

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws. Accordingly, the securities offered hereby may not be offered or sold in the United States of America except pursuant to the Underwriting Agreement (as defined herein) in transactions exempt from the registration requirements of such Act and applicable state securities laws. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States of America. This document is only being and may only be distributed to and directed at (i) persons outside the United Kingdom; or (ii) persons in the United Kingdom who are (a) a "Qualified investor" within the meaning of Section 86(7) of the United Kingdom Financial Services and Markets Act 2000 ("FSMA") and (b) within the categories of persons referred to in Article 19 (Investment professionals) or Article 49 (High net worth companies, unincorporated associations, etc.) of the United Kingdom Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Financial Promotion Order**") (all such persons together being referred to as "**relevant persons**"). The securities being offered hereunder are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents. This document is not a prospectus for the purposes of Section 85(1) of FSMA. Accordingly, this document has not been approved as a prospectus by the United Kingdom Financial Services Authority ("**FSA**") under Section 87A of FSMA and has not been filed with the FSA pursuant to the United Kingdom Prospectus Rules nor has it been approved by a person authorized under FSMA. See "Plan of Distribution".

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Executive Officer, First Calgary Petroleum Ltd., 500, 1414 – 8th Street SW, Calgary, AB, T2R 1J6, Telephone (403) 264-6697 and are also available electronically at www.sedar.com.

SHORT FORM PROSPECTUS

New Issue

April 17, 2007

FIRST CALGARY PETROLEUMS LTD.

\$152,400,000

30,000,000 Common Shares

Price: \$5.08 per Common Share

This short form prospectus qualifies the offering of 30,000,000 common shares (the "**Offered Shares**") of First Calgary Petroleum Ltd. ("**FCP**", "**First Calgary**" or the "**Company**") at a price of \$5.08 per Offered Share pursuant to the terms of an underwriting agreement (the "**Underwriting Agreement**") dated April 3, 2007 between the Company and UBS Securities Canada Inc. and Canaccord Capital Corporation (the "**Underwriters**"). The common shares of FCP (the "**Common Shares**") are listed for trading on the Toronto Stock Exchange (the "**TSX**") under the trading symbol "FCP" and admitted to trading on the AIM market ("**AIM**") of the London Stock Exchange plc under the trading symbol "FPL". The TSX has conditionally approved the listing of the offered shares on the TSX. The listing will be subject to FCP fulfilling all the applicable requirements of the TSX on or before July 2, 2007. The Company will apply for admission of the Offered Shares to trading on AIM in accordance with rule 29 of the AIM rules as soon as reasonably practical following the filing of a final prospectus relating to this offering. On April 16, 2007, the closing price of the Common Shares on the TSX was \$4.96 and on the AIM was £2.22.

	<u>Offering Price⁽¹⁾</u>	<u>Underwriters' Fee</u>	<u>Net Proceeds to FCP⁽²⁾</u>
Per Offered Share	\$5.08	\$0.2286	\$4.8514
Total	\$152,400,000	\$6,858,000	\$145,542,000

Notes:

- (1) The offering price of the Offered Shares was determined by negotiation between FCP and the Underwriters.
(2) Before deducting expenses of the offering, estimated to be \$500,000, which will be paid from the general funds of FCP. See "Use of Proceeds".

The Underwriters, as principals, conditionally offer the Offered Shares for sale, subject to prior sale, if, as and when issued by FCP and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" in this short form prospectus and subject to the approval of certain legal matters on our behalf by Burnet, Duckworth & Palmer LLP and on behalf of the Underwriters by McCarthy Tétrault LLP. The Underwriters may effect transactions which stabilize or maintain the market price for the Offered Shares at levels other than those which otherwise might prevail in the open market. See "Plan of Distribution" in this short form prospectus.

Subscriptions for the Offered Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that definitive certificates representing the Offered Shares will be available for delivery at closing, which is expected to occur on or about April 24, 2007 or on such other date as the Company and the Underwriters may agree but in any event no later than May 15, 2007.

Certain risk factors should be carefully reviewed and evaluated by prospective purchasers. See "Risk Factors" in this short form prospectus.

The Company's head office and principal office is located at 500, 1414 - 8th Street SW, Calgary, Alberta T2R 1J6. The registered office of First Calgary Petroleums Ltd. is 1400, 350 - 7th Avenue SW, Calgary, Alberta T2P 3N9.

In this short form prospectus, all references to \$ are to Canadian dollars unless otherwise stated.

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FORWARD-LOOKING STATEMENTS

FCP cautions that certain statements in this short form prospectus and the documents incorporated by reference herein, including estimates of reserves, estimates of future cash flow and estimates and timing of future production as well as other statements about anticipated future events or results are forward-looking statements. Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting" and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. The forward-looking statements that are contained in this short form prospectus and the documents incorporated by reference herein involve a number of risks and uncertainties. As a consequence, actual results might differ materially from results forecast or suggested in these forward-looking statements. Some of these risks and uncertainties are identified under the heading "Risk Factors" in this short form prospectus and in the AIF. Additional information regarding these factors and other important factors that could cause results to differ materially may be referred to as part of particular forward-looking statements. The forward-looking statements are qualified in their entirety by reference to the important factors discussed under the heading "Risk Factors" in this short form prospectus and in the AIF and to those that may be discussed as part of particular forward-looking statements.

ELIGIBILITY FOR INVESTMENT

In the opinion of Burnet, Duckworth & Palmer LLP, counsel to the Company, and McCarthy Tétrault LLP, counsel to the Underwriters, provided that the Offered Shares are listed on a prescribed stock exchange at a particular time and subject to the provisions of any particular plan, the Offered Shares offered hereby will, at that time, be qualified investments under the *Income Tax Act* (Canada), in effect on the date hereof for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plan.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Executive Officer of FCP at 500, 1414 – 8th Street SW, Calgary, Alberta T2R 1J6 or by telephone at (403) 264-6697 and are also available electronically at www.sedar.com.

The following documents of FCP, filed with the securities commissions or similar authorities in the provinces of Canada, other than Québec, are specifically incorporated by reference into and form an integral part of this short form prospectus:

1. information circular - proxy statement of FCP in connection with the annual and special meeting of shareholders held on May 11, 2006;
2. annual information form (the "AIF") of FCP dated March 27, 2007 for the year ended December 31, 2006;
3. audited comparative consolidated financial statements of FCP and the notes thereto for the years ended December 31, 2006 and 2005, together with the report of the auditors of FCP thereon;
4. management's discussion and analysis of the business and operations of FCP for the years ended December 31, 2006 and 2005;
5. material change report filed February 28, 2007 relating to the receipt of approval from the Algerian regulatory authority for the development plan for the MLE oil and gas field on Block 405(b); and
6. material change report filed March 30, 2007 relating to this offering.

Any documents of the type required by National Instrument 44-101 to be incorporated by reference in a short form prospectus including any material change reports (excluding confidential material change reports), comparative interim financial statements, comparative annual financial statements and the auditors' report thereon, information circulars, annual information forms and business acquisition reports filed by FCP with the securities commissions or similar authorities in the

provinces of Canada subsequent to the date of this short form prospectus and prior to the termination of this distribution, shall be deemed to be incorporated by reference in this short form prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.

FIRST CALGARY PETROLEUMS LTD.

General

FCP was incorporated in Alberta under the *Companies Act* (Alberta) on January 10, 1949 under the name of Long Island Petroleum Limited. The Company changed its name to Canadian Long Island Petroleum Ltd. on January 26, 1962 and on July 31, 1979 changed its name to its current name, First Calgary Petroleum Ltd. The Company filed Articles of Continuance under the *Business Corporations Act* (Alberta) on July 26, 1985. FCP amended its articles on December 31, 1987 to change all of the issued and outstanding Class "A" Preferred Shares into Class "A" Common Shares and to reduce the number of Class "A" Preferred Shares to zero. On October 16, 1995 FCP further amended its articles to change the name of the Class "A" Common Shares to Common Shares. On June 15, 1997 the Company further amended its articles to change its authorized capital to an unlimited number of Common Shares and an unlimited number of Preferred Shares, issuable in series.

FCP's head office is located at 500, 1414 – 8th Street SW, Calgary, Alberta T2R 1J6 and its registered office is 1400, 350 - 7th Avenue SW, Calgary, Alberta T2P 3N9. The Company also has two offices in the Republic of Algeria, a field operations office in Hassi Messaoud and an administration office in Algiers, and an administration office in London, United Kingdom.

The Company has no active subsidiaries.

Business of the Company

The Company is an oil and gas exploration company with interests in oil and natural gas properties in the Republic of Algeria.

Block 405(b) (Ledjmet)

On October 13, 2001, the Company entered into a production sharing contract (the "PSC") with Sonatrach, the national oil company of Algeria, providing for the exploration, appraisal and exploitation of hydrocarbons relating to Block 405(b) in the Menzel East Ledjmet ("MLE") field in the Berkine Basin in Algeria.

Block 405(b) is a natural gas and condensate (light oil) block with proven reserves, initially covering 1,108 km² and adjacent to and south of ConocoPhillips Company's MLE block and to the west of Anadarko Petroleum Corporation's El Merk field. At the end of the first exploration period on December 29, 2004, the Company was required to relinquish 30 percent of the acreage governed by the PSC, reducing the area of Block 405(b) to approximately 777 km². At the end of the second exploration on December 31, 2006, all areas governed by the PSC that were not subject to an exploration phase extension or an approved development plan were required to be relinquished under the PSC. Following such relinquishment, the area Block 405(b) was reduced to 539 km².

The Company's exploration and appraisal drilling to December 31, 2006 on the Block 405(b) includes the drilling and completion of 22 successful wells, the acquisition and interpretation of over 1,100 km² of 3D seismic data, the acquisition and development of various geological studies and models, and reservoir modeling and conceptual engineering work performed to assist in formulating a development plan for the MLE Field. The Company's seismic activities have identified a number of exploration and appraisal targets, some of which we have drilled. The 22 wells drilled to date on the Block consist of eight exploration wells and 14 appraisal wells. The Company's exploration drilling activities resulted in a number of new discoveries to date and our appraisal drilling activities confirmed the MLE field, discovered by MLE-1, to be commercial.

For further particulars respecting Block 405(b) and the PSC, see "Reserves Data Report – Principal Properties" in the AIF.

Block 406(a) (Yacoub)

On June 25, 2000, the Company entered into a joint venture ("JV") agreement with Sonatrach to explore for hydrocarbons in Block 406(a) (Yacoub). Block 406(a) is located approximately 65 km northeast of the Ledjmet Block. The Company was initially attracted to Block 406(a) due to its proximity to several known oil fields. The Company's work on the Yacoub Block included the drilling of five wells, the acquisition and interpretation of over 850 km² of 3D seismic data and 240 km of 2D seismic data. During 2006, FCP completed its geological review and assessment of the reserve potential of Rhourde Yacoub Block 406(a). While the Block 406(a) drilling resulted in some interesting reserves indications, management concluded that the reserve potential on Block 405(b) was much greater than on Block 406(a) and therefore elected in 2006 to relinquish all of its rights to Block 406(a) and to focus its efforts and resources on Block 405(b).

RECENT DEVELOPMENTS

Recent Developments

For detailed developments in Algeria, see in the AIF "The Company – History and Development ", "The Company – Recent Developments" and "Reserves Data Report – Principal Properties – BLOCK 405(b) (Ledjmet)".

Operational Results and Reserves Estimates

In February 2007, First Calgary and Sonatrach received approval from the Algerian regulatory authority for the development plan for the MLE oil and gas field on Block 405b, including for the development of a gas plant and field gathering system and facilities designed to process 230 million cubic feet of raw gas per day on a gross basis and associated natural gas liquids and oil. Given the amount of recoverable reserves on the Block in addition to the MLE field, First Calgary is currently evaluating a gas plant expansion up to 460 million cubic feet per day of raw gas and associated natural gas liquids and oil. Depending on the plant and pipeline sizes, the gross development cost of the MLE field is currently estimated at \$1.0 - \$1.3 billion, of which First Calgary's share is 75%. As well, First Calgary received in December 2006 a two-year extension under the PSC to complete its appraisal activities of the Central Area Field Complex and to submit commerciality reports and apply for exploitation permits in respect of such area.

The independent engineering estimates as at December 31, 2006 for gross proved and probable reserves are broadly unchanged from those at December 31, 2005 at approximately 4 Tcfe (or 640 million barrels of oil equivalent).

Financial Results

First Calgary had US\$82.7 million of working capital on hand as at December 31, 2006 compared with US\$92.9 million at the end of 2005. Cash balances and short-term investments were US\$108.5 million at the end of the year. First Calgary has no credit or debt agreements in place.

CAPITALIZATION

The following table sets forth the capitalization of FCP as at December 31, 2006 and as at March 30, 2007, before and after giving effect to this offering:

	As at December 31, 2006 (audited)	As at March 30, 2007 (unaudited)	As at March 30, 2007 after giving effect to this offering (unaudited)
Common Shares ⁽¹⁾	US\$631,932,591 (223,686,330 shares)	US\$632,070,356 (223,886,330 shares)	US\$757,182,060 (253,886,330 shares)
Contributed Surplus ⁽²⁾	US\$19,185,703	US\$20,326,447	US\$20,236,447

Notes:

- (1) As at March 30, 2007, FCP had outstanding options to acquire, in aggregate, 12,668,936 Common Shares pursuant to its stock option plan at prices ranging between \$1.25 and \$15.77 with expiry dates ranging from August 2007 to March 2012.
- (2) FCP's deficit as at December 31, 2006 was US\$53,681,000.

DESCRIPTION OF COMMON SHARES

FCP is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series. As of March 30, 2007 there were 223,886,330 Common Shares and no preferred shares issued and outstanding. All of the outstanding Common Shares are fully paid and non-assessable. Except for meetings at which only holders of another specified class or series of shares of FCP are entitled to vote separately as a class or series, each holder of Common Shares is entitled to receive notice of, to attend and to vote at all meetings of the shareholders of FCP. Holders of Common Shares are entitled to one vote per Common Share at each such meeting. Subject to the preferences accorded to holders of the preferred shares, holders of the Common Shares are entitled to receive dividends if, as and when declared by the directors of FCP and subject to the rights, privileges, restrictions and conditions attached to any other class of shares of FCP, the holders of Common Shares are entitled to share equally in the remaining property of FCP upon liquidation, dissolution or winding-up of FCP.

USE OF PROCEEDS

The estimated net proceeds to FCP from the offering of the Offered Shares will be \$145,042,000 after deducting the Underwriters' fee of \$6,858,000 and the estimated expenses of the offering of \$500,000.

FCP intends to use the net proceeds of the offering, as well as existing working capital, to fund its 2007 capital budget which is directed toward implementing its independent exploration and appraisal strategy in respect of its Algerian assets and for working capital purposes.

The updated 2007 capital budget, which is subject to change as developments warrant, includes:

	US\$ (M)
Block 405(b)	
Exploration and appraisal drilling and testing (8 wells)	80
MLE pre-development costs	
Front end engineering and design	15
Procurement of long lead items	33
Geological, geophysical and seismic activities	15
Block management and administration	7
Total	150

The \$80 million drilling and testing costs are based on an anticipated eight wells at \$10 million per well. The procurement of long lead items include:

	US\$ (M)
Pipeline	10
Rotating equipment turbines, compressors, etc.	15
Other long lead items, including special valves and special pipes	8

Due to the nature of the oil and gas industry, budgets are regularly reviewed with respect to the success of the expenditures and other opportunities which become available to FCP. Accordingly, while it is currently intended by management of FCP that the net proceeds will be expended by FCP as set forth above, actual expenditures may in fact differ from these amounts and allocations.

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Underwriters have agreed to act as underwriters for FCP, on a bought deal basis, for the sale in each of the provinces of Canada, other than Québec, of 30,000,000 Offered Shares at a price of \$5.08 per Offered Share, payable in cash to FCP against delivery of certificates representing the Offered Shares. In consideration for its services in connection with this offering, the Underwriters will be paid a fee of \$0.2286 per Offered Share.

The Underwriters may terminate their obligations at their discretion upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Offered Shares if any of the Offered Shares are purchased under the Underwriting Agreement. In addition, FCP has agreed under the Underwriting Agreement to indemnify the Underwriters against certain liabilities.

FCP has agreed that it will not, 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 FCP or any securities convertible into, or exchangeable or exercisable for, equity securities of FCP 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 is to be settled by delivery of Common Shares, other securities, cash or otherwise, for a period commencing on the date of the Underwriting Agreement and ending on the date that is 90 days after the closing of the offering except (i) employee stock options and shares issued upon their exercise pursuant to FCP's stock option plan and (ii) securities pursuant to the exercise of convertible securities, options or warrants outstanding on the date of the Underwriting Agreement.

Pursuant to policy statements of certain Canadian securities authorities, the Underwriters may not, throughout the period of distribution under this short form prospectus, bid for or purchase Common Shares. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase is not engaged for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of the TSX relating to market stabilization and passive market-making activities and a bid or purchase made for or on behalf of a customer where the order was not solicited during the period of distribution, provided that the bid or purchase was not engaged for the purpose of creating actual or apparent trading in, or raising the price of Common Shares. In connection with the offering, and subject to the foregoing, the Underwriters may effect transactions which stabilize or maintain the market price for Common Shares at levels other than those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

Certificates representing the Offered Shares will be available for delivery at the closing of the offering, which is expected to take place on or about April 24, 2007 or on such other date at the Company and the Underwriters may agree, but in any event no later than May 15, 2007.

Under the terms of this Underwriting Agreement, the Underwriters may offer and sell the Offered Shares (i) within the United States, only in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws; and (ii) within any jurisdiction outside of Canada 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 Offered Shares 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 of any similar document with any securities commission or similar regulatory authority in the jurisdiction in connection with such offers and sales.

The Offered Shares issuable pursuant to the Offering have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws, and accordingly may not be offered or sold within the United States except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Underwriting Agreement provides that offers and sales of Offered Shares may be made outside the United States pursuant only to Regulation S under the U.S. Securities Act and in the United States pursuant only to Rule 144A under the U.S. Securities Act ("**Rule 144A**").

In addition, until 40 days after the commencement of this offering, any offer or sale of Offered Shares within the United States of America by any dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act unless made pursuant to Rule 144A under the U.S. Securities Act.

This short form prospectus is only being and may only be distributed to and directed at (i) persons outside the United Kingdom; or (ii) persons in the United Kingdom who are (a) a "Qualified investor" within the meaning of Section 86(7) of the FSMA and (b) within the categories of persons referred to in Article 19 (Investment professionals) or Article 49 (High net worth companies, unincorporated associations, etc.) of the Financial Promotion Order (all such persons together being referred to as "**relevant persons**"). The Offered Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Offered Shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents. This short form prospectus is not a prospectus for the purposes of Section 85(1) of FSMA. Accordingly, this short form prospectus has not been approved as a prospectus by the FSA under Section 87A of FSMA and has not been filed with the FSA pursuant to the United Kingdom Prospectus Rules nor has it been approved by a person authorized under FSMA.

RISK FACTORS

An investment in the Offered Shares should be considered highly speculative given the nature of First Calgary's business and its present stage of development. Before deciding whether to invest in the Offered Shares, prospective investors should carefully consider the risks described below, together with all other information contained in, or incorporated by reference in, this short form prospectus. If any of the following risks actually occur, First Calgary's business, financial condition and/or results of operations could be materially and adversely affected. In such case, the trading price of the Common Shares would likely decline and a holder thereof could lose all or part of his or her investment. Additional risks and uncertainties not currently known to the management of FCP may also have an adverse effect on First Calgary's business. The risk factors set out below and in the AIF do not purport to be an exhaustive summary of the risks affecting First Calgary.

Exploration and Reserve Risk

Exploration, appraisal and development of oil and gas reserves is speculative and involves a significant degree of risk. There is no guarantee that exploration or appraisal of the properties in which First Calgary holds an interest will lead to a commercial discovery or, if there is commercial discovery, that First Calgary will be able to realize such reserves as intended. Few properties that are explored are ultimately developed into new reserves. If at any stage First Calgary is precluded from pursuing its exploration or development programs, or such programs are otherwise not continued, First Calgary's business, financial condition and/or results of operations and, accordingly, the trading price of the offered Shares, is likely to be materially adversely affected.

Uncertainty of Reserve Estimates

There are numerous uncertainties inherent in estimating quantities of reserves and undiscovered resources, including many factors beyond FCP's control. The reserve data incorporated by reference herein represents estimates only. In general,

estimates of economically recoverable oil and natural gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary considerably from actual results. All such estimates are to some degree speculative, and classifications of reserves are only attempts to define the degree of speculation involved. For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues expected therefrom, prepared by different engineers or by the same engineers at different times, may vary. FCP's actual production, revenues, operating costs and capital expenditures with respect to the reserves that it has a potential interest in will vary from such estimates.

Given that the Company's reserves are in the early stages of development, there are a number of uncertainties including the timing of the development, obtaining Sonatrach's approval for the development availability and access to markets for FCP's reserves and the availability of capital.

Estimates with respect to reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history will result in variations in the estimated reserves.

Consistent with the securities disclosure legislation and policies of Canada, as interpreted by the securities regulatory authorities in Canada, FCP has used both constant and forecast product prices and costs in calculating reserve quantities incorporated by reference herein. Actual future net cash flows also will be affected by other factors such as actual production levels, capital investment, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation or taxation and the impact of inflation on costs.

Risk of Loss of Production Sharing Contracts, Joint Ventures and Related Agreements

The hydrocarbon agreements entered into with respect to the Algerian properties are structured such that if First Calgary does not meet its work and/or expenditure obligations under production sharing contracts and joint ventures or related agreements, the rights granted therein will be forfeited and First Calgary will be liable to pay financial penalties. Such penalty amounts are significant relative to the financial resources of FCP and are described under the heading "Reserves Data Report – Principal Properties – Algeria" in the AIF.

Title to Properties

No legal opinion as to the title to any of the properties in which First Calgary holds an interest has been obtained. As a result, no assurance can be given that title defects do not exist. If a title defect does exist it is possible that First Calgary may lose all or a portion of its interest in properties to which the title defect relates.

Drilling and Operating Risks

Exploration and development activities may be delayed or adversely affected by factors outside the control of First Calgary. These include adverse climatic and geographic conditions, labour disputes, the performance of joint venture or farm-in partners on whom First Calgary may be or may become reliant, compliance with governmental requirements, shortage or delays in installing and commissioning plant and equipment or import or customs delays. Problems may also arise due to the quality or failure of locally obtained equipment or interruptions to services (such as power, water, fuel or transport or processing capacity) or technical support which result in failure to achieve expected target dates for exploration or production and/or result in a requirement for greater expenditure. Drilling may involve unprofitable efforts, not only with respect to dry wells, but also with respect to wells, which, though yielding some oil or gas, are not sufficiently productive to justify commercial development or cover operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs.

Substantial operational risks are involved in the drilling for, development of and production from oil and gas fields, including blow-outs, cratering, explosions, pollution, seepage or leaks, fire, earthquake activity, unusual or unexpected geological conditions, absence of economically viable reserves and other hazards which may delay, or ultimately prevent, the

exploitation of such fields or may result in cost overruns or substantial losses or other extensive liabilities to First Calgary due to substantial environmental pollution or damage, personal injury or loss of life, clean-up responsibilities, regulatory investigation and penalties or suspension of operations. Such hazards can also severely damage or destroy equipment, surrounding areas or property of third parties. Damage or loss occurring as a result of such risks may give rise to claims against FCP. Although First Calgary carries insurance which management considers to be appropriate, there may be circumstances where First Calgary's insurance, or that of the operator of a field, will not cover or be adequate to cover the consequences of such events or where First Calgary may become liable for pollution or other operational hazards against which it either cannot insure or may elect not to insure on account of high premium costs. The occurrence of an event that is not fully covered by insurance could have a material adverse effect on First Calgary's business, financial condition, operations and the results therefrom. Moreover, there can be no assurance that First Calgary will be able to maintain adequate insurance in the future at rates FCP considers reasonable.

Economic and Political Risk

First Calgary's operations are in foreign jurisdictions, currently solely in Algeria, where there may be a number of risks over which it will have no control. These risks may include risks relating to economic, social or political instability or change, terrorism, hyperinflation, currency non-convertibility or instability and changes of laws affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing and petroleum export licensing and export duties as well as government control over domestic oil and gas pricing. In particular, certain areas, such as Africa and the Middle East, present a significant political and economic risk in terms of stability, political and economic uncertainty, terrorism and civil unrest.

Additional Requirement for Capital

FCP is likely to remain cash flow negative for some time and there can be no certainty that FCP will achieve or sustain profitability or positive cash flow from its operating activities. While the Company currently has sufficient resources to meet its required work commitments, these resources may be directed to other opportunities which become available to the Company. In addition, the development of the Algerian reserves through to commercial production will require additional funding in the form of equity, debt, joint ventures or some combination thereof. The future of FCP is dependent upon its ability to raise the required funding. There is no assurance that additional financing will be available on terms acceptable to FCP. Failure to obtain additional financing on a timely basis could cause FCP to forfeit its interest in some or all of the properties and reduce or terminate its operations. In addition, future production, oil and gas prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures and operating expenses and geological success are all factors which will have an impact on the amount of additional capital required. If FCP fails to satisfy minimum work obligations it may also be liable to pay penalties. Any additional equity financing may be dilutive to shareholders and debt financing, if available, may involve restrictions on financing and operating activities.

Legal Systems

Some of the jurisdictions in which First Calgary operates may have less developed legal systems than jurisdictions with more established economies which may result in risks such as (i) effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation or in an ownership dispute, being more difficult to obtain; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or (v) relative inexperience of the judiciary and courts in such matters. In certain jurisdictions the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

Corporate and Regulatory Formalities

In the jurisdictions in which First Calgary operates, both the conduct of petroleum operations and the steps involved in First Calgary acquiring its current interests involve or have involved the need to comply with numerous procedures and

formalities. It has not been possible in all cases to date to comply with, or obtain waivers from, all such formalities and it is not always clear whether statutory or corporate formalities have been properly completed, nor possible or practical to obtain evidence of such issues. In some cases, failure to follow such formalities or obtain relevant evidence may call into question the validity of the entity or the actions taken. FCP is unable to predict the effect of additional corporation and regulatory formalities which may be adopted in the future including whether any such laws or regulations would materially increase FCP's cost of doing business or effect its operations in any area.

Ability to Exploit Successful Discoveries

It may not always be possible for First Calgary to participate in the exploitation of successful discoveries made in areas in which First Calgary has an interest. First Calgary has a right to explore and appraise such assets but does not have a right to produce same until such time as the reserves are determined to be commercial by Sonatrach. Such exploitation and commercialisation involves the need to obtain exploitation permits, licences or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretion by such authorities. It may or may not be possible for such conditions to be satisfied. Furthermore, the decision to proceed to further exploitation may require the participation of other companies whose interests and objectives may not be the same as those of First Calgary. Such further work may also require First Calgary to meet or commit to financing obligations, which it may not have anticipated or may not be able to commit to due to lack of funds or inability to raise funds. To date, First Calgary has an approved development plan for MLE but has not yet applied for or received a declaration of commerciality from Sonatrach or Algerian authorities on the CAFC appraised area or ZER structure.

Environmental Regulation

As FCP is involved in oil and gas exploration, it is subject to extensive environmental and safety legislation (e.g. in relation to plugging and abandonment of wells, discharge of materials into the environment and otherwise relating to environmental protection) and this legislation may change in a manner that may require stricter or additional standards than those now in effect, a heightened degree of responsibility for companies and their directors and employees and more stringent enforcement of existing laws and regulations. There may also be unforeseen environmental liabilities resulting from oil and gas activities which may be costly to remedy. In particular, the acceptable level of pollution and the potential clean-up costs and obligations and liability for toxic or hazardous substances for which First Calgary may become liable as a result of its activities may be impossible to assess against the current legal framework and current enforcement practices of the various jurisdictions. The extent of potential liability, if any, for the costs of abatement of environmental hazards cannot be accurately determined and, consequently, no assurances can be given that the costs of implementing environmental measures or meeting any liabilities in the future will not be material to First Calgary or affect its business or operations.

Market Risk

In the event of successful development of oil and gas reserves, the marketing of First Calgary's prospective production of oil and gas from such reserves will be dependent on market fluctuations and the availability of processing and refining facilities and transportation infrastructure, including access to ports, shipping facilities, pipelines and pipeline capacity at economic tariff rates over which First Calgary may have limited or no control. For example, First Calgary has not yet secured access to markets or infrastructure in the event that natural gas associated with the Algerian block is declared commercial and there is no assurance that it will be able to secure such markets or infrastructure in a timely or cost effective manner. Pipelines may be inadequately maintained and subject to capacity constraints. Economic tariff rates may be increased with little or no notice and without taking into account producer concerns. The right to export oil and gas may depend on obtaining licences and quotas, the granting of which may be at the discretion of the relevant regulatory authorities. There may be delays in obtaining such licences and quotas leading to the income receivable by First Calgary being adversely affected, and it is possible that from time to time export licences may be refused.

Reliance on Strategic Relationships

In conducting its business, First Calgary will rely on continuing existing strategic relationships and forming new ones with other entities in the oil and gas industry, such as joint venture parties and farm-in partners, and also certain regulatory and governmental departments. While the board of directors of FCP has no reason to believe otherwise, there can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed and First Calgary could be materially adversely affected by changes to such relationships or difficulties in forming new ones.

Examples of such strategic relationships are the provision of services to FCP from two entities that are at arm's length to FCP and its directors and officers. FCP has used the services of these entities to provide technical and legal services to FCP relating to its efforts to evaluate and acquire oil and gas exploration projects in the Middle East and Africa and to provide services with in connection with FCP's operation in Algeria.

Competition

A number of other oil and gas companies operate, and are allowed to bid for exploration and production licences and other services, in the locations in which First Calgary operates, thereby providing competition to First Calgary. Larger, foreign-owned companies, in particular, may have access to greater resources than First Calgary, may be more successful in the recruitment and retention of qualified employees, and may conduct their own refining and petroleum marketing operations, which may give them a competitive advantage. In addition, actual or potential competitors may be strengthened through the acquisition of additional assets and interests.

Volatility of Prices of Oil and Gas

The demand for, and price of, oil and gas is highly dependent on a variety of factors, including international supply and demand, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments. Geographic location and a lack of adequate infrastructure may also result in any oil or gas produced being sold at a discount to world market prices for oil and gas. International oil prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future due to numerous factors which FCP is neither able to control or predict. Fluctuations in oil and gas prices and, in particular, a material decline in the price of oil or gas may have a material adverse effect on FCP's business, financial condition, ability to pay dividends and results of operations. The performance of an oil and gas exploration and production company's share price may, but will not necessarily, exhibit a correlation with the price of oil and gas.

Currency Risks

First Calgary's financial obligations are denominated in US dollars, financing proceeds are denominated in Canadian dollars and British Pounds, and the general and administrative expenses are mainly incurred in Canadian dollars. As a result, foreign currency exposures exist that may give rise to gains or losses. First Calgary does not engage in active hedging to minimise exchange rate risk.

Dependence on Key Personnel

First Calgary has a small management team and the loss of a key individual or our inability to attract suitably qualified personnel in the future could materially and adversely affect First Calgary's business. Difficulties may also be experienced in certain jurisdictions in employing and retaining qualified personnel who are willing to work in such jurisdictions.

Market Perception

Market perception of junior oil and gas exploration companies is volatile and changes could impact the value of investors' holdings and the ability of FCP to raise funds by the issue of securities of FCP. Currently, FCP does not earn revenue from its Algerian assets. The development of FCP's Algerian assets through to commercial production will require additional capital investment.

Passive Foreign Investment Company Status

FCP may be considered a "passive foreign investment company" ("**PFIC**") for purposes of United States tax law. Assuming that FCP is in fact a PFIC, investors who are United States taxpayers may suffer adverse tax consequences. Certain elections may be available to such investors that would mitigate these adverse effects, but there can be no assurance that such elections will be available.

Material Contracts

Certain of the material agreements to which FCP is a party contain confidentiality provisions which prohibit the disclosure of such agreements and/or their terms and conditions to third parties. Pursuant to National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators and certain proposed amendments to such instrument, FCP may be required to file such agreements with the securities regulatory authorities, the effect of which would be to publicly disclose such agreements on SEDAR. In such case FCP would be required to obtain the consent of the counterparty to the agreements to such filing or public disclosure and there can be no assurance that such consent could be obtained on a timely basis or at all. The failure of FCP to comply therewith could result in FCP being subjected to penalties or sanctions by the securities regulatory authorities. Failure of FCP to strictly comply with the terms of the confidentiality provisions contained in the material agreements to which it is a party could result in the termination of such agreements, which would have a material adverse effect on FCP's business, financial condition, prospects and results of operations.

INTERESTS OF EXPERTS

Certain legal matters in connection with the issuance of the Offered Shares offered hereby will be passed upon on behalf of FCP by Burnet, Duckworth & Palmer LLP, Calgary, and on behalf of the Underwriters by McCarthy Tétrault LLP, Calgary.

As of the date hereof, none of DeGolyer and MacNaughton or its shareholders or employees own any Common Shares.

AUDITORS AND TRANSFER AGENT

The auditors of FCP are KPMG LLP, Chartered Accountants, 2700, 205 – 5th Avenue SW, Calgary, Alberta T2P 4B9.

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada at its principal offices in Calgary and Toronto.

LEGAL PROCEEDINGS

There are no outstanding legal proceedings material to FCP to which FCP is a party or any of its properties are subject, nor are there any such proceedings known to be contemplated.

The Company has received a notification of a potential claim referring to a consultancy agreement dated July 1, 1997 and purporting to be entitled to a remuneration of 2.5% of the general revenue generated by the Algeria oil fields, as a net profits interest and US\$250,000 of fees payable. FCP disputes the validity of this claim.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment thereto contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of such purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of such purchaser's province for the particulars of these rights or consult with a legal advisor.

CONSENT OF AUDITORS

The Board of Directors of First Calgary Petroleums Ltd.

We have read the short form prospectus dated April 17, 2007 relating to the offering of common shares of First Calgary Petroleums Ltd. (the "**Company**"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our report to the shareholders of the Company on the consolidated balance sheets of the Company as at December 31, 2006 and 2005 and the consolidated statements of operations and deficit and cash flows for the years then ended. Our report is dated March 26, 2007 (except as to note 10, which is as of March 29, 2007).

(signed) "*KPMG LLP*"

Chartered Accountants

Calgary, Canada
April 17, 2007

CERTIFICATE OF FIRST CALGARY

Dated: April 17, 2007

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

(signed) *Richard G. Anderson*
President and Chief Executive Officer

(signed) *John A. van der Welle*
Vice President, Finance and Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

(signed) *Darryl J. Raymaker Q.C.*
Director

(signed) *Raymond P. Antony*
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: April 17, 2007

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

UBS SECURITIES CANADA INC.

By: (signed) *Steven A. Latimer*

CANACCORD CAPITAL CORPORATION

By: (signed) *Richard A. Grafton*