliver promptly to each of the Underwriters signed and certified copies of such Prospectus Amendment. Any Prospectus Amendments shall be in form and substance satisfactory to the Underwriters, acting reasonably. Prior to the filing of any Prospectus Amendment, the Company shall deliver to each of the Underwriters, with respect to such Prospectus Amendment, documents similar to those referred to in paragraphs 4(a)(ii), (iii) and (iv).

(c) Representations as to the Prospectus

Filing of the Preliminary Prospectus, the Final Prospectus and any Prospectus Amendments with the Canadian Securities Regulators shall constitute a representation and warranty by the Company to the Underwriters that as of their respective dates and as at the date of filing:

- (i) all information and statements (except Information Furnished by the Underwriters) contained in the Prospectus are true and correct and contain no misrepresentation and constitute full, true and plain disclosure of all material facts relating to the Company and the Purchased Securities;
- (ii) no material fact or information has been omitted from such disclosure (except Information Furnished by the Underwriters) which is required to be stated in such disclosure or that is necessary to make the statements or information contained in such disclosure not misleading in light of the circumstances under which they were made; and
- (iii) such documents comply fully with the requirements of the Canadian Securities Laws.

Filing of such documents shall also constitute the Company's consent to: (i) the Underwriters' use of the Prospectus in connection with the distribution of the Purchased Securities in the Qualifying Provinces in compliance with this Agreement and the Canadian Securities Laws; (ii) incorporation of the Prospectus into a U.S. Placement Memorandum used in connection with sales in the United States made in accordance with Schedule "A"; and (iii) use of the Prospectus in connection with offers and sales of the Purchased Securities in the Other Offering Jurisdictions in compliance with paragraph 3(c) hereof.

(d) Commercial Copies

The Company shall cause commercial copies of the Final Prospectus and commercial copies of the final version of any U.S. Placement Memorandum to be delivered to the Underwriters without charge, in such numbers and in such cities as the Underwriters may reasonably request by oral instructions to the printer of such document. Delivery of such commercial copies shall be effected as soon as possible after filing of the Final Prospectus with the Canadian Securities Regulators but, in any event on or before 5:00 p.m. (Calgary time) on the Business Day after the filing thereof. Such deliveries shall constitute the consent of the Company to: (i) the Underwriters' use of the Prospectus in connection with the distribution of the Purchased Securities in the Qualifying Provinces in compliance with this Agreement and Canadian Securities Laws; (ii) incorporation of the Prospectus into any U.S. Placement Memorandum and the use of any U.S. Placement Memorandum in connection with offers and sales of the Purchased Securities in the United States made in accordance with the provisions of the U.S. Schedule; and (iii) use of the Prospectus in connection with offers and sales of the

Purchased Securities in the Other Offering Jurisdictions in compliance with paragraph 3(c). The Company shall similarly cause to be delivered commercial copies of any Prospectus Amendments or amendments to any U.S. Placement Memorandum.

(e) Notice of Completion of Distribution

The Underwriters shall after the Closing Time:

- (i) use their reasonable commercial efforts to complete the distribution of the Purchased Securities as promptly as possible; and
- (ii) give prompt written notice to the Company when, in the opinion of the Underwriters, they have completed distribution of the Purchased Securities, including the total proceeds realized in each of the Qualifying Provinces and any other jurisdiction from such distribution..

5. Changes

(a) Material Change or Change in Material Fact During Distribution

During the period from the date of this Agreement to the completion of distribution of the Purchased Securities in the Qualifying Provinces, the United States, and any Other Offering Jurisdictions, the Company shall promptly notify the Underwriters in writing of:

- (i) any material change (actual, anticipated, contemplated or threatened, financial or otherwise) in the business, affairs, management, prospects, personnel, operations, assets, liabilities (contingent or otherwise) or capital of the Company and its subsidiaries, taken as a whole;
- (ii) any material fact which has arisen or has been discovered and would have been required to have been stated in the Prospectus had the fact arisen or been discovered on, or prior to, the date of the Prospectus; and
- (iii) any change in any material fact (which for the purposes of this Agreement shall be deemed to include the disclosure of any previously undisclosed material fact) contained in the Prospectus, which fact or change is, or may be, of such a nature as to render any statement in the Prospectus misleading or untrue or which would result in a misrepresentation in the Prospectus or which would result in the Prospectus not complying with Canadian Securities Laws. The Company shall promptly, and in any event within any applicable time limitation, comply, to the satisfaction of the Underwriters, with all applicable filing and other requirements under the Canadian Securities Laws as a result of such fact or change; provided that the Company shall not file any Prospectus Amendment or other document without first obtaining from the Underwriters the approval of the Underwriters, after consultation with the Underwriters with respect to the

form and content thereof, which approval will not be unreasonably withheld. The Company shall in good faith discuss with the Underwriters any fact or change in circumstances (actual, anticipated, contemplated or threatened, financial or otherwise) which is of such a nature that there is reasonable doubt whether written notice need be given under this paragraph.

(b) Change in Canadian Securities Laws

If, during the period of distribution of the Purchased Securities, there shall be any change in Canadian Securities Laws which, in the opinion of the Underwriters, requires the filing of a Prospectus Amendment, upon written notice from the Underwriters, the Company shall, to the satisfaction of the Underwriters, acting reasonably, promptly prepare and file such Prospectus Amendment with the appropriate securities regulatory authority in each of the Qualifying Provinces where such filing is required.

(c) Change in Closing Date

Subject to the right of any Underwriter to terminate its obligations under this Agreement in accordance with the termination provisions contained in paragraph 10, if a material change or a change in a material fact occurs prior to the Closing Date, then, the Closing Date shall be, unless the Company and the Underwriters otherwise agree in writing, the fifth Business Day following the later of:

- (i) the date on which all applicable filings or other requirements of the Canadian Securities Laws with respect to such material change or change in a material fact have been complied with in all Qualifying Provinces and any appropriate MRRS decision documents obtained for such filings and notice of such filings from the Company or the Company's Counsel have been received by the Underwriters; and
- (ii) the date upon which the commercial copies of any Prospectus Amendment have been delivered in accordance with paragraph 4(d),

however, in no event shall the Closing Date be later than the Latest Closing Date.

6. Services Provided by Underwriters and Underwriting Fee

The Purchased Securities will be distributed in the Qualifying Provinces, the United States and the Other Offering Jurisdictions. In return for the Underwriters' services in acting as financial advisors to the Company, assisting in the preparation of the Prospectus and any U.S. Placement Memorandum, performing and managing banking, selling or other groups for the sale of the Purchased Securities, distributing the Purchased Securities, both directly and to other registered dealers as brokers, and performing administrative work in connection with the distribution of the Purchased Securities, the Company agrees to pay the Underwriters at the Closing Time the Underwriting Fee. The Underwriting Fee shall be payable as provided for in paragraph 7.

7. Deliveries

(a) Delivery of Purchase Price, Underwriting Fee and Certificates

The purchase and sale of the Purchased Securities shall be completed at the Closing Time at the offices of the Company's Counsel. At the Closing Time the Company shall deliver to the Underwriters a definitive share certificate representing the Purchased Securities registered in the name of the Lead Underwriter or in such other name or names as the Lead Underwriter may notify the Company in writing not less than 24 hours (48 hours in respect of any share certificates to be pre-delivered in a city other than Calgary, Alberta) prior to the Closing Time against payment by the Underwriters to the Company of the Purchase Price (less the amount of the Underwriting Fee and the expenses payable to the Underwriters pursuant to paragraph 14 hereof) by wire transfer, together with a receipt signed by the Lead Underwriter for such definitive certificate.

(b) Delivery of Certificates to Transfer Agents

The Company shall, prior to the Closing Date, make all necessary arrangements for the exchange of the definitive certificate representing the Purchased Securities, on the Closing Date, at the principal offices of Computershare Investor Services Inc. in the cities of Calgary, Alberta and Toronto, Ontario for certificates representing such number of the Purchased Securities registered in such names as shall be designated by the Underwriters not less than 48 hours (or 72 hours if the Closing Date is a Monday) prior to the Closing Time.

The Company shall pay all fees and expenses payable to Computershare Investor Services Inc. in connection with the preparation, delivery, certification and exchange of the Purchased Securities contemplated by this paragraph and the fees and expenses payable to the Trust Companies in connection with the initial or additional transfers as may be required in the course of the distribution of the Purchased Securities.

8. Representations and Warranties of the Company

The Company represents and warrants to the Underwriters, and acknowledges that the Underwriters are relying upon such representations and warranties in purchasing the Purchased Securities, that:

- (a) the Company has been duly incorporated and organized and is validly existing under the laws of its jurisdiction of incorporation, has all requisite power, capacity and authority to carry on its business as now conducted and as contemplated by the Prospectus and to own, lease and operate its properties and assets and the Company is current with all material filings required to be made in all jurisdictions in which it carries on any material business, and the Company has all requisite power, capacity and authority to execute and deliver this Agreement and to carry out its obligations under this Agreement;

- (b) the Company is duly qualified to do business and is in good standing in each jurisdiction where the ownership, leasing or operation of its properties or the conduct of its business requires such qualification, except where the failure to be so qualified and in good standing would not, individually or in the aggregate: (i) have a Material Adverse Effect; or (iii) result in the delisting of the Common Shares of the Company from a Stock Exchange;
- (c) the Company has no active or trading subsidiaries, and other than its ownership interests in the Inactive Subsidiaries, does not own, directly or indirectly, any shares of stock of any other equity or other participating interests or long-term debt securities of any corporation, firm, partnership, joint venture, association or other entity;
- (d) the Company is eligible in accordance with the provisions of NI 44-101 to file a short form prospectus with the Canadian Securities Regulators;
- (e) the Company is a reporting issuer in each of the Provinces of British Columbia, Alberta, Ontario and New Brunswick and is not in default of any requirement under Canadian Securities Laws in such provinces, and upon the filing of the Final Prospectus, the Company will be a reporting issuer in each of the Qualifying Provinces;
- (f) all necessary corporate action has been taken by the Company to authorize the execution, delivery and performance of this Agreement and the issuance, sale and delivery of the Purchased Securities;
- (g) this Agreement has been duly authorized, executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally, and except as limited by the application of equitable principles when equitable remedies are sought and subject to the fact that rights to indemnity and contribution may be limited by applicable law;
- (h) the execution and delivery of this Agreement, the issue, sale and delivery of the Purchased Securities, and the performance or the consummation of the transactions contemplated in this Agreement, do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under (whether after notice or lapse of time or both), any indenture, mortgage, deed of trust, loan agreement, license agreement, lease or other agreement (written or oral) or instrument, including any Material Contract, to which the Company or any of its subsidiaries is a party or by which any of them is bound, or to which any of their property or assets is subject, which breach or violation or the consequences thereof would, alone or in the aggregate, result in a Material Adverse Effect, nor will such action conflict with or result in any violation of the provisions of the articles of incorporation or other constating

documents, by-laws or resolutions of the Company or any of its subsidiaries or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over them or any of their properties;

- (i) the authorized capital of the Company, and the rights, privileges, restrictions and conditions of each class of securities of the Company, including the Purchased Securities, conform in all material respects to the descriptions thereof contained in the Prospectus; as of the date of this Agreement, the Company has authorized share capital consisting of (A) an unlimited number of Common Shares; and (B) an unlimited number of preferred shares, issuable in series; of which 223,886,300 Common Shares; and no preferred shares, are currently issued and outstanding;
- (j) other than pursuant to the terms of this Agreement and outstanding options to acquire an aggregate of 12,668,936 Common Shares held by directors, officers, employees and service providers of the Company, no person, firm, corporation or other entity has (i) any agreement, option, right or privilege (whether pre-emptive or contractual) capable of becoming an agreement or option, for the purchase from the Company of any unissued shares of the Company or other equity interests of the Company; or (ii) any pre-emptive rights, resale rights, rights of first refusal or other rights to purchase any shares of the Company or other equity interests in the Company;
- (k) the financial statements contained in the Prospectus, together with the notes thereto, present fairly in all material respects the financial position of the Company as at the dates and for the periods referred to in such statements and have been prepared in all material respects in accordance with Canadian generally accepted accounting principles applied on a consistent basis, and no other financial statements (whether historical or pro-forma, or relating to an actual or proposed acquisition or disposition), of the Company or any other entity are required to be included in the Prospectus;
- (l) at the Closing Time, the issuance of the Purchased Securities by the Company to the Underwriters in accordance with the terms of this Agreement will have been duly authorized by all necessary corporate action of the Company and the Purchased Securities will be validly issued and outstanding as fully paid and non-assessable shares, free of statutory and contractual pre-emptive rights, resale rights, rights of first refusal and similar rights;
- (m) no consent, approval, permit, authorization, order or filing of or with any Government Authority is required by the Company for the execution and delivery of and the performance by the Company of its obligations under this Agreement except as may be required under the Canadian Securities Laws or the Stock Exchanges;
- (n) neither the Company nor any of its subsidiaries is in breach or violation of or in default under (nor has any event occurred which, with notice, lapse of time or both, would result in any breach or violation of, constitute a default under or give

the holder of any indebtedness (or person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a part of such indebtedness under): (i) any statute, rule or regulation applicable to the Company or any of its subsidiaries including, without limitation, the Canadian Securities Laws and the by-laws, rules and regulations of the Stock Exchanges, except any consent, approval, permit, authorization, order or filing required under the Canadian Securities Laws and the by-laws, rules and regulations of the Stock Exchanges which shall have been obtained on or before the Closing Time; (ii) the constating documents or by-laws of the Company or any of its subsidiaries or resolutions of the directors or shareholders of the Company which are in effect at the date of this Agreement; (iii) any mortgage, hypothec, note, indenture, deed of trust, bank loan, credit agreement, contract, agreement, instrument, lease, license, or other document, agreement or instrument to which the Company or any of its subsidiaries is a party or by which it is bound; or (iv) any judgment, decree or order applicable to the Company or any of its subsidiaries or the property or assets of the Company or any of its subsidiaries, where, in the case of clauses (i) and (iii) (but for certainty, not clauses (ii) or (iv)), such breach, violation or default could reasonably be expected to have a Material Adverse Effect. The execution, delivery and performance of this Agreement by the Company, the fulfilment of the terms of this Agreement and the consummation of the transactions contemplated by this Agreement, including, without limitation, the issuance and sale by the Company of the Purchased Securities pursuant to the terms of this Agreement do not and, will not conflict with, result in any breach or violation of or constitute a default under clauses (i)-(iv) of this paragraph 8(n);

- (o) Computershare Investor Services Inc., at its principal offices in the cities of Calgary and Toronto has been duly appointed as Canadian registrar and transfer agent for the Common Shares;
- (p) at the date of this Agreement and since December 31, 2006, except as disclosed in the Prospectus there has not been (i) any material adverse change, or any development involving a prospective material adverse change, in the business, affairs, prospects, properties, management, personnel, financial condition or results of operations of the Company and its subsidiaries, taken as a whole; (ii) any transaction which is material to the Company and its subsidiaries, taken as a whole; (iii) any obligation or liability, direct or contingent (including any off-balance sheet obligations), incurred by the Company or any of its subsidiaries, which is material to the Company and its subsidiaries, taken as a whole; (iv) any change in the capital stock or outstanding indebtedness of the Company or any of its subsidiaries; or (v) any dividend or distribution of any kind declared, paid or made on the capital stock of the Company or any of its subsidiaries;
- (q) except as disclosed in the Prospectus, there are no actions, suits, claims, investigations or proceedings pending or, to the Company's knowledge, threatened or contemplated to which the Company or any of its subsidiaries or any of their respective directors or officers is or would be a party or of which any of their respective properties is or would be subject at law or in equity, before or

by any Government Authority, except any such action, suit, claim, investigation or proceeding which, if resolved adversely to the Company or any of its subsidiaries, would not, individually or in the aggregate, have a Material Adverse Effect or prevent or materially interfere with consummation of the transactions contemplated hereby;

- (r) neither the Company nor any subsidiary of the Company is a party to or bound by any material agreement of guarantee, indemnification (other than an indemnification of directors and officers in accordance with the by-laws of the Company or its subsidiaries and applicable laws, and indemnification obligations in favour of underwriters of securities offerings) or any other like commitment of the obligations, liabilities (contingent or otherwise) of indebtedness of any other person;
- (s) other than as disclosed in the Prospectus, the Public Record or in the Due Diligence Sessions, neither the Company nor its subsidiaries have any loans or other indebtedness currently outstanding to or from any of its shareholders, officers, directors or employees or any other person not dealing at arm's length with the Company or its subsidiaries;
- (t) the information and statements set forth in the Documents Incorporated by Reference and the Public Record, as it relates to the Company and its subsidiaries, were true, correct, and complete and did not contain any misrepresentation, as of the respective dates of such information or statements, and the Company has not filed any confidential material change reports which continue to be confidential;
- (u) all tax returns required to be filed by the Company and its subsidiaries have been timely filed, and all taxes and other assessments of a similar nature (whether imposed directly or through withholding) including any interest, additions to tax or penalties applicable thereto due or claimed to be due from such entities have been timely paid, other than those being contested in good faith and for which adequate reserves have been provided;
- (v) the minute books of the Company and of each subsidiary are true and correct and contain the minutes of all meetings and all the resolutions of directors and shareholders thereof, other than those in connection with this Agreement, the Prospectus and the transactions contemplated hereby which minutes or resolutions have been passed but have not been finalized and included in the minute books, and all such meetings were duly called and properly held and all such resolutions were properly adopted except to the extent that any such failure could not reasonably be expected to have a Material Adverse Effect;
- (w) except as disclosed in the Prospectus, each of the Company and its subsidiaries has all necessary licenses, authorizations, consents and approvals and has made all necessary filings required under any applicable laws, regulations or rules, and has obtained all necessary licenses, authorizations, consents and approvals from other persons, in order to conduct its business in the manner presently conducted

and as described in the Prospectus; neither the Company nor any of its subsidiaries is in violation of, or in default under, or has received notice of any proceedings relating to revocation or modification of, any such license, authorization, consent or approval or any provincial, federal, municipal, state, local or foreign law, regulation or rule applicable to the Company or its subsidiaries, as applicable, except where such violation, default, revocation or modification could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect as determined by the Underwriters in their sole discretion;

- (x) neither the Company nor any of its subsidiaries is in violation of, or in default under any decree, order or judgment applicable to the Company or its subsidiaries, as applicable;
- (y) the Company and its subsidiaries and their respective properties, assets and operations are in compliance with, and the Company and its subsidiaries hold all permits, authorizations and approvals required under, Environmental Laws, except to the extent that failure to so comply or to hold such permits, authorizations or approvals would not, individually or in the aggregate, have a Material Adverse Effect; there are no past, present or, to the Company's knowledge, reasonably anticipated future events, conditions, circumstances, activities, practices, actions, omissions or plans that could reasonably be expected to give rise to any material costs or liabilities to the Company or any of its subsidiaries under, or to interfere with or prevent compliance by the Company or any of its subsidiaries with, Environmental Laws; except as would not, individually or in the aggregate, have a Material Adverse Effect;
- (z) neither the Company nor any of its subsidiaries (i) is the subject of any investigation; (ii) has received any notice or claim; (iii) is a party to or affected by any pending or, to the Company's knowledge, threatened action, suit or proceeding; (iv) is bound by any judgment, decree or order; or (v) has entered into any agreement, in each case relating to any alleged violation of any Environmental Law or any actual or alleged release or threatened release or cleanup at any location of any Hazardous Materials;
- (aa) in the ordinary course of their respective businesses, the Company and each of its subsidiaries conduct periodic reviews of the effect of the Environmental Laws on their businesses, operations and properties, in the course of which they identify and evaluate associated costs and liabilities (including, without limitation, any capital or operating expenditures required for cleanup, closure of properties or compliance with the Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties);
- (bb) the Company and each of its subsidiaries owns or possesses or has entered into licenses for all inventions, patent applications, patents, trademarks (both registered and unregistered), tradenames, service names, copyrights, trade secrets

and other proprietary information or which are necessary for the conduct of, or material to, its businesses (collectively, the “Intellectual Property”), and the Company is unaware of any claim to the contrary or any challenge by any other person to the rights of the Company or any of its subsidiaries with respect to the Intellectual Property;

- (cc) neither the Company nor any of its subsidiaries has infringed or is infringing the intellectual property of a third party, and neither the Company nor any of its subsidiaries has received notice of a claim by a third party to the contrary nor is the Company or any of its subsidiaries aware of any circumstance that would make such a claim reasonably likely;
- (dd) neither the Company nor any of its subsidiaries is engaged in any unfair labour practice; except for matters which would not, individually or in the aggregate, have a Material Adverse Effect;
- (ee) there is (i) no unfair labour practice complaint pending or, to the Company’s knowledge, threatened against the Company or any of its subsidiaries before any labour relations board, and no grievance or arbitration proceeding arising out of or under collective bargaining agreements is pending or, to the Company’s knowledge, threatened; (ii) no strike, labour dispute, slowdown or stoppage is pending or, to the Company’s knowledge, threatened against the Company or any of its subsidiaries; and (iii) no union representation dispute currently exists concerning the employees of the Company or any of its subsidiaries,
- (ff) to the Company’s knowledge, no union organizing activities are currently taking place concerning the employees of the Company or any of its subsidiaries; and there has been no violation of any provincial, federal, municipal, state, local or foreign law relating to discrimination in the hiring, promotion or pay of employees, any applicable wage or hour laws concerning the employees of the Company or any of its subsidiaries;
- (gg) neither the Company nor any of its subsidiaries has sent or received any communication regarding termination of, or intent not to renew, any of the Material Contracts, and no such termination or non-renewal has been threatened by, any party to a Material Contract, and to the knowledge of the Company, no circumstances presently exist that would make any such termination or non-renewal reasonably likely;
- (hh) any and all operations of the Company and its subsidiaries and, to the best of the Company’s knowledge, any and all operations by third parties, on or in respect of the material assets and properties of the Company and its subsidiaries, have been conducted in accordance with good oilfield practices and/or good gas field practices, which practices will not in the opinion of the Company result in a material impairment of the oil and gas production from such assets or in the underlying petroleum reserves of such assets;

- (ii) no Canadian Securities Regulator, the TSX, the AIM or other securities commission or similar regulatory authority has issued any order ceasing, preventing or suspending trading of any securities of the Company nor is the Company aware of any pending or threatened proceeding, action or investigation in respect thereof;
- (jj) to the knowledge of the Company, no director or senior officer of the Company, nor, to the knowledge of the Company, without inquiry, any other insider of the Company, has a present intention to sell any securities of the Company held by it;
- (kk) the Company made available to D&M, prior to the issuance of the D&M Report with respect to the Company's crude oil, natural gas and NGL reserves, for the purpose of preparing the D&M Reserve Report, all information requested by D&M, which information did not contain any misrepresentation at its date. The Company has no knowledge of a material adverse change in any information provided to D&M since the date that such information was provided. The Company believes that the D&M Reserve Report reasonably presents the quantity and pre-tax present worth values of oil and gas reserves of the Company as at December 31, 2006, based upon information available at the time the D&M Report was prepared and the assumptions as to commodity prices and costs contained therein;
- (ll) although it does not warrant title, and except as disclosed in the Prospectus, the Company is not aware of any defects, failures or impairments in title of the Company or of its subsidiaries to its oil and gas properties, whether or not an action, suit, proceeding or inquiry is pending or threatened and whether or not discovered by any third party, which in aggregate could have a Material Adverse Effect;
- (mm) the Company is the owner of the Company's assets described in the Prospectus with good and marketable title free and clear of all liens, charges, encumbrances and any other rights of others, other than those disclosed in the Prospectus, and all of the property described in the Prospectus as being held under lease by the Company or a subsidiary is held thereby under valid, subsisting and enforceable leases, except where the failure to have good and marketable title to personal property or the failure of the Company to hold valid, subsisting and enforceable leases could not, individually or in the aggregate, have a Material Adverse Effect;
- (nn) except as disclosed in the Public Record, there are no Material Contracts to which the Company or any subsidiary is a party or by which it is bound;
- (oo) except as disclosed in the Public Record, neither the Company nor any of its subsidiaries are a party to any contracts of employment which may not be terminated on one month's notice or which provide for payments occurring on a change of control of the Company;

- (pp) the Company has not incurred any obligation or liability, contingent or otherwise, for brokerage fees, finder's fees, agents' commission or other forms of compensation with respect to the transactions contemplated herein for which the Company will have any liability or obligation, except as provided herein;
- (qq) all statistical or market-related data included in the Prospectus are based on or derived from sources that the Company reasonably believes to be reliable and accurate and to the best of the Company's knowledge, no consent is required in order to include such data in the Prospectus;
- (rr) the Company is not a party to any unanimous shareholders agreement, pooling agreement, voting trust or other similar type of arrangements in respect of outstanding securities of the Company and to the best of the Company's knowledge, none of its shareholders is a party to any unanimous shareholders agreement, pooling agreement, voting trust or other similar type of arrangements in respect of outstanding securities of the Company;
- (ss) the Company and its subsidiaries maintain insurance with reputable insurers covering their respective properties, operations, personnel and businesses at levels that the Company believes are appropriate and consistent with industry practice; such insurance insures against such losses and risks to an extent which is adequate in accordance with customary industry practice to protect the Company and its subsidiaries and their respective businesses; all such insurance is fully in force on the date hereof; and neither the Company nor any of its subsidiaries has reason to believe that it will not be able to renew any contract providing for such insurance as and when such contract expires;
- (tt) the Company maintains a process designed by, or under the supervision of its Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles and includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with Canadian generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the annual financial statements or interim financial statements that will be required to be filed by the Company following completion of the offering of the Purchased Securities contemplated herein;

- (uu) the Company maintains controls and other procedures that are designed to provide reasonable assurance that information required to be disclosed by the Company in annual filings, interim filings or other reports filed or submitted by the Company under Canadian Securities Laws is recorded, processed, summarized and reported within the time periods specified under Canadian Securities Laws and include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in annual filings, interim filings or other reports filed or submitted under Canadian Securities Laws is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, or persons who perform similar functions, as appropriate to allow timely disclosure regarding required disclosure;
- (vv) the operations of the Company and each of its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the money laundering statutes of all jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Government Authority (collectively, the "Money Laundering Laws") and no action, suit or proceeding by or before any court or Government Authority or any arbitrator or non-governmental authority involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the Company's knowledge, threatened;
- (ww) neither the Company nor any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee or affiliate of the Company or of any of its subsidiaries has made any payment of funds out of the Company or any subsidiary or received or retained funds in a violation by such persons of any applicable law, rule or regulation prohibiting the payment of undisclosed commissions or bonuses or the making of bribe or incentive payments or other arrangements of a similar nature, such as the United States Foreign Corrupt Practices Act of 1977 and the *Corruption of Foreign Public Officials Act* (Canada); and the Company and each of its subsidiaries have instituted and maintain policies and procedures designed to ensure continued compliance therewith;
- (xx) neither the Company nor any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee or affiliate of the Company or any of its subsidiaries is currently subject to any sanctions administered by any Government Authority; and the Company will not directly or indirectly use the proceeds of the offering of Purchased Securities contemplated hereby, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity for the purpose of financing the activities of any person currently subject to any sanctions administered by any Government Authority;
- (yy) neither the Company nor any of its subsidiaries nor any of their respective directors, officers or affiliates has taken, directly or indirectly, any action

designed, or which has constituted or might reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Purchased Securities;

- (zz) no subsidiary is currently prohibited, directly or indirectly, from paying any dividends to the Company, from making any other distribution on such subsidiary's capital stock, from repaying to the Company any loans or advances to such subsidiary from the Company or from transferring any of such subsidiary's property or assets to the Company or any other subsidiary of the Company, except as described in the Prospectus;
- (aaa) each of the Material Contracts have been duly authorized, executed and delivered by the Company and the parties thereto and, except as disclosed in the Prospectus, constitutes legal, valid and binding obligations of the Company and the other parties thereto enforceable in accordance with their respective terms; none of the parties to any of the Material Contracts are in material breach thereof, and neither the Company nor any subsidiary is aware of the intention of any party to such agreement to terminate a Material Contract or request a material modification thereof;
- (bbb) all of the Financial Information has been duly approved by the audit committee of the board of directors of the Company;
- (ccc) the auditors of the Company are independent within the meaning of the rules of professional conduct of each of the Provinces of Canada and there has not been any disagreement (within the meaning of NI 51-102) with the auditors;
- (ddd) the AIF is a "current AIF" as such term is defined in NI 44-101;
- (eee) the responses given by the Company and its directors and officers in the Due Diligence Sessions have been and shall be true and correct in all material respects as at the time such responses are given and at the date hereof and such responses taken as a whole shall not omit any fact or information necessary to make any of the responses not misleading in light of the circumstances in which those responses were given;
- (fff) no securities commission, stock exchange or comparable authority has issued any order preventing or suspending the use or effectiveness of the Preliminary Prospectus, the Final Prospectus, any U.S. Placement Memorandum or any Prospectus Amendment or preventing the distribution of the Purchased Securities, if any, in any Qualifying Province, the United States or any Other Offering Jurisdiction nor instituted proceedings for that purpose and, to the knowledge of the Company, no such proceedings are pending or contemplated;
- (ggg) there are no reports or information that in accordance with Canadian Securities Laws must be made publicly available or filed in connection with the offering of the Purchased Securities that have not been made publicly available as required;

- (hhh) the form of the certificate representing the Purchased Securities meets all legal requirements under the Company's governing corporate statute and the requirements of the TSX and has been duly approved by the Company; and
- (iii) prior to the filing of the Final Prospectus, the Purchased Securities will have been conditionally approved for listing on the TSX, subject to satisfaction by the Company of standard listing conditions.

9. Conditions

The Underwriters' obligation to purchase the Purchased Securities at the Closing Time shall be subject to the accuracy of the representations and warranties of the Company contained in this Agreement both as of the date of this Agreement and as of the Closing Time, the performance by the Company of its obligations under this Agreement and the following additional conditions:

(a) Delivery of Opinions

- (i) The Underwriters shall have received at the Closing Time a legal opinion addressed to the Underwriters and the Underwriters' Counsel, in form and substance satisfactory to the Underwriters, acting reasonably, dated the Closing Date from the Company's Counsel, as to the laws of Canada and the Qualifying Provinces, which counsel in turn may rely upon the opinions of local counsel where they deem such reliance proper as to the laws other than those of Alberta and the laws of Canada applicable therein and as to matters of fact, on certificates of the auditors of the Company, public and stock exchange officials and officers of the Company, with respect to the following matters:
 - (A) the due incorporation and existence of the Company under the laws of its jurisdiction of incorporation;
 - (B) the authorized and issued capital of the Company;
 - (C) that the Company has all requisite corporate power under the laws of its jurisdiction of incorporation to carry on its businesses and own its properties as described in the Prospectus, to issue the Purchased Securities and to carry out the transactions contemplated by this Agreement and the Prospectus;
 - (D) that all necessary corporate action has been taken by the Company to authorize the execution and delivery by the Company of each of this Agreement, and the Prospectus and the filing of such documents as required under the Canadian Securities Laws in each of the Qualifying Provinces;
 - (E) that the Purchased Securities have been duly authorized and, when issued and delivered, will be validly issued by the Company and

outstanding as fully paid and non-assessable shares in the capital of the Company;

- (F) that the attributes of the Purchased Securities conform in all material respects with the description of the Purchased Securities in the Prospectus;
- (G) that the execution and delivery of this Agreement by the Company, the fulfilment of the terms of this Agreement by the Company and the consummation of the transactions contemplated by this Agreement by the Company and the issue and sale by the Company of the Purchased Securities in accordance with the terms of this Agreement do not result in a breach (whether after notice or lapse of time or both) of any of: (i) the terms, conditions or provisions of the constating documents of the Company or resolutions of the board of directors or the shareholders of the Company; (ii) any of the agreements or instruments listed in a schedule to such opinion, which schedule shall include such material agreements by which the Company or any of its subsidiaries is bound as determined by the Underwriters, acting reasonably; or (iii) any statute, rule or regulation applicable to the Company including, without limitation, the Company's governing corporate statute;
- (H) that this Agreement has been duly authorized, executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency and other similar laws affecting the rights of creditors generally, the qualification that equitable remedies may be granted only in the discretion of a court of competent jurisdiction, and such other standard qualifications as may be agreed to by Underwriters' Counsel; however, the Company's Counsel need not express any opinion as to the enforceability of the indemnity provisions of paragraph 11, the contribution provisions of paragraph 12 or the severability provisions of paragraph 13;
- (I) that the Purchased Securities are qualified investments as specified in the Prospectus;
- (J) that the form of the certificate representing the Common Shares meets all legal requirements under the Company's governing corporate statute and the requirements of the TSX and has been duly approved by the Company;
- (K) that Computershare Investor Services Inc., at its principal offices in the cities specified of Calgary, Alberta and Toronto, Ontario

have been duly appointed as the transfer agent and registrar for the Common Shares;

- (L) that all documents have been filed, all proceedings have been taken and all approvals, permits, consents and authorizations of the appropriate regulatory authorities under Canadian Securities Laws have been obtained by the Company to qualify the Purchased Securities for distribution and sale to the public in each of the Qualifying Provinces through investment dealers or brokers registered under the applicable laws of the Qualifying Provinces who have complied with the relevant provisions of such applicable laws, however, the Company's Counsel and the Underwriter's Counsel need not express any opinion as to whether the Prospectus constitutes full, true and plain disclosure of all material facts relating to the Purchased Securities;
- (M) that the Company is a reporting issuer not in default of any requirement of the Canadian Securities Laws;
- (N) that the TSX has conditionally approved the listing of the Purchased Securities subject only to the filing of documents in accordance with the usual requirements of the TSX; and
- (O) as to all other legal matters reasonably requested by the Underwriters relating to the distribution of the Purchased Securities,

and for greater certainty, it is agreed that nothing in the foregoing will be deemed to require that any opinions be given by Company's Counsel in respect of any laws other than those of the Qualifying Provinces and the laws of Canada applicable therein.

- (ii) The Underwriters shall have received at the Closing Time a legal opinion dated the Closing Date from the Underwriters' Counsel with respect to the matters in paragraph 9(a). In providing such opinion the Underwriters' Counsel shall be entitled to rely on the opinions of local counsel as to matters governed by the laws of jurisdictions other than the laws of Canada and Alberta and as to matters of fact, on certificates of the Company's registrar and transfer agent, public and stock exchange officials and officers of the Company, and the Underwriters' Counsel shall be entitled to rely upon the opinion of the Company's Counsel with respect to the matters in paragraph 9(a).
- (iii) The Underwriters shall have received at the Closing Time, an opinion of U.S. Counsel, dated the Closing Date, in form and substance satisfactory to the Underwriters, with respect to the offer, sale and delivery of the Purchased Securities on the Closing Date to the Underwriters under this

Agreement and the initial resale of the Purchased Securities by the Underwriters to the effect that no registration is required under the 1933 Act in accordance with the provisions of Schedule "A".

(b) Delivery of Comfort Letter

The Underwriters shall have received at the Closing Time a letter dated the Closing Date from the Auditors addressed to the Underwriters and the board of directors of the Company, in form and substance satisfactory to the Underwriters, acting reasonably, confirming the continued accuracy of the comfort letter to be delivered to the Underwriters pursuant to clause 4(a)(vi) with such changes as may be necessary to bring the information in such letter forward to within two Business Days of the Closing Date which changes shall be acceptable to the Underwriters.

(c) Delivery of Certificates

- (i) The Underwriters shall have received at the Closing Time certificates dated the Closing Date, signed by an appropriate officer of the Company addressed to the Underwriters and their counsel, with respect to the constating documents of the Company, all resolutions of the board of directors of the Company relating to this Agreement, the Prospectus, the incumbency and specimen signatures of signing officers and with respect to such other matters as the Underwriters may reasonably request.
- (ii) The Underwriters shall have received at the Closing Time a certificate or certificates dated the Closing Date and signed on behalf of the Company by the Chief Executive Officer and the Chief Financial Officer of the Company or such other officers of the Company acceptable to the Underwriters, acting reasonably, addressed to the Underwriters certifying for and on behalf of the Company after having made due enquiry and after having carefully examined the Prospectus:
 - (A) that since the respective dates as of which information is given in the Final Prospectus as amended by any Prospectus Amendments that (I) there has been no material change (actual, anticipated, contemplated or threatened, whether financial or otherwise) in the business, affairs, management, personnel, operations, assets, prospects, liabilities (contingent or otherwise) or capital of the Company and its subsidiaries taken as a whole, and (II) no transaction has been entered into by any of the Company or any of its subsidiaries which is material to the Company and its subsidiaries, taken as a whole, other than as disclosed in the Final Prospectus or any Prospectus Amendment, as the case may be;
 - (B) that no order, ruling or determination having the effect of suspending the sale or ceasing the trading of the Common Shares

or any other securities of the Company has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or are pending or, to the knowledge of such officers, contemplated or threatened under any of the Canadian Securities Laws or by any other regulatory authority;

(C) that the Company has duly complied with the terms and conditions of this Agreement on its part to be complied with up to and at the Closing Time;

(D) that the representations and warranties of the Company contained in this Agreement are true and correct as of the Closing Time with the same force and effect as if made at and as of the Closing Time after giving effect to the transactions contemplated by this Agreement; and

(E) such other matters as the Underwriters may reasonably request.

(iii) The Underwriters shall have received at the Closing Time a certificate from Computershare Investor Services Inc. dated the Closing Date and signed by an authorized officer of the transfer agent, confirming the issued capital of the Company.

10. Termination Rights

(a) Litigation

If any enquiry, action, suit, investigation or other proceeding whether formal or informal is instituted, threatened or announced or any order is made by any federal, provincial or other governmental authority in relation to the Company, which, in the reasonable opinion of the Underwriters or any of them, operates to prevent or restrict the distribution or trading of the Purchased Securities, any Underwriter shall be entitled, at its option and in accordance with paragraph 10(e), to terminate its obligations under this Agreement by notice to that effect given to the Company at any time prior to the Closing Time.

(b) Material Change or Change in Material Fact

If, prior to the Closing Time, there should occur any material change or a change in any material fact such as contemplated in paragraph 5(a), which results or, in the opinion of the Underwriters or any one of them, would be expected to have a significant adverse effect on the market price or value of the Purchased Securities, any Underwriter shall be entitled, at its option, in accordance with paragraph 10(e), to terminate its obligations under this Agreement by written notice to that effect given to the Company at any time prior to the Closing Time.

(c) Disaster Out

If, prior to the Closing Time, (i) there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence or any law or regulation which, in the opinion of any of the Underwriters, seriously and adversely affects, or involves, or will seriously and adversely affect, or involve, the financial markets or the business, operations or affairs of the Company; (ii) since the time of execution of this Agreement, there shall have occurred: (A) a suspension or material limitation in trading in securities generally on the TSX; (B) a suspension or material limitation in trading in the Company's securities on the TSX; (C) a general moratorium on commercial banking activities declared by either federal authorities or a material disruption in commercial banking or securities settlement or clearance services in Canada; (D) an outbreak or escalation of hostilities or acts of terrorism involving Canada or the United States or a declaration by Canada or the United States of a national emergency or war; or (E) any other calamity or crisis or any change in financial, political or economic conditions in Canada or elsewhere, if the effect of any such event specified in clause (D) or (E), in the sole judgment of any of the Underwriters, makes it impractical or inadvisable to proceed with the public offering or the delivery of the Purchased Securities on the terms and in the manner contemplated in the Prospectus, or (iii) since the time of execution of this Agreement, there shall have occurred any downgrading, or any notice or announcement shall have been given or made of: (A) any intended or potential downgrading or (B) any watch, review or possible change that does not indicate an affirmation or improvement in the rating accorded any securities of or guaranteed by the Company or any subsidiary thereof, any Underwriter shall be entitled, at its option, in accordance with paragraph 10(e), to terminate its obligations under this Agreement by written notice to that effect given to the Company at any time prior to the Closing Time.

(d) Conditions

The Company agrees that all terms and conditions of this Agreement shall be construed as conditions and complied with so far as they relate to acts to be performed or caused to be performed by it, that it will use its best efforts to cause such conditions to be complied with, and that any breach or failure by the Company to comply with any such conditions shall entitle any of the Underwriters to terminate their obligations to purchase the Purchased Securities by notice to that effect given to the Company at or prior to the Closing Time, unless otherwise expressly provided in this Agreement. Each Underwriter may waive, in whole or in part, or extend the time for compliance with, any terms and conditions without prejudice to its rights in respect of any other of such terms and conditions or any other or subsequent breach or non-compliance, provided that any such waiver or extension shall be binding upon an Underwriter only if such waiver or extension is in writing and signed by the Underwriter.

(e) Exercise of Termination Rights

The rights of termination contained in paragraphs 10(a), (b), (c) and (d) may be exercised by any of the Underwriters and are in addition to any other rights or remedies any of the Underwriters may have in respect of any default, act or failure to act or non-compliance by the Company in respect of any of the matters contemplated by this Agreement or otherwise. In the event of any such termination, there shall be no further liability on the part of the Underwriters to the Company or on the part of the Company to the Underwriters except in respect of any liability which may have arisen or may arise after such termination under paragraphs 11, 12 or 14. A notice of termination given by an Underwriter under paragraphs 10(a), (b), (c) and (d) shall not be binding upon any other Underwriter.

11. Rights of Indemnity

(a) Indemnity

The Company agrees to indemnify, defend and save harmless each of the Underwriters and each of their respective affiliates, directors, officers, partners, employees, advisors and agents, and the successors, heirs, executors, administrators and assigns of all of the foregoing persons (collectively, the “Indemnified Parties” and individually an “Indemnified Party”) from and against any and all losses, claims, actions, suits, proceedings, investigations, costs, damages, liabilities, taxes and expenses of whatever nature or kind, including, without limitation, the aggregate amount paid in reasonable settlement of any such matter and the legal costs and disbursements arising in relation to all such matters and to the enforcement of this indemnity, on a solicitor and his own client basis (“Claims”), that may be made or threatened against any Indemnified Party, or that an Indemnified Party may suffer, sustain, pay or incur, or to which an Indemnified Party may become subject or otherwise involved in any capacity insofar as the Claims relate to, are caused by, result from, arise out of or are based upon, directly or indirectly:

- (i) any information or statement (except any statement forming part of the Information Furnished by the Underwriters) contained in the Prospectus, or in any U.S. Placement Memorandum, or in any certificate of the Company delivered pursuant to this Agreement which at the time and in the light of the circumstances under which it was made contains or is alleged to contain a misrepresentation;
- (ii) any omission or alleged omission to state in the Prospectus, any U.S. Placement Memorandum or any certificate of the Company delivered pursuant to this Agreement, any material fact (except in connection with an omission or alleged omission in the Information Furnished by the Underwriters), whether material or not, required to be stated in such document or necessary to make any statement in such document not misleading in light of the circumstances under which it was made;

- (iii) any order made or enquiry, investigation or proceedings commenced or threatened by any securities commission or other competent authority based upon any untrue statement or omission or alleged untrue statement or alleged omission or any misrepresentation or alleged misrepresentation (except a statement forming part of the Information Furnished by the Underwriters or in connection with an allegation that such information contains a misrepresentation or omission) contained in the Prospectus or any U.S. Placement Memorandum, or based upon any failure to comply with applicable securities laws (other than any failure or alleged failure to comply by the Underwriters), preventing or restricting the trading in or the sale or distribution of the Purchased Securities in any of the Qualifying Provinces, the United States or the Other Offering Jurisdictions;
- (iv) the non-compliance or alleged non-compliance by the Company with any of the Canadian Securities Laws, the 1933 Act or the securities laws of any of the Other Offering Jurisdictions including the Company's non-compliance with any statutory requirement to make any document available for inspection;
- (v) any breach by the Company of its representations and warranties contained in this Agreement or in any certificate or other instrument delivered pursuant to this Agreement; or
- (vi) the breach by the Company of any of its covenants or other agreements contained in this Agreement or in any certificate or other instrument delivered pursuant to this Agreement.

In the event that an Indemnified Party becomes entitled to indemnification hereunder, the Company shall reimburse the Indemnified Party for any legal or other expenses (including the cost of any investigation and preparation) as such expenses are incurred by the Indemnified Party in connection with any Claim. In addition, the Company shall reimburse the Indemnified Parties for the time spent by their personnel in connection with any Claim for which this indemnification is available at their normal per diem rates. If any action, suit, proceeding or claim shall be brought against, or an investigation commenced in respect of the Company, or the Company and an Indemnified Party for which this indemnification is available, and personnel of the Underwriters are required to testify, participate or respond in respect of or in connection therewith, the Underwriters shall each have the right to employ their own counsel in connection therewith and the Company will reimburse the Underwriters monthly for the time spent by their personnel in connection therewith at their normal per diem rates together with such disbursements and reasonable out-of-pocket expenses as may be incurred, including fees and disbursements of the Underwriters' respective counsel.

(b) Notification of Claims

If any Claim is asserted against any Indemnified Party or an Indemnified Party has received notice of the commencement of any investigation in respect of which indemnification is or might reasonably be considered to be provided, the Indemnified Party will notify the Company as soon as possible of the nature of such Claim (but the omission so to notify the Company of any potential Claim shall not relieve the Company from any liability which it may have to any Indemnified Party or otherwise).

(c) Assumption of Defence

If any Claim is asserted against any Indemnified Party or an Indemnified Party has received notice of the commencement of any investigation in respect of which indemnification is or might reasonably be considered to be provided, the Company shall assume the defence of any suit brought to enforce such Claim and pay all fees and expenses; provided, however, that:

- (i) the defence shall be conducted through legal counsel acceptable to the Indemnified Party, acting reasonably, and
- (ii) no admission of liability and no settlement, compromise or termination of any pending or threatened Claim in respect of which any Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party shall be made by the Company without the prior written consent of the Indemnified Party, unless such settlement includes an unconditional release of the Indemnified Party from all liability on claims that are the subject matter of such Claims, and does not include an admission of fault, culpability or failure to act, by or on behalf of any Indemnified Party and the Company has agreed to indemnify the Indemnified Party under this paragraph 11.

(d) Right of Indemnity in Favour of Others

With respect to any Indemnified Party who is not a party to this Agreement, the Underwriters shall obtain and hold the rights and benefits of this paragraph in trust for and on behalf of such Indemnified Party.

(e) Retaining Counsel

In connection with any such Claim, the Indemnified Party shall have the right to retain other counsel to act on his, her or its behalf, but the fees and expenses of such counsel shall be at the expense of the Indemnified Party unless: (i) the Company and the Indemnified Party shall have mutually agreed to the retention of such other counsel; (ii) the named parties to any such Claim (including any added third or impleaded party) include both the Indemnified Party and the Company and those parties have been advised in writing by counsel that the representation of both parties by the same counsel would be inappropriate due to the actual or

potential differing interests between them; (iii) the Company shall not have employed counsel to defend such Claim within a reasonable period of time as determined by the Indemnified Party in light of the circumstances; or (iv) the Indemnified Party shall have reasonably concluded that there may be defences available to it which are different from, additional to or in conflict with those available to the Company (in which case the Company shall not have the right to direct the defence of such Claim on behalf of the Indemnified Party), in any of which events such fees and expenses of such counsel to the Indemnified Party will be borne by the Company and paid as incurred.

(f) Survival of Rights to Indemnity

The indemnification provisions contained in this paragraph 11 shall survive the purchase of the Purchased Securities and shall continue in full force and effect unaffected by any subsequent disposition of the Purchased Securities by the Underwriters or the termination of the Underwriters' obligations and shall not be limited or prejudiced by any investigation made by or on behalf of the Underwriters in connection with the preparation of the Prospectus or any U.S. Placement Memorandum or the distribution of the Purchased Securities

12. Contribution

(a) Rights of Contribution

In order to provide for just and equitable contribution in circumstances in which the indemnity provided in paragraph 12 would otherwise be available in accordance with its terms but is, for any reason, held to be unavailable to or unenforceable by the Underwriters or enforceable otherwise than in accordance with its terms or insufficient to hold an Indemnifying Party harmless in respect of any Claims, the Company agrees to contribute to the amount paid or payable by the Indemnified Parties as a result of such Claims (i) in the proportion appropriate to reflect the relative benefits received or sought to be received by the Company and its shareholders and affiliates and other constituencies, on the one hand, and the Underwriters, on the other hand, in connection with the matters contemplated by the Agreement or (ii) if (but only if and to the extent) the allocation provided for in clause (i) is for any reason held unenforceable, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) but also the relative fault of the Company and its shareholders and affiliates and other constituencies, on the one hand, and the Indemnified Parties, on the other hand in connection with the statements or omissions which resulted in such Claims, as well as any other relevant equitable considerations. The Company agrees that for the purposes of this paragraph, the relative benefits received, or sought to be received, by the Company and its shareholders and affiliates and other constituencies, on the one hand, and the Indemnified Parties, on the other hand, shall be deemed to be in the same respective proportions as the total proceeds from the offering (net of Underwriting Fees received by the Indemnified Parties but before deducting expenses) received by the Company or its shareholders or

affiliates and other constituencies, and the total Underwriting Fees received by the Indemnified Parties bear to the aggregate public offering price of the Purchased Securities; provided that, in no event shall the Company contribute less than the amount necessary to assure that the Indemnified Parties are not liable for losses, claims, damages, liabilities and expenses in excess of the amount of fees actually received by the Underwriters pursuant to the Agreement. Relative fault shall be determined by reference to, among other things, whether any alleged untrue statement or omission or any other alleged conduct relates to information provided by the Company or other conduct by the Company (or its employees or other agents), on the one hand, or by the Indemnified Parties, on the other hand. The amount paid or payable by a party as a result of the Claims referred to in this subsection shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with investigating, preparing to defend or defending any Claim.

(b) Right of Contribution in Addition to Other Rights

The rights to contribution provided in this paragraph shall be in addition to and not in derogation of any other right to contribution which the Underwriters or the Company may have by statute or otherwise at law.

(c) Calculation of Contribution

In the event that the Company may be held to be entitled to contribution from the Underwriters under the provisions of any statute or at law, the Company shall be limited to contribution in an amount not exceeding the lesser of:

- (i) the portion of the full amount of the loss or liability giving rise to such contribution for which the Underwriters are responsible, as determined in paragraph 12(a), and
- (ii) the amount of the aggregate fees actually received by the Underwriters from the Company under this Agreement,

and an Underwriter shall in no event be liable to contribute any amount in excess of such Underwriter's portion of the Underwriting Fee actually received from the Company under this Agreement. In addition and in such circumstances, no party who has engaged in any fraud, fraudulent misrepresentation or gross negligence shall be entitled to claim contribution from any person who has not engaged in such fraud, fraudulent misrepresentation or gross negligence. The Underwriters' obligations to contribute pursuant to this paragraph 13 are several in proportion to their respective underwriting commitments and not joint.

(d) Notice

If the Underwriters have reason to believe that a claim for contribution may arise, they shall give the Company notice of such claim in writing, as soon as reasonably possible, but failure to notify the Company shall not relieve the

Company of any obligation which it may have to the Underwriters under this paragraph.

(e) Right of Contribution in Favour of Others

With respect to any Indemnified Party who is not a party to this Agreement, the Company acknowledges and agrees that the Underwriters are contracting on their own behalf and on behalf of such Indemnified Party.

(f) Survival of Rights to Contribution

The contribution provisions contained in this paragraph 12 shall survive the purchase of the Purchased Securities and shall continue in full force and effect unaffected by any subsequent disposition of the Purchased Securities by the Underwriters or the termination of the Underwriters' obligations and shall not be limited or prejudiced by any investigation made by or on behalf of the Underwriters, its partners, directors, officers and shareholders or by or on behalf of the Company and its directors, officers and shareholders in connection with the preparation of the Prospectus or any U.S. Placement Memorandum or the distribution of the Purchased Securities.

13. Severability

If any provision of this Agreement is determined to be void or unenforceable in whole or in part, it shall be deemed not to affect or impair the validity of any other provision of this Agreement and such void or unenforceable provision shall be severable from this Agreement.

14. Expenses

Whether or not the transactions contemplated by this Agreement shall be completed, except as specifically provided below, all expenses of or incidental to the creation, issue and delivery of the Purchased Securities and all expenses of or incidental to all other matters in connection with the transaction set out in this Agreement shall be borne by the Company directly including, without limitation, fees and expenses payable in connection with the qualification of the Purchased Securities for distribution to the public, the fees relating to listing the Purchased Securities on any exchanges, the fees and expenses of the Company's Counsel, all fees and expenses of local counsel, all fees and expenses of the Auditors and all costs incurred in connection with the preparation and printing of the Prospectus and certificates representing the Purchased Securities. The fees and disbursements of the Underwriters' Counsel and any out-of-pocket expenses of the Underwriters shall be borne by the Underwriters, provided that if the purchase and sale of the Purchased Securities is not completed in accordance with the terms of this Agreement, the Company agrees to assume and pay the reasonable fees and disbursements of the Underwriters' Counsel directly and the out-of-pocket expenses of the Underwriters, except if such purchase and sale is not completed by reason of termination of this Agreement by the Underwriters pursuant to paragraph 10(c) or by reason of default of the Underwriters in circumstances where the Company has complied with this Agreement and is prepared to complete the purchase and sale under this Agreement, in which case the Company shall not be obliged to assume and pay such expenses. Promptly upon the request of the Lead

Underwriter, the Company shall reimburse the Underwriters for all costs and expenses incurred by them in connection with the transactions contemplated by this Agreement. The parties acknowledge and agree that the services provided by the Underwriters in connection herewith will not be subject to goods and services tax provided for in the *Excise Tax Act* (Canada) and taxable supplies will be incidental to the exempt financial services provided.

15. Rights to Purchase

(a) Obligation of Underwriters to Purchase

The obligation of the Underwriters to purchase the Purchased Securities at the Closing Time shall be several and not joint and several and shall be limited to the percentage of the Purchased Securities specified opposite the name of each such Underwriter in below:

UBS Securities Canada Inc. – 75%
Canaccord Capital Corporation – 25%

Subject to paragraph 15(b), if one or more of the Underwriters fails to purchase their percentage of the Purchased Securities at the Closing Time then the other Underwriters shall have the right, but shall not be obligated, to purchase such Purchased Securities on a *pro rata* basis (or on such other basis as they may agree). In the event that such right is not exercised, the others which are not in default shall be relieved of all obligations to the Company. Nothing in this paragraph shall oblige the Company to sell to the Underwriters less than all of the Purchased Securities or relieve from liability to the Company any Underwriter which shall be so in default. In the event of a termination by the Company of its obligations under this Agreement, there shall be no further liability on the part of the Company to the Underwriters except in respect of any liability which may have arisen or may arise under paragraphs 11, 12 and 14.

(b) Purchases by Other Underwriters

If the amount of the Purchased Securities which the remaining Underwriters wish to purchase exceeds the amount of the Purchased Securities which would otherwise have been purchased by an Underwriter which is in default, such Purchased Securities shall be divided *pro rata* among the Underwriters desiring to purchase such Purchased Securities in proportion to the percentage of Purchased Securities which such Underwriters have agreed to purchase as set out in paragraph 15(a).

(c) Rights to Purchase of the Other Underwriters

If one or more but not all of the Underwriters shall exercise their right of termination under paragraph 10 then the others shall have the right, but shall not be obligated, to purchase all of the percentage of the Purchased Securities which would otherwise have been purchased by such Underwriters which have so exercised their right of termination. If the amount of such Purchased Securities

which the remaining Underwriters wish, but are not obliged, to purchase exceeds the amount of such Purchased Securities which remain available for purchase, such Purchased Securities shall be divided *pro rata* among the Underwriters desiring to purchase such Purchased Securities, in proportion to the percentage of Purchased Securities, which such Underwriters have agreed to purchase as set forth in paragraph 15(a).

16. Lock-Up

The Company will not, directly or indirectly, without the prior written consent of the Underwriters: (a) issue, offer, sell, secure, pledge, grant any option, right or warrant to purchase or otherwise lend, transfer or dispose of (or agree to do any of such things or announce any intention to do any of such things) any equity securities of the Company or any securities convertible into, or exchangeable or exercisable for, equity securities of the Company; or (b) make any short sale, engage in any hedging transactions, or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Common Shares, whether any such transaction described in this paragraph 16 is to be settled by delivery of Common Shares, other securities, cash or otherwise, for a period commencing on the date hereof and ending on the date that is 90 days after the Closing Date, except (i) employee stock options and shares issued upon their exercise pursuant to the Company's stock option plan and (ii) securities pursuant to the exercise of convertible securities, options or warrants outstanding at the date hereof.

17. Survival of Representations and Warranties

The representations, warranties, obligations and agreements of the Company contained in this Agreement and in any certificate delivered pursuant to this Agreement or in connection with the purchase and sale of the Purchased Securities shall survive the purchase of the Purchased Securities and shall continue in full force and effect unaffected by any subsequent disposition of the Purchased Securities by the Underwriters or the termination of the Underwriters' obligations and shall not be limited or prejudiced by any investigation made by or on behalf of the Underwriters in connection with the preparation of the Prospectus or the distribution of the Purchased Securities.

18. Time of the Essence

Time shall be of the essence of this Agreement.

19. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the Federal laws of Canada applicable in Alberta.

20. Funds

All funds referred to in this Agreement shall be in Canadian dollars.

21. Notice

Unless otherwise expressly provided in this Agreement, any notice or other communication to be given under this Agreement (a “notice”) shall be in writing addressed to the Company at:

First Calgary Petroleums Ltd.
Suite 500, 1414 – 8th Street S.W.
Calgary, AB T2R 1J6

Attention: Mr. Richard G. Anderson
Fax: (403) 264 3955

with a copy to:

Burnet, Duckworth & Palmer LLP

Attention: Gary R. Bugeaud
Fax: (403) 260-0332

or if to an Underwriter to the addresses set out below:

UBS Securities Inc.
161 Bay Street
Suite 4100
Toronto, Ontario M5J 2S1

Attention: Mr. Steven A. Latimer
Fax: (416) 364-9296

and to:

Canaccord Capital Corporation
TransCanada Tower
Suite 2200, 450-1st Street SW
Calgary, Alberta Canada T2P 5P8

Attention: Mr. Richard A Grafton
Fax: (403) 508-3866

with a copy to:

McCarthy Tétrault LLP

Attention: Michael J. Bennett
Fax: (403) 260-3501

Each notice shall be personally delivered to the addressee or sent by fax to the addressee and:

- (a) a notice which is personally delivered shall, if delivered on a Business Day, be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the first Business Day following the day on which it is delivered; and
- (b) a notice which is sent by fax shall be deemed to be given and received on the first Business Day following the day on which it is sent.

22. Authority of Lead Underwriter

The Lead Underwriter is hereby authorized by each of the other Underwriters to act on its behalf and the Company shall be entitled to and shall act on any notice given in accordance with paragraph 21 or agreement entered into by or on behalf of the Underwriters by the Lead Underwriter which represents and warrants that it has irrevocable authority to bind the Underwriters, except in respect of any consent to a settlement pursuant to paragraph 11(b) which consent shall be given by the affected Indemnified Party, a notice of termination pursuant to paragraph 10 which notice may be given by any of the Underwriters, or any waiver pursuant to paragraph 10(d), which waiver must be signed by all of the Underwriters. The Lead Underwriter shall consult with the other Underwriters concerning any matter in respect of which it acts as representative of the Underwriters.

23. Submission to Jurisdiction

Except as set forth below, no claim arising in relation to this Agreement may be commenced, prosecuted or continued by the Company or the Underwriters in any court other than the courts of the Province of Alberta, which courts shall have exclusive jurisdiction over the adjudication of such matters. The Company and the Underwriters irrevocably attorn to the jurisdiction of such courts and consent to personal service with respect thereto in relation to such Claims. The Company hereby further consents to personal jurisdiction, service and venue in any court in which any Claim arising out of or in any way relating to this Agreement is brought by any third party against the Underwriters. Each of the Underwriters and the Company waives all right to trial by jury in any proceeding or Claim (whether based upon contract, tort or otherwise) arising out of or in any way relating to any Claim. The Company agrees that a final judgment in any proceeding or Claim arising out of or in any way relating to any Claim brought in any such court shall be conclusive, final and binding upon the Company and may be enforced in any other courts the jurisdiction of which the Company is or may be subject, by suit upon such judgment or by any other lawful means. The indemnity provisions contained in paragraph 11 and the contribution provisions contained in paragraph 12 shall each remain in full force and effect notwithstanding any termination of the Underwriters' engagement.

24. Parties at Interest

The Agreement herein set forth has been and is made solely for the benefit of the Underwriters and the Company and to the extent provided in paragraphs 11 or 12 hereof the persons and entities referred to in such paragraph, and their respective successors, assigns, heirs, personal representatives and executors and administrators. No other person, partnership, association or

corporation (including a purchaser, as such purchaser, from any of the Underwriters) shall acquire or have any right under or by virtue of this Agreement.

25. No Fiduciary Relationship

The Company hereby acknowledges that the Underwriters are acting solely as underwriters in connection with the purchase and sale of the Purchased Securities. The Company further acknowledges that the Underwriters are acting pursuant to a contractual relationship created solely by this Agreement entered into on an arm's length basis, and in no event do the parties intend that the Underwriters act or be responsible as a fiduciary to the Company its management, shareholders or creditors or any other person in connection with any activity that the Underwriters may undertake or have undertaken in furtherance of the purchase and sale of the Purchased Securities, either before or after the date hereof. The Underwriters hereby expressly disclaim any fiduciary or similar obligations to the Company, either in connection with the transactions contemplated by this Agreement or any matters leading up to such transactions, and the Company hereby confirms its understanding and agreement to that effect. The Company and the Underwriters agree that they are each responsible for making their own independent judgments with respect to any such transactions and that any opinions or views expressed by the Underwriters to the Company regarding such transactions, including, but not limited to, any opinions or views with respect to the price or market for the Purchased Securities, do not constitute advice or recommendations to the Company. The Company hereby waives and releases, to the fullest extent permitted by law, any claims that the Company may have against the Underwriters with respect to any breach or alleged breach of any fiduciary or similar duty to the Company in connection with the transactions contemplated by this Agreement or any matters leading up to such transactions.

26. Counterparts

This Agreement may be executed by any one or more of the parties to this Agreement in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

27. Schedules

The Schedules form an integral part of this Agreement.

28. Successors and Assigns

This Agreement shall be binding upon the Underwriters and the Company and their permitted successors and assigns and any successor or assign of any substantial portion of the Company's and any of the Underwriters' respective businesses and/or assets.

29. Miscellaneous

UBS Securities Canada Inc., an indirect, wholly-owned subsidiary of UBS AG, is not a bank and is separate from any affiliated bank, including any Canadian or U.S. branch or agency of UBS AG. Because UBS Securities Canada Inc. is a separately incorporated entity, it is solely responsible for its own contractual obligations and commitments, including obligations with respect to sales and purchases of securities. Purchased Securities sold, offered or recommended by UBS Securities Canada Inc. are not deposits, are not insured by the Canada Deposit Insurance Company or the Federal Deposit Insurance Company, are not guaranteed by a branch or agency, and are not otherwise an obligation or responsibility of a branch or agency.

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30. Entire Agreement

If the foregoing is in accordance with your understanding and is agreed to by you, please signify your acceptance by executing the enclosed copies of this letter where indicated below and returning them to the Lead Underwriter upon which this letter as so accepted shall constitute an Agreement among us.

Yours very truly,

UBS SECURITIES CANADA INC.

By: (signed) Steven A. Latimer
Name: Steven A. Latimer
Title: Executive Director

By: (signed) E.T.N. Larkin
Name: E.T.N. Larkin
Title: Managing Director

CANACCORD CAPITAL CORPORATION

By: (signed) Richard A. Grafton
Name: Richard A. Grafton
Title: Executive Vice President &
Managing Director

The foregoing offer is accepted and agreed to as of the date first above written.

Yours very truly,

FIRST CALGARY PETROLEUMS LTD.

By: (signed) Richard G. Anderson

Name: Richard G. Anderson

Title: President & Chief Executive Officer

SCHEDULE “A” - U.S. OFFERS AND SALES

(a) Representations, Warranties and Covenants of the Company as to U.S. Sales

The Company hereby represents, warrants and covenants to and with the Underwriters that:

- (i) the Company is a “foreign issuer” with no “substantial U.S. market interest” with respect to the Purchased Securities as such terms are defined in Regulation S;
- (ii) none of the Company, its affiliates or any person acting on its or their behalf has engaged or will engage in any directed selling efforts (within the meaning of Regulation S) or has engaged or will engage in any form of general solicitation or general advertising (as those terms are defined in Regulation D) with respect to the Purchased Securities;
- (iii) in connection with offers and sales of the Purchased Securities outside the United States, the Company, its affiliates and any person acting on its or their behalf (other than the Underwriters, their affiliates and any person acting on their behalf, as to which the Company makes no representation, warranty, covenant or agreement) have complied and will comply with the requirements for an offshore transaction (as the term is used in Regulation S);
- (iv) the Purchased Securities satisfy the requirements set forth in Rule 144A(d)(3) under the 1933 Act;
- (v) so long as any Purchased Securities which have been sold in the United States in reliance upon Rule 144A are outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the 1933 Act and may not be resold under Rule 144(k) thereunder, the Company shall either:
 - (A) furnish to the SEC all information required to be furnished in accordance with Rule 12g3-2(b) under the 1934 Act;
 - (B) file reports and other information with the SEC under Section 13 or 15(d) of the 1934 Act; or
 - (C) if it is not exempt from reporting pursuant to Rule 12g3 2(b) nor subject to and in compliance with reporting obligations under Section 13 or 15(d) of the 1934 Act, then furnish to any holder of the Purchased Securities and any prospective purchaser of the Purchased Securities designated by such holder, upon request of such holder at or prior to any time of resale, the information required to be delivered pursuant to Rule 144A(d)(4) under the 1933 Act (so long as such requirement is necessary in order to

permit holders of the Purchased Securities to effect resales under Rule 144A); and;

- (vi) the Company is not an open-end investment company, unit investment trust or face-amount certificate company that is or is required to be registered under Section 8 of the United States Investment Company Act of 1940, as amended.

(b) Representations and Warranties of the Underwriters as to U.S. Sales

Each of the Underwriters represents and warrants to and with the Company that:

- (i) it acknowledges that the Purchased Securities have not been and will not be registered under the 1933 Act and may not be offered or sold within the United States except pursuant to the exemption from the registration requirements of the 1933 Act. It has not offered or sold, and will not offer or sell, any of the Purchased Securities constituting part of its allotment within the United States except in accordance with Regulation S or Rule 144A as provided in paragraphs (d) and (e) below. Accordingly, neither it, its affiliates nor any persons acting on their behalf have engaged or will engage in any directed selling efforts (within the meaning of Regulation S) in the United States with respect to the Purchased Securities; and
- (ii) it has not entered and will not enter into any contractual arrangement with respect to the distribution of the Purchased Securities, except with its affiliates, any selling group members or with the prior written consent of the Company.

(c) Selling Group Members

The Underwriters shall require each selling group member to agree, for the benefit of the Company, to comply with, and shall use their best efforts to ensure that each selling group member complies with, the provisions of clauses (b)(i) and (b)(ii) as if such provisions applied to such selling group member.

(d) Covenants of the Underwriters as to U.S. Sales

Each Underwriter covenants with the Company that:

- (i) all offers and sales of the Purchased Securities in the United States will be made in accordance with all applicable U.S. broker-dealer federal and state requirements and all sales will be made and effected through a U. S. registered broker-dealer affiliate of the Underwriter and effected in accordance with all applicable U.S. broker-dealer requirements;
- (ii) its U.S. affiliate selling Purchased Securities in the United States is a Qualified Institutional Buyer within the meaning of Rule 144A;

- (iii) it will not, either directly or through its U.S. affiliate, solicit offers for, or offer to sell, the Purchased Securities in the United States by means of any form of general solicitation or general advertising (as those terms are used in Regulation D) or in any manner involving a public offering within the meaning of Section 4(2) of the 1933 Act;
- (iv) it will solicit (and will cause its U.S. affiliate to solicit) offers for the Purchased Securities in the United States only from, and will offer the Purchased Securities as principal only to, persons who it reasonably believes to be Qualified Institutional Buyers in accordance with Rule 144A;
- (v) it will inform (and cause its U.S. affiliate to inform) all purchasers of the Purchased Securities in the United States that the Purchased Securities have not been and will not be registered under the 1933 Act and are being sold to them without registration under the 1933 Act in reliance on Rule 144A; and
- (vi) it will obtain from each purchaser of the Purchased Securities in the United States and will deliver to the Company at the Closing either: (a) an executed Certificate and Agreement of Qualified Institutional Buyer in the form of Appendix II to the U. S. Placement Memorandum.

(e) Underwriters' U.S. Affiliate

Each Underwriter agrees that:

- (i) it will deliver, through its U.S. affiliate, a copy of each of the preliminary private placement memorandum and final private placement memorandum, including (i) the Canadian Preliminary Prospectus or Final Prospectus, as the case may be, relating to the Purchased Securities, (ii) the Documents Incorporated by Reference and (iii) a U.S. covering memorandum for the U.S. offering to each person in the United States purchasing Purchased Securities from it;
- (ii) it shall cause its U.S. affiliate to agree, for the benefit of the Company, to the same provisions as are contained in paragraphs (c) and (d); and
- (iii) at the Closing, it, together with its U.S. affiliate selling Purchased Securities in the United States, will provide a certificate, substantially in the form of Exhibit II to Schedule "A" of this Agreement, relating to the manner of the offer and sale of the Purchased Securities in the United States.

EXHIBIT I TO SCHEDULE "A" - UNDERWRITERS' CERTIFICATE

In connection with the private placement in the United States of common shares (the "Purchased Securities") of First Calgary Petroleums Ltd. ("First Calgary") pursuant to the Underwriting Agreement dated April 3, 2007, between First Calgary and the Underwriters named therein (the "Underwriting Agreement"), the undersigned does hereby certify as follows:

- (i) **[name of U.S. broker dealer affiliate]** is a duly registered broker or dealer with the United States Securities and Exchange Commission (the "SEC") and is a member in good standing with the National Association of Purchased Securities Dealers, Inc. (the "NASD") NASD and SEC on the date hereof, and all offers and sales of the Purchased Securities by it in the United States have been and will be in accordance with all U. S. federal and state requirements governing the registration and conduct of brokers and dealers;
- (ii) each offeree was provided with a copy of the private placement memorandum, including the Canadian Final Prospectus dated April •, 2007, and the documents incorporated therein by reference, for the offering of the Purchased Securities in the United States;
- (iii) immediately prior to our transmitting such private placement memorandum to the offerees, we had reasonable grounds to believe and did believe that each offeree was a Qualified Institutional Buyer (as defined in Rule 144A) and, on the date hereof, we continue to believe that each U.S. person purchasing Purchased Securities from us is a Qualified Institutional Buyer. Prior to any sale by us in the United States, we obtained from each purchaser a Certificate and Agreement of Qualified Institutional Buyer in the form of Appendix II to the U.S. Placement Memorandum;
- (iv) no form of general solicitation or general advertising was used by us, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising, in connection with the offer or sale of the Purchased Securities in the United States or to U.S. persons;
- (v) the offering of the Purchased Securities in the United States has been conducted by us in accordance with the Underwriting Agreement.

Capitalized terms used in this certificate and not otherwise defined have the meanings given to them in the Underwriting Agreement.

DATED April •, 2007

UBS SECURITIES CANADA INC.

U.S. AFFILIATE

By: _____

Name: •

Title: •

By: _____

Name: •

Title: •