SURGE ENERGY INC.

- and -

MACQUARIE CAPITAL MARKETS CANADA LTD.

-and -

OLYMPIA TRUST COMPANY

SUBSCRIPTION RECEIPT AGREEMENT

Providing for the Issue of Subscription Receipts

Dated November 28, 2013

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THIS SUBSCRIPTION RECEIPT AGREEMENT made as of the 28th day of November, 2013.

AMONG:

SURGE ENERGY INC., a corporation amalgamated under the laws of the Province of Alberta (hereinafter referred to as the "**Corporation**");

AND

MACQUARIE CAPITAL MARKETS CANADA LTD. a corporation incorporated under the laws of the Province of Ontario (hereinafter referred to as "**Macquarie Capital**") on behalf of itself and the other underwriters who are party to the Underwriting Agreement;

AND

OLYMPIA TRUST COMPANY, a trust company incorporated under the laws of the Province of Alberta (hereinafter referred to as the "**Escrow Agent**");

WHEREAS the Corporation is proposing to issue and sell Subscription Receipts representing the right to receive Common Shares;

AND WHEREAS the Corporation and Macquarie Capital have agreed that:

(a) the Escrowed Funds are to be delivered to and held by the Escrow Agent and invested on behalf of the holders of Subscription Receipts in the manner set forth herein;

(b) if the Release Time occurs on or before the Termination Time, each holder of Subscription Receipts shall be entitled to receive, without additional consideration or further action on the part of the holder, one Underlying Share for each Subscription Receipt held;

(c) if the Release Time occurs on or before the Termination Time, then the Escrowed Funds and the Earned Interest shall be released in accordance with Section 3.2 of this Agreement; and

(d) if the Release Time does not occur before the Termination Time the subscriptions for Underlying Shares represented by the Subscription Receipts shall be automatically terminated and cancelled and each such holder of Subscription Receipts shall be entitled to receive from the Corporation the Subscription Receipt Price in respect of such holder's applicable Subscription Receipts together with such holder's *pro rata* share of Earned Interest, less applicable withholding taxes.

AND WHEREAS all things necessary have been done and performed to make the Subscription Receipts, when certified by the Escrow Agent and issued as provided in this Agreement, legal, valid and binding obligations of the Corporation with the benefits and subject to the terms of this Agreement;

AND WHEREAS the foregoing recitals are by the Corporation and Macquarie Capital, as the context provides, and not by the Escrow Agent;

NOW THEREFORE THIS AGREEMENT WITNESSES that for good and valuable consideration mutually given and received, the receipt and sufficiency of which is hereby acknowledged, it is hereby agreed and declared as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement and the recitals, unless there is something in the subject matter or context inconsistent therewith or unless otherwise expressly provided, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

(a) "**1933 Act**" means the United States *Securities Act of 1933*, as amended, and the rules and regulations promulgated thereunder;

(b) "**1934 Act**" means the United States *Securities Exchange Act of 1934*, as amended, and the rules and regulations promulgated thereunder;

(c) "**Acquisition**" means the proposed acquisition by the Corporation of the Assets from the Vendor pursuant to the terms of the Acquisition Agreement;

(d) "**Acquisition Agreement**" means the agreement of purchase and sale dated November 5, 2013 between the Vendor, as vendor, and the Corporation, as purchaser, pursuant to which the Corporation has agreed to purchase the Assets from the Vendor;

(e) "**Agreement**" means this agreement, as amended, supplemented or otherwise modified from time to time in accordance with the provisions hereof;

(f) "**Approved Bank**" means any of the banks listed in Schedule "D" hereto;

(g) "**Assets**" means those petroleum and natural gas properties and related assets in the Wainwright area of Alberta to be acquired by the Corporation pursuant to the Acquisition Agreement;

(h) "**Book-Entry Only System**" means the book-based securities transfer system administered by CDS in accordance with its operating rules and procedures in force from time to time;

(i) "**Business Day**" means a day which is not Saturday or Sunday or a holiday in Calgary, Alberta;

(j) "**CDS**" means CDS Clearing and Depositary Services Inc. and its successors in interest;

(k) "**Common Shares**" means the common shares in the capital of the Corporation;

(l) "**Counsel**" means a barrister or solicitor or a firm of barristers or solicitors, who may be counsel for the Corporation or the Escrow Agent, as applicable;

(m) "**Deadline**" means 5:00 p.m. (Calgary time) on December 30, 2013;

(n) "**Designated Office**" means the principal stock transfer office of the Escrow Agent from time to time in the City of Calgary or in the City of Toronto;

(o) "**Earned Interest**" means the interest or other income actually earned on the investment of the Escrowed Funds between the date hereof and the earlier to occur of the Release Date and the Termination Date;

(p) "**Escrow Agent**" means Olympia Trust Company or its successors from time to time under this Agreement;

(q) "**Escrowed Funds**" has the meaning set forth in Subsection 2.1(a);

(r) "**Firm Receipts**" means the 8,400,000 Subscription Receipts offered pursuant to the Offering and does not include any of the Option Receipts;

(s) "**Global Subscription Receipt**" means a Subscription Receipt Certificate in uncertificated form that is issued to and registered in the name of CDS or its nominee pursuant to Section 2.15 hereof;

(t) "**Irrevocable Direction**" means the written irrevocable direction of the Corporation to the registrar and transfer agent for the Common Shares instructing such agent to issue and deliver to the Escrow Agent the Common Shares issuable pursuant to the Subscription Receipts, including those issuable pursuant to the Underwriters' Option, if applicable, substantially in the form set forth in Schedule "C" hereto;

(u) "**Issue Date**" means the date upon which the transactions contemplated by the Acquisition Agreement are completed;

(v) "**Issue Time**" means 5:00 p.m. (Calgary time), on the Issue Date;

(w) "**Lead Underwriter**" means Macquarie Capital, the lead underwriter pursuant to the Underwriting Agreement, and "**Underwriters**" means collectively Macquarie Capital, GMP Securities L.P., National Bank Financial Inc., CIBC World Markets Inc., Scotia Capital Inc., Dundee Securities Ltd., FirstEnergy Capital Corp., Cormark Securities Inc., TD Securities Inc. and Raymond James Ltd.;

(x) "**Macquarie Capital**" means Macquarie Capital Markets Canada Ltd.;

(y) "**Offered Receipts**" means the Firm Receipts and the Option Receipts;

(z) "**Offering**" means the offering of 8,400,000 Subscription Receipts at a price of $6.55 per Subscription Receipt for gross proceeds of $55,020,000 pursuant to the Underwriting Agreement and as described in the Prospectus, and, where the context requires, includes the Option Receipts issuable pursuant to the exercise of the Underwriters' Option;

(aa) "**Option Receipts**" mean the Subscription Receipts issuable to the Underwriters pursuant to the Underwriters' Option;

(bb) "**Person**" includes an individual, corporation, company, partnership, joint venture, association, trust, trustee, unincorporated organization or government or any agency or political subdivision thereof;

(cc) "**Prospectus**" means the final short form prospectus of the Corporation dated November 21, 2013 relating to the distribution of the Subscription Receipts and, unless the context otherwise requires, includes all documents incorporated or deemed to be incorporated therein by reference and any amendments thereto;

(dd) "**Receiptholders**", or "**holders**" means the Persons who are registered owners of Subscription Receipts, and includes, while the Subscription Receipts are registered in the form of one or more Global Subscription Receipts (including in the Book-Entry Only System), the beneficial owners of Subscription Receipts;

(ee) "**Receiptholders' Request**" means an instrument signed in one or more counterparts by Receiptholders entitled to acquire in the aggregate not less than 25% of the aggregate number of Common Shares which could be acquired pursuant to all Subscription Receipts then outstanding, requesting the Escrow Agent to take some action or proceeding specified therein;

(ff) "**Release Amount**" means the aggregate of the Escrowed Funds and the Earned Interest;

(gg) "**Release Conditions**" means that all conditions, undertakings and other matters to be satisfied, completed and otherwise met prior to the completion of the Acquisition, but for the release of the Escrowed Funds pursuant to Section 3.2, have been satisfied, completed or otherwise met in accordance with the Acquisition Agreement without material amendment or waiver thereof, in whole or in part, by any of the parties thereto (unless the consent of the Lead Underwriter is given to such waiver or amendment, acting reasonably);

(hh) "**Release Date**" means the date on which the Release Time occurs;

(ii) "**Release Notice**" means the notice provided by the Corporation to the Escrow Agent, substantially in the form set forth in Schedule "B" hereto, executed by the Corporation, and acknowledged by Macquarie Capital, confirming that the Release Time has occurred;

(jj) "**Release Time**" means the time at which the last of the Release Conditions is satisfied;

(kk) "**Shareholders**" means the registered holders from time to time of Common Shares;

(ll) "**Subscription Receipts**" means the subscription receipts issued pursuant to the Offering and certified hereunder and from time to time outstanding, each Subscription Receipt evidencing the rights set out in Section 2.2;

(mm) "**Subscription Receipt Certificate**" means a certificate evidencing Subscription Receipts in the form attached as Schedule "A" hereto;

(nn) "**Subscription Receipt Price**" means the sum of $6.55 per Subscription Receipt;

(oo) "**Termination Date**" means the date on which the Termination Time occurs;

(pp) "**Termination Payment Time**" means 5:00 p.m. (Calgary time) on the third Business Day after the Termination Date;

(qq) "**Termination Time**" means the earliest of: (i) the Deadline, (ii) the time that the Corporation has advised the Underwriters or disclosed to the public that it does not intend to proceed with the Acquisition, or (iii) the time that the Acquisition is terminated in accordance with the terms of the Acquisition Agreement;

(rr) "**TSX**" means the Toronto Stock Exchange;

(ss) "**Underlying Shares**" means the Common Shares issuable pursuant to the Subscription Receipts;

(tt) "**Underwriting Agreement**" means the agreement dated effective November 6, 2013 between the Corporation and the Underwriters in respect of the Offering;

(uu) "**Underwriters' Option**" means the option granted to the Underwriters pursuant to the Underwriting Agreement to acquire up to 1,260,000 Option Receipts at the Subscription Receipt Price, exercisable in whole or in part and in one or more tranches by the Underwriters at any time and from time to time within 30 days of the closing of the Offering;

(vv) "**Underwriting Fee**" has the same meaning ascribed to it under the Underwriting Agreement;

(ww) "**United States**" means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia;

(xx) "**Vendor**" means, collectively, Penn West Petroleum Ltd. and Penn West Petroleum; and

(yy) "**written request of the Corporation**" and "**certificate of the Corporation**" mean, respectively, a written request and certificate signed by an officer of the Corporation and may consist of one or more instruments so executed.

1.2 Headings

The headings, the table of contents and the division of this Agreement into Articles and Sections are for convenience of reference only and shall not affect the interpretation of this Agreement.

1.3 References

Unless otherwise specified in this Agreement references to Articles, Sections, and Schedules are to Articles, Sections, and Schedules in this Agreement; and "hereto", "herein", "hereby", "hereunder", "hereof " and similar expressions, without reference to a particular provision, refer to this Agreement.

1.4 Certain Rules of Interpretation

Unless otherwise specified in this Agreement the singular includes the plural and *vice versa*; and references to any gender shall include references to all genders.

1.5 Day Not a Business Day

In the event that any day on or before which any action is required to be taken hereunder is not a Business Day, then such action shall be required to be taken at or before the requisite time on the next succeeding day that is a Business Day.

1.6 Applicable Law

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

1.7 Conflict

In the event of a conflict or inconsistency between a provision in the body of this Agreement and in any Subscription Receipt Certificate issued hereunder, the provision in the body of this Agreement shall prevail to the extent of the inconsistency.

1.8 Currency

All dollar amounts expressed in this Agreement and in the Subscription Receipts are in lawful money of Canada and all payments required to be made hereunder and thereunder shall be made in Canadian dollars.

1.9 Severability

Each of the provisions in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any of the other provisions hereof.

ARTICLE 2
ISSUE OF SUBSCRIPTION RECEIPTS

2.1 Payment Acknowledgement

(a) The Escrow Agent hereby acknowledges receipt from Macquarie Capital of a certified cheque or wire transfer of funds in the aggregate amount of $61,649,250 (the "**Escrowed Funds**") and confirms that the Escrowed Funds have been deposited in a segregated account in the name of the Corporation designated as "Surge Energy Inc. – Sub. Receipts", or as otherwise directed by the Corporation and Macquarie Capital, and shall retain such amounts in accordance with the terms of this Agreement pending payment of such amounts in accordance with the terms of this Agreement.

(b) The Corporation hereby:

(i) acknowledges that the Escrowed Funds represent:

(A) $55,020,000, being the gross proceeds of the Offering in respect of the Firm Receipts; plus

(B) $8,253,000, being the gross proceeds of the Offering in respect of the Option Receipts; less

(C) $1,623,750, representing 50% of the Underwriting Fee payable in respect of the Offered Receipts and 50% of the Underwriters' expenses pursuant to the Underwriting Agreement;

(ii) acknowledges that the amounts received by the Escrow Agent pursuant to Subsection 2.1(a) in accordance with the Corporation's direction to Macquarie Capital, represents payment in full by the Underwriters on behalf of subscribers for 9,660,000 Offered Receipts; and

(iii) irrevocably directs the Escrow Agent to retain such amounts in accordance with the terms of this Agreement pending payment of such amounts in accordance with the terms of this Agreement and to deliver to Macquarie Capital certificates representing the Subscription Receipts, in accordance with a written direction, simultaneously with receipt by the Escrow Agent of such amounts.

2.2 Terms and Issue of Subscription Receipts

(a) Each Subscription Receipt shall evidence the right of the holder: (A) if the Release Time occurs on or before the Termination Time, to receive, for no additional consideration or further action on the part of the holder, but subject to adjustment pursuant to Section 3.7, one Underlying Share; or (B) if the Release Time does not occur before the Termination Time occurs, to receive the Subscription Receipt Price in respect of such holder's Subscription Receipts together with such holder's *pro rata* share of the Earned Interest, less applicable withholding taxes, all in the manner and on the terms and conditions set out in this Agreement.

(b) A maximum of 8,400,000 Firm Receipts, and a maximum of 1,260,000 Option Receipts pursuant to the Underwriters' Option, are hereby created and authorized to be issued.

(c) The Subscription Receipt Certificates (including all replacements issued in accordance with this Agreement) shall be substantially in the form attached hereto as Schedule "A", and shall bear such distinguishing letters and numbers as the Corporation may, with the approval of the Escrow Agent and CDS prescribe, and shall be issuable in any whole number denominations. The Subscription Receipt Certificates (including all replacements issued in accordance with this Agreement) shall be in the form of one or more Global Subscription Receipts registered in the name of CDS. For certainty, Subscription Receipts issued pursuant to Rule 144A under the 1933 Act that are required to bear the legend set forth in Section 2.14 and are represented by a Global Subscription Receipt, shall be issued under a separate, restricted CUSIP number.

(d) The Escrow Agent is hereby directed, immediately following the execution and delivery of this Agreement, to execute, issue and deliver to Macquarie Capital one or more definitive Subscription Receipt Certificates representing an aggregate of 9,660,000 Subscription Receipts.

2.3 Fractional Subscription Receipts

No fractional Subscription Receipts shall be issued or otherwise provided for hereunder.

2.4 Register for Subscription Receipts

The Corporation hereby appoints the Escrow Agent as registrar of the Subscription Receipts, and the Corporation shall cause to be kept by the Escrow Agent at the Designated Office, a securities register in which shall be entered the names and addresses of holders of Subscription Receipts and the other particulars, prescribed by law, of the Subscription Receipts held by them. The Corporation shall also cause to be kept by the Escrow Agent at the Designated Office, subject to Section 2.13, the register of transfers, and may also cause to be kept by the Escrow Agent, branch registers of transfers in which shall be recorded the particulars of the transfers of Subscription Receipts, registered in that branch register of transfers.

2.5 Registers Open for Inspection

The registers hereinbefore referred to shall be open at all reasonable times during regular business hours of the Escrow Agent on a Business Day for inspection by the Corporation, the Escrow Agent or any Receiptholder. The Escrow Agent shall, from time to time when requested to do so by the Corporation, furnish the Corporation with a list of the names and addresses of Receiptholders entered in the registers kept by the Escrow Agent and showing the number of Underlying Shares which might then be acquired upon the exercise of the Subscription Receipts held by each such holder.

2.6 Receiptholder not a Shareholder

Nothing in this Agreement or in the holding of a Subscription Receipt evidenced by a Subscription Receipt Certificate or otherwise, shall confer or be construed as conferring upon a Receiptholder any right or interest whatsoever as a Shareholder, including, but not limited to, the right to vote at, to receive notice of, or to attend meetings of Shareholders, or the right to receive distributions or any continuous disclosure materials of the Corporation. Receiptholders are only entitled to exercise the rights expressly provided for in the Subscription Receipts and this Agreement on the terms and conditions set forth herein.

2.7 Subscription Receipts to Rank *Pari Passu*

All Subscription Receipts shall rank *pari passu*, whatever may be the actual date of issue of same.

2.8 Signing of Subscription Receipt Certificates

The Subscription Receipt Certificates shall be signed by an officer of the Corporation on behalf of the Corporation. The signature of such officer may be mechanically reproduced in facsimile and Subscription Receipt Certificates bearing such facsimile signature shall, subject to Section 2.9, be binding upon the Corporation as if they had been manually signed by such officer. Notwithstanding that the Person whose manual or facsimile signature appears on any Subscription Receipt Certificate as such officer may no longer hold such position at the date of such Subscription Receipt Certificate or at the date of certification or delivery thereof, any Subscription Receipt Certificate signed as aforesaid shall, subject to Section 2.9, be valid and binding upon the Corporation and the holder thereof shall be entitled to the benefits of this Agreement.

2.9 Certification by the Escrow Agent

(a) No Subscription Receipt Certificate shall be issued or, if issued, shall be valid for any purpose or entitle the holder to the benefit hereof until the Subscription Receipt Certificate is certified by manual signature by or on behalf of the Escrow Agent, and such certification by the Escrow Agent upon any Subscription Receipt Certificate shall be conclusive evidence as against the Corporation that the Subscription Receipt Certificate so certified has been duly issued hereunder and that the holder is entitled to the benefits hereof.

(b) The certification of the Escrow Agent on Subscription Receipt Certificates issued hereunder shall not be construed as a representation or warranty by the Escrow Agent as to the validity of this Agreement or the Subscription Receipt Certificates (except the due certification thereof) and the Escrow Agent shall in no respect be liable or answerable for the use made of the Subscription Receipt Certificates or any of them or of the consideration therefor except as otherwise specified herein. The certificate by or on behalf of the Escrow Agent on Subscription Receipt Certificates shall constitute a representation and warranty by the Escrow Agent that the said Subscription Receipt Certificates have been duly certified by or on behalf of the Escrow Agent pursuant to the provisions of this Agreement.

2.10 Issue in Substitution for Subscription Receipt Certificates Lost, etc.

(a) In case any of the Subscription Receipt Certificates shall become mutilated or be lost, destroyed or stolen, the Corporation, subject to applicable law and compliance with paragraph (b) below, shall issue and thereupon the Escrow Agent shall certify and deliver, a new Subscription Receipt Certificate of like tenor as the one mutilated, lost, destroyed or stolen in exchange for and in place of and upon cancellation of such mutilated Subscription Receipt Certificate, or in lieu of and in substitution for such lost, destroyed or stolen Subscription Receipt Certificate, and the substituted Subscription Receipt Certificate shall be in a form approved by the Escrow Agent and shall be entitled to the benefits hereof and shall rank equally in accordance with its terms with all other Subscription Receipt Certificates issued or to be issued hereunder.

(b) The applicant for the issue of a new Subscription Receipt Certificate pursuant to this Section 2.10 shall bear the cost of the issue thereof and in case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Corporation and to the Escrow Agent such evidence of ownership and of the loss, destruction or theft of the Subscription Receipt Certificate so lost, destroyed or stolen as shall be satisfactory to the Corporation and to the Escrow Agent in their sole discretion, and such applicant may also be required to furnish an indemnity or surety bond in an amount and form satisfactory to the Corporation and the Escrow Agent in their sole discretion and shall pay the reasonable charges of the Corporation and the Escrow Agent in connection therewith.

2.11 Exchange of Subscription Receipt Certificates

Subject to Section 2.15:

(a) Subscription Receipt Certificates may, upon compliance with the reasonable requirements of the Escrow Agent, be exchanged for another Subscription Receipt Certificate or Subscription Receipt Certificates entitling the holder thereof to, in the aggregate, the same number of Subscription Receipts as represented by the Subscription Receipt Certificates so exchanged.

(b) Subscription Receipt Certificates may be surrendered for exchange only at the Designated Office of the Escrow Agent during regular business hours of the Escrow Agent.

2.12 Charges for Exchange

Except as otherwise herein provided, the Escrow Agent may charge to the holder requesting an exchange a reasonable sum for each new Subscription Receipt Certificate issued in exchange for Subscription Receipt Certificate(s). Payment of such charges and reimbursement of the Escrow Agent or the Corporation for any and all stamp taxes or governmental or other charges required to be paid shall be made by such holder as a condition precedent to such exchange.

2.13 Transfer and Ownership of Subscription Receipts

(a) Subject to applicable securities laws and Sections 2.13(d) and 2.14, there are no restrictions on the transfer of the Subscription Receipts. However, the Subscription Receipts may only be transferred on the register kept at the Designated Office of the Escrow Agent by the holder or his legal representatives or his attorney duly appointed by an instrument in writing. Upon surrender for registration of transfer of Subscription Receipts at the Designated Office of the Escrow Agent and upon compliance with Sections 2.13(a) and 2.14, the Corporation shall issue and thereupon the Escrow Agent shall certify and deliver a new Subscription Receipt Certificate of like tenor, including the legend included on the form of Subscription Receipt Certificate in Schedule "A" hereto, in the name of the designated transferee. If less than all the Subscription Receipts evidenced by the Subscription Receipt Certificate(s) so surrendered are transferred, the transferor shall be entitled to receive, in the same manner, a new Subscription Receipt Certificate registered in his name evidencing the Subscription Receipts not transferred. However, notwithstanding the foregoing, Subscription Receipts shall only be transferred:

(i) upon payment to the Escrow Agent of a reasonable sum for each new Subscription Receipt Certificate issued upon such transfer, and reimbursement of the Escrow Agent or the Corporation for any and all stamp taxes or governmental or other charges required to be paid in respect of such transfer;

(ii) in accordance with applicable securities laws, rules, regulations or policies, including Section 2.14 (if applicable); and

(iii) in accordance with such reasonable requirements as the Escrow Agent or the Corporation may prescribe,

and all such transfers shall be duly noted in such register by the Escrow Agent.

(b) The Corporation and the Escrow Agent will deem and treat the registered owner of any Subscription Receipt as the beneficial owner thereof for all purposes and neither the Corporation nor the Escrow Agent shall be affected by any notice to the contrary.

(c) The transfer register in respect of Subscription Receipts shall be closed at 4:30 p.m. (local time) at the Designated Office, on the earlier to occur of the Release Date and the Termination Date (subject to settlement).

(d) The Escrow Agent will promptly advise the Corporation of any requested transfer of Subscription Receipts. The Corporation will be entitled, and may direct the Escrow Agent, to refuse to recognize any transfer, or enter the name of any transferee, of any Subscription Receipts on the registers referred to in this Article, if such transfer would constitute a violation of the securities laws of any jurisdiction or the rules, regulations or policies of any regulatory authority having jurisdiction.

(e) Subject to the provisions of this Agreement and applicable law, a Receiptholder shall be entitled to the rights and privileges attaching to the Subscription Receipts. Either the issue and delivery of Underlying Shares, as provided in Section 3.3, or the payment of the Subscription Receipt Price and the Earned Interest, each less applicable withholding taxes, as provided in Section 3.5, all in accordance with the terms and conditions herein contained, shall discharge all responsibilities of the Corporation and the Escrow Agent with respect to such Subscription Receipts and neither the Corporation nor the Escrow Agent shall be bound to inquire into the title of a Receiptholder or a transferee of Subscription Receipts who surrenders a Subscription Receipt Certificate.

(f) If a Subscription Receipt Certificate or certificate representing Underlying Shares issued pursuant to the Subscription Receipts tendered for transfer bears the legend set forth in Section 2.14 (or if Subscription Receipts or Underlying Shares are represented by a Global Subscription Receipt or a global share certificate that is required to bear such legend or are otherwise required to bear such legend) the Escrow Agent shall not register such transfer unless the Corporation notifies the Escrow Agent that the Corporation is reasonably satisfied that the transfer is being made in a transaction exempt from, or not subject to, the registration requirements of the 1933 Act and all applicable state securities laws. Prior to any transfer of such Subscription Receipts or Underlying Shares, the Corporation may require delivery of evidence, which may include, without limitation, an opinion of counsel of recognized standing reasonably satisfactory to the Corporation, to the effect that the proposed transfer may be effected without registration under the 1933 Act or applicable state securities laws.

(g) If required by the 1933 Act or any applicable state securities laws, certificates representing Subscription Receipts or Underlying Shares issued pursuant to transfers of Subscription Receipts or Underlying Shares shall bear the legend set forth in Section 2.14 and, if applicable, such Subscription Receipts and Underlying Shares shall be held under a separate, restricted CUSIP number.

2.14 U.S. Legends

(a) The Escrow Agent acknowledges and understands that the Subscription Receipts and Underlying Shares issuable pursuant thereto have not been registered under the 1933 Act, understands and acknowledges that upon the original issuance thereof, and until such time as the same is no longer required under applicable requirements of the 1933 Act or applicable state securities laws, the certificates (including, in the case of Subscription Receipts issued pursuant to Rule 144A under the 1933 Act, Global Subscription Receipts) representing the Subscription Receipts originally issued pursuant to Rule 144A under the 1933 Act, and the Underlying Shares issuable pursuant thereto, and in each case, all certificates issued in exchange therefor or in substitution thereof, shall be overprinted with the following legend, and if applicable, shall be represented by a separate, restricted CUSIP number (in addition to any other legend that may be required under applicable securities laws):

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF SURGE ENERGY INC. (THE "CORPORATION") THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE CANADIAN LOCAL LAWS AND REGULATIONS, (C) IN ACCORDANCE WITH (1) RULE 144A UNDER THE SECURITIES ACT, IF AVAILABLE, OR (2) RULE 144 UNDER THE SECURITIES ACT, IF AVAILABLE, AND IN EACH CASE IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(2) OR (D) ABOVE, A LEGAL OPINION REASONABLY SATISFACTORY TO THE CORPORATION MUST FIRST BE PROVIDED. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON CANADIAN STOCK EXCHANGES."

(b) If any Subscription Receipts or Underlying Shares bearing the foregoing legend or represented by a separate, restricted CUSIP number are being transferred in compliance with the requirements of

Rule 904 of Regulation S under the 1933 Act at a time when the Corporation is a "foreign issuer" within the meaning of Regulation S under the 1933 Act, the foregoing legend may be removed (and such securities may be represented by a Global Subscription Receipt or a global share certificate, as applicable, that does not contain the foregoing legend, and may be represented by an unrestricted CUSIP), by providing a duly completed and executed declaration to the registrar and transfer agent for the Subscription Receipts or Underlying Shares, as applicable, to the effect prescribed by the Corporation from time to time, together with any other evidence, which may include, without limitation, an opinion of counsel of recognized standing reasonably satisfactory to the Corporation, required by the registrar and transfer agent for the Subscription Receipts or Underlying Shares, as applicable, to the effect that such legend is no longer required under applicable requirements of the 1933 Act and that such Subscription Receipts or Underlying Shares may be represented by a Global Subscription Receipt or global share certificate, as applicable, that does not contain the foregoing legend, and may be represented by an unrestricted CUSIP.

(c) If any Subscription Receipts or Underlying Shares bearing the foregoing legend or represented by a restricted CUSIP number are being transferred pursuant to Rule 144 under the 1933 Act, such legend may be removed (and such securities may be represented by a Global Subscription Receipt or global share certificate, as applicable, that does not contain the foregoing legend, and may be represented by an unrestricted CUSIP), by delivering to the registrar and transfer agent for the Subscription Receipts or Underlying Shares, as applicable, an opinion of counsel of recognized standing reasonably satisfactory to the Corporation, to the effect that such legend is no longer required under applicable requirements of the 1933 Act or applicable state securities laws and that such Subscription Receipts or Underlying Shares may be represented by a Global Subscription Receipt or global share certificate, as applicable, that does not contain the foregoing legend, and may be represented by an unrestricted CUSIP.

(d) Notwithstanding anything to the contrary contained herein, no transfer of Subscription Receipts or Underlying Shares issuable pursuant thereto, in either case that (i) are evidenced by a Subscription Receipt Certificate or a share certificate, as applicable, that bears or is required to bear the foregoing legend or (ii) are represented by a restricted CUSIP number, is to be made except in accordance with the requirements of such legend, applicable securities laws and Sections 2.13(f) and 2.13(g). In particular, Subscription Receipts and Underlying Shares may be offered, sold, pledged or otherwise transferred only in transaction exempt from or not subject to the registration requirements of the 1933 Act and applicable state securities laws.

2.15 Global Subscription Receipt

(a) Unless the Book-Entry Only System is terminated, Subscription Receipt Certificates, other than those required to bear the legend set forth in Section 2.14 hereof, will only be issued in the form of a Global Subscription Receipt certificate which will be registered in the name of CDS or its nominee and shall be in uncertificated form, and evidenced by a book position on the register of holders of Subscription Receipts to be maintained in accordance with Section 2.4.

(b) Unless the Book-Entry Only System is terminated or required to do so by applicable law, owners of the beneficial interests in Subscription Receipts represented by the Global Subscription Receipt shall not receive or be entitled to receive Subscription Receipt Certificates in definitive form and shall not be considered owners or holders thereof under this Agreement or any supplemental agreement except in circumstances where CDS resigns or is removed from its responsibility and the Escrow Agent is unable or does not wish to locate a qualified successor. Beneficial interests in Subscription Receipts represented by a Global Subscription Receipt will be represented only through the Book-Entry Only System. Transfers of Subscription Receipts represented by the Global Subscription Receipt between CDS participants shall occur in accordance with CDS' rules and procedures. The Corporation shall not have any responsibility or liability for any aspects of the records relating to or payments made by CDS, or its nominee, on account of the beneficial interests in Subscription Receipts represented by the Global Subscription Receipt. Nothing herein shall prevent the owners of beneficial interests in Subscription Receipts represented by the Global Subscription Receipt from voting such Subscription Receipts using duly executed proxies.

(c) All references herein to actions by, notices given or payments made to Receiptholders shall, where Subscription Receipts are held through CDS, refer to actions taken by, or notices given or payments made to, CDS upon instruction from the CDS participants in accordance with its rules and procedures. For the purposes of any provision hereof requiring or permitting actions with the consent of or at the direction of Receiptholders evidencing a specified percentage of the aggregate Subscription Receipts outstanding, such direction or consent may be given by holders of Subscription Receipts acting through CDS and the CDS participants owning Subscription Receipts evidencing the requisite percentage of the Subscription Receipts. The rights of a Receiptholder whose Subscription Receipts are held through CDS shall be exercised only through CDS and the CDS participants and shall be limited to those established by law and agreements between such holders and CDS and the CDS participants upon instructions from the CDS participants. Each of the Escrow Agent and the Corporation may deal with CDS for all purposes (including the making of payments) as the authorized representative of the respective Receiptholders and such dealing with CDS shall constitute satisfaction or performance, as applicable, of their respective obligations hereunder.

(d) For so long as the Subscription Receipts are held through CDS, if any notice or other communication is required to be given to Receiptholders, the Escrow Agent will give such notices and communications to CDS.

(e) If CDS resigns or is removed from its responsibility as depository and the Escrow Agent is unable or does not wish to locate a qualified successor, CDS shall surrender the Global Subscription Receipt to the Escrow Agent with instructions for registration of the Subscription Receipts in the names and in the amounts specified by CDS and the Corporation shall issue and the Escrow Agent shall certify and deliver the aggregate number of Subscription Receipts then outstanding in the form of definitive Subscription Receipt Certificates representing such Subscription Receipts.

2.16 Listing of Subscription Receipts

The Corporation confirms that the Offered Receipts will be listed and posted for trading on the TSX, subject to the Corporation satisfying all of the listing requirements of the TSX.

2.17 Right of Rescission

(a) If the Prospectus, together with any amendment thereto contains a misrepresentation (as such term is defined in the *Securities Act* (Alberta)) on the date of the Prospectus, any purchaser of Offered Receipts who was the original purchaser of the Offered Receipts (the "**Original Purchaser**") shall have a right of action against the Corporation for rescission to receive the Subscription Receipt Price exercisable on notice given to the Corporation not more than 180 days subsequent to the date hereof. The right of action for rescission is only available to an Original Purchaser either while such Original Purchaser is a holder of the Offered Receipts purchased or a holder of the Underlying Shares issuable upon surrender of such Offered Receipts.

(b) If the Prospectus is not delivered to an Original Purchaser, such Original Purchaser shall have a right of action against the Corporation for rescission to receive the Subscription Receipt Price exercisable on notice given to the Corporation not more than 180 days subsequent to the date hereof. The right of action for rescission is only available to an Original Purchaser either while such Original Purchaser is a holder of the Offered Receipts purchased or a holder of the Underlying Shares issuable upon surrender of such Offered Receipts.

(c) In no event shall the Corporation be liable under this Section 2.17 if the Original Purchaser purchased the Offered Receipts with the knowledge of the misrepresentation.

ARTICLE 3
SATISFACTION OF ISSUANCE RIGHT OR TERMINATION PAYMENT RIGHT

3.1 Release Notice

If the Release Time occurs on or before the Termination Time, the Corporation shall:

(a) as soon as practicable, cause a Release Notice executed by the Corporation and acknowledged by the Lead Underwriter to be delivered to the Escrow Agent substantially in the form set out in Schedule "B" hereto;

(b) deliver the Irrevocable Direction to the Escrow Agent as registrar and transfer agent for the Common Shares; and

(c) issue a press release setting out the Release Date and stating that the Underlying Shares issuable pursuant to the Subscription Receipts will be issued or be deemed to be issued effective of the Issue Time.

3.2 Release of Funds Pending Completion of the Acquisition

Upon receipt of the Irrevocable Direction, subject to the prior receipt of the Release Notice, the Escrow Agent shall deliver the Release Amount to the following parties and in the following amounts and sequence as soon as reasonably practicable after the delivery of the documents referred to in Section 3.1:

(a) to Macquarie Capital, an amount equal to $1,623,750 representing, the remaining 50% of the Underwriting Fee payable to the Underwriters in respect of the Offered Receipts pursuant to Section 2(c) of the Underwriting Agreement plus the portion of the Earned Interest attributable to such amount, if any;

(b) to the Vendor, an amount equal to $●; and

(c) any remaining balance to the Corporation,

and further provided that the Escrow Agent shall in no events or circumstances be required to deliver an aggregate amount under this Section 3.2 in excess of the Release Amount.

3.3 Issue of Underlying Shares and Payment Thereon

(a) Immediately following the receipt of the Irrevocable Direction by the Escrow Agent, and provided that the Release Time occurs on or before the Termination Time, the Underlying Shares issuable pursuant to the Subscription Receipts shall be and shall be deemed to be issued to the Receiptholders at the Issue Time, notwithstanding that a certificate therefor may not yet have been issued, and the Persons to whom such Underlying Shares are to be issued in accordance with the provisions of this Agreement shall be deemed to have become the holders of record of such Underlying Shares at the Issue Time.

(b) Upon the issuance or deemed issuance of the Underlying Shares pursuant to the Subscription Receipts represented by the Global Subscription Receipt, the Corporation or its transfer agent shall direct CDS to cause to be entered and issued, as the case may be, to the Person or Persons in whose name or names such Underlying Shares have been issued, a Book-Entry Only System customer confirmation.

(c) Upon the issuance or deemed issuance of Underlying Shares pursuant to Subscription Receipts not represented by a Global Subscription Receipt, the Escrow Agent shall issue and mail or deliver to holders of such Subscription Receipts at their registered addresses share certificates representing the Underlying Shares to which they are entitled no later than the third Business Day following the Issue Date.

(d) Effective immediately after the Underlying Shares have been deemed to be issued as contemplated in Section 3.3(a) and, in the case of Underlying Shares issued pursuant to Subscription Receipts required to bear the legend set forth in Section 2.14 hereof, after the Escrow Agent has issued and delivered the certificates representing the Underlying Shares to be issued as contemplated in Section 3.3(c), the Subscription Receipts relating thereto shall be void and of no value or effect.

3.4 Fractions

Notwithstanding anything herein contained, the Corporation shall not be required, upon the exercise or deemed exercise of the Subscription Receipts to issue fractions of Common Shares.

3.5 Payment on Termination

(a) If the Termination Time occurs before the Release Time the Corporation shall forthwith notify the Escrow Agent and Macquarie Capital thereof and shall issue a press release setting forth the Termination Date.

(b) If the Termination Time occurs before the Release Time the subscription evidenced by each Subscription Receipt shall be automatically terminated and cancelled and each Receiptholder shall be entitled from and after the Termination Date, but shall receive no earlier than on the fifth Business Day following the Termination Date, a cheque in the aggregate amount of (i) the Subscription Receipt Price in respect of each of such holder’s Subscription Receipts; and (ii) such holder’s *pro rata* share of the Earned Interest, less applicable withholding taxes. Subject in each case to Subsections 3.5(c) and (g), the amount paid to each Receiptholder under (i) shall be satisfied by the Escrowed Funds and the amount in (ii), if any, shall be satisfied by the Earned Interest.

(c) If the Escrowed Funds are not sufficient to meet the payment required by Subsection 3.5(b), the Escrow Agent shall promptly give notice of the amount of the deficiency to the Corporation.

(d) If the Release Time does not occur on or before the Termination Time, registers shall be closed at the close of business on the Termination Date.

(e) The obligation to make the payment of the amount specified in Subsection 3.5(b) shall be satisfied by mailing payment by cheque payable at par in Calgary, Alberta to and in the names of the registered holders of Subscription Receipts at their last address of record.

(f) Upon the mailing or delivery of any cheque as provided in Subsection 3.5(b) (and provided such cheque has been honoured for payment, if presented for payment within six months of the date thereof) all rights evidenced by the Subscription Receipts relating thereto shall be satisfied and such Subscription Receipts shall be void and of no value or effect. For greater certainty, any Escrowed Funds, interest or other monies held by the Escrow Agent pursuant hereto after the cheque or cheques for the amount specified in Subsection 3.5(b) have been mailed, shall be delivered to the Corporation as soon as reasonably practicable thereafter, except to the extent such Escrowed Funds relate to un-cleared cheques mailed as provided in Subsection 3.5(e).

(g) The Corporation shall, no later than one Business Day after receiving the notice from the Escrow Agent described in Section 3.5(c), pay such amount as will allow the Escrow Agent to pay the Subscription Receipt Price in respect of such holder's Subscription Receipt plus any Earned Interest due (less withholdings).

3.6 Cancellation of Surrendered Subscription Receipt Certificates

All Subscription Receipt Certificates surrendered to the Escrow Agent pursuant to Sections 2.10, 2.11 or 5.1 shall be returned to or received by the Escrow Agent for cancellation and, if required by the Corporation, the Escrow Agent shall furnish the Corporation with a cancellation certificate identifying the Subscription Receipt Certificates so cancelled and the number of Subscription Receipts evidenced thereby.

3.7 Share Adjustments

If and whenever at any time after the date hereof and prior to the issue of Underlying Shares pursuant to Section 3.3(a), the Corporation shall subdivide (including a distribution of common shares to the holders of all or substantially all of the holders of outstanding Common Shares), redivide or change its outstanding Common Shares into a greater number of common shares; or reduce, combine or consolidate its outstanding Common Shares into a smaller number of common shares, the number of Underlying Shares obtainable under each Subscription Receipt shall be adjusted immediately after the effective date of such subdivision, redivision, change, reduction, combination or consolidation, by multiplying the number of Underlying Shares theretofore obtainable on the exercise thereof by a fraction of which the numerator shall be the total number of Common Shares outstanding immediately after such date and the denominator shall be the total number of Common Shares outstanding immediately prior to such date. Such adjustment shall be made successively whenever any event referred to in this Section shall occur.

ARTICLE 4
INVESTMENT OF ESCROWED FUNDS
AND PAYMENT OF INTEREST

4.1 Investment of Escrowed Funds

(a) Until released in accordance with this Agreement, the Escrowed Funds shall be kept segregated in the records of the Escrow Agent and shall be deposited on behalf of Receiptholders in either: (i) short-term interest bearing obligations of, or guaranteed by, the Government of Canada, (ii) other approved investments as determined by the Underwriters. If at any time the Escrowed

Funds include cash that is not invested and the Corporation has not provided directions to the Escrow Agent to invest such cash, the Escrow Agent shall deposit all such uninvested cash in an account, a term deposit, or a guaranteed investment certificate of the Escrow Agent or a Canadian chartered bank, having either no fixed term or no irrevocable term and which pays interest on the daily balance. Escrowed Funds held in an interest bearing account shall earn interest at a rate of 2.25% less than the prime rate of interest announced from time to time by the Canadian Imperial Bank of Commerce on Canadian dollar loans made to its most credit worthy customers in Canada and any such amounts shall constitute Earned Interest. Any interest earned in excess of the amount referred to in the preceding sentence shall not be Earned Interest within the meaning of this Agreement and the Escrow Agent shall be entitled to retain for its own benefit any amount of interest earned on the Escrowed Funds that is not Earned Interest payable to the Corporation or any other party pursuant to this section.

(b) All amounts held by the Escrow Agent pursuant to this Agreement shall be held by the Escrow Agent for the Corporation and the delivery of the Escrowed Funds to the Escrow Agent shall not give rise to a debtor-creditor or other similar relationship between the Escrow Agent and the Corporation. The amounts held by the Escrow Agent pursuant to this Agreement are at the sole risk of the Corporation and, without limiting the generality of the foregoing, the Escrow Agent shall have no responsibility or liability for any diminution of the Escrowed Funds which may result from any deposit made with an Approved Bank pursuant to this Section, including any losses resulting from a default by the Approved Bank or other credit losses (whether or not resulting from such a default) and any credit or other losses on any deposit liquidated or sold prior to maturity. The Corporation acknowledges and agrees that the Escrow Agent acts prudently in depositing the Escrowed Funds at any Approved Bank, and that the Escrow Agent is not required to make any further inquiries in respect of any such bank.

(c) At any time and from time to time, the Corporation and Macquarie Capital, acting jointly, shall be entitled to direct the Escrow Agent by written notice (a) not to deposit any new amounts in any Approved Bank specified in the notice and/or (b) to withdraw all or any of the Escrowed Funds that may then be deposited with any Approved Bank specified in the notice. With respect to any withdrawal notice, the Escrow Agent will endeavour to withdraw such amount specified in the notice as soon as reasonably practicable and the Corporation acknowledges and agrees that such specified amount remains at the sole risk of the Corporation prior to and after such withdrawal.

4.2 Segregation of Escrowed Funds

The Escrowed Funds received by the Escrow Agent and any securities or other instruments received by the Escrow Agent upon the investment or reinvestment of such Escrowed Funds, shall be received as agent for, and shall be segregated and kept apart by the Escrow Agent as agent for, the Receiptholders and the Lead Underwriter.

ARTICLE 5
RIGHTS OF THE CORPORATION AND COVENANTS

5.1 Optional Purchases by the Corporation

Subject to applicable law, the Corporation may from time to time purchase by private contract or otherwise any of the Subscription Receipts.

5.2 General Covenants

(a) The Corporation covenants with the Escrow Agent and Macquarie Capital, that so long as any Subscription Receipts remain outstanding:

(i) it will use its best efforts to maintain its existence;

(ii) it will announce by press release the Release Date or the Termination Date, as the case may be in accordance with Subsection 3.1(c) or Subsection 3.5(a), as the case may be;

(iii) generally, it will well and truly perform and carry out all of the acts or things to be done by it as provided in this Agreement;

(iv) it will cause the Underlying Shares and the certificates representing the Underlying Shares from time to time acquired pursuant to the Subscription Receipts to be duly issued and delivered in accordance with the Subscription Receipts, the terms hereof and applicable laws;

(v) prior to the earlier of the Release Time and the Termination Date, it will not sell any material properties or assets of the Corporation as, or substantially as, an entirety, to any other entity;

(vi) it will reserve and keep available a sufficient number of Common Shares for the purpose of enabling it to satisfy its obligations to issue Underlying Shares pursuant to the terms of the Subscription Receipts;

(vii) it will use its reasonable commercial efforts to ensure that (until the earlier of the Issue Date and the Termination Date) the Common Shares and the Subscription Receipts continue to be listed and posted for trading on the TSX; and

(viii) it is duly authorized to create and issue the Subscription Receipts and to perform all other obligations of the Corporation under this Agreement, and the Subscription Receipts, when issued and countersigned as herein provided, will be valid and enforceable obligations of the Corporation.

(b) In addition, the Corporation covenants with the Escrow Agent and the Lead Underwriter that, from the date hereof to the earlier of the Termination Date and the Issue Date, it will not do any of the following, without the prior written consent of the Lead Underwriter:

(i) subdivide or redivide the outstanding Common Shares into a greater number of Common Shares;

(ii) reduce, combine or consolidate the outstanding Common Shares into a smaller number of Common Shares;

(iii) issue Common Shares to holders of all or substantially all of the outstanding Common Shares by way of a dividend or distribution (other than the issue of Common Shares to holders of Common Shares who have elected to receive dividends or distributions in the form of Common Shares in lieu of cash dividends or cash distributions paid in the ordinary course on the Common Shares);

(iv) fix a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of (i) shares of any class other than Common Shares and other than shares distributed to holders of Common Shares who have elected to receive dividends or distributions in the form of such shares in lieu of dividends or distributions paid in the ordinary course, or (ii) rights, options or warrants; or

(v) reclassify the Common Shares or undertake a reorganization of the Corporation or a consolidation, amalgamation, arrangement or merger of the Corporation with any other Person or other entity; or a sale or conveyance of the property and assets of the Corporation as an entity or substantially as an entirety to any other Person or entity or a liquidation, dissolution or winding-up of the Corporation.

5.3 Escrow Agent's Remuneration, Expenses and Indemnification

(a) The Corporation covenants that it will pay to the Escrow Agent from time to time reasonable remuneration for its services hereunder and will pay or reimburse the Escrow Agent upon its request for all reasonable expenses, disbursements and advances incurred or made by the Escrow Agent in the administration or execution of this Agreement (including the reasonable compensation and the disbursements of its counsel and all other advisers and assistants not regularly in its employ) both before any default hereunder and thereafter until all duties of the Escrow Agent hereunder shall be finally and fully performed, except any such expense, disbursement or advance as may arise out of or result from the Escrow Agent's gross negligence, wilful misconduct or fraud. Any amount owing hereunder and remaining unpaid after 30 days from the invoice date will bear interest at the then current rate charged by the Escrow Agent against unpaid invoices and shall be payable on demand.

(b) The Corporation hereby indemnifies and saves harmless the Escrow Agent and its officers, directors, employees and agent from and against any and all liabilities, losses, costs, claims, actions or demands whatsoever which may be brought against the Escrow Agent or which it may suffer or incur as a result or arising out of the performance of its duties and obligations under this Agreement, save only in the event of the gross negligence, wilful misconduct or fraud of the Escrow Agent. It is understood and agreed that this indemnification shall survive the termination or the discharge of this Agreement or the resignation or replacement of the Escrow Agent.

5.4 Performance of Covenants by Escrow Agent

If the Corporation shall fail to perform any of its covenants contained in this Agreement, the Escrow Agent may notify the Receiptholders and Macquarie Capital of such failure on the part of the Corporation or may itself perform any of the said covenants capable of being performed by it, but shall be under no obligation to perform said covenants or to notify the Receiptholders of such performance by it. All sums expended or advanced by the Escrow Agent in so doing shall be repayable as provided in Section 5.3. No such performance, expenditure or advance by the Escrow Agent shall relieve the Corporation of any default hereunder or of its continuing obligations under the covenants contained herein.

5.5 Accounting

The Escrow Agent shall maintain accurate books, records and accounts of the transactions effected or controlled by the Escrow Agent hereunder and the receipt, investment, reinvestment and disbursement of the Escrowed Funds, and shall provide to the Corporation and Macquarie Capital, records and statements thereof monthly and periodically upon written request.

5.6 Payments by Escrow Agent

In the event that any funds to be disbursed by the Escrow Agent in accordance herewith are received by the Escrow Agent in the form of an uncertified cheque or cheques, the Escrow Agent shall be entitled to delay the time for disbursement of such funds hereunder until such uncertified cheque or cheques have cleared in the ordinary course the financial institution upon which the same are drawn. The Escrow Agent will disburse monies according to this Agreement only to the extent that monies have been deposited with it.

5.7 Regulatory Matters

The Corporation shall file all such documents, notices and certificates and take such steps and do such things as may be necessary under applicable securities laws to permit the issuance of the Common Shares in the circumstances contemplated by Section 3.3 such that such issuance will be exempt from the prospectus and registration requirements of applicable securities laws.

5.8 SEC Filer

The Corporation confirms that as at the date of the execution of this Agreement it does not have a class of securities registered pursuant to Section 12 of the 1934 Act or have a reporting obligation pursuant to Subsection 15(d) of the 1934 Act. The Corporation covenants that in the event that: (i) any class of its securities shall become registered pursuant to Section 12 of the 1934 Act or the Corporation shall incur a reporting obligation pursuant to Subsection 15(d) of the 1934 Act, or (ii) any such registration or reporting obligation shall be terminated by the Corporation in accordance with the 1934 Act, the Corporation shall promptly deliver to the Escrow Agent an Officers' Certificate (in a form provided by the Escrow Agent) notifying the Escrow Agent of such registration or termination and such other information as the Escrow Agent may reasonably require at the time. The Corporation acknowledges that the Escrow Agent is relying upon the foregoing representation and covenants in order to meet certain obligations applicable to it under the rules of the United States Securities and Exchange Commission (the "**SEC**") with respect to clients of the Escrow Agent that are required to file reports with the SEC under the 1934 Act.

5.9 Privacy Consent

(a) Each of the Corporation and Macquarie Capital acknowledge that the Escrow Agent may, in the course of providing services hereunder, collect or receive financial and other personal information about such parties and/or their representatives, as individuals, or about other individuals related to the subject matter hereof, and use such information for the following purposes: (i) to provide the services required under this Agreement and other services that may be requested from time to time; (ii) to help the Escrow Agent manage its servicing relationships with such individuals; (iii) to meet the Escrow Agent's legal and regulatory requirements; and (iv) if Social Insurance Numbers are collected by the Escrow Agent, to perform tax reporting and to assist in verification of an individual's identity for security purposes.

(b) Each of the Corporation and Macquarie Capital acknowledge and agree that the Escrow Agent may receive, collect, use and disclose personal information provided to it or acquired by it in the course of this agreement for the purposes described above and, generally, in the manner and on the terms described in its Privacy Code, which the Escrow Agent shall make available on its website or upon request, including revisions thereto. Some of this personal information may be transferred to servicers in the United States of America for data processing and/or storage. Further, each party agrees that it shall not provide or cause to be provided to the Escrow Agent any personal information relating to an individual who is not a party to this agreement unless that party has assured itself that such individual understands and has consented to the aforementioned terms, uses and disclosures.

ARTICLE 6
ENFORCEMENT

6.1 Suits by Receiptholders

All or any of the rights conferred upon any Receiptholder by any of the terms of the Subscription Receipt Certificates or of this Agreement, or of both, may be enforced by the Receiptholder by appropriate proceedings but without prejudice to the right which is hereby conferred upon the Escrow Agent to proceed in its own name to enforce each and all of the provisions contained herein for the benefit of the Receiptholders.

6.2 Immunity of Shareholders, etc.

The Escrow Agent and, by the acceptance of the Subscription Receipt Certificates and as part of the consideration for the issue of the Subscription Receipts, the Receiptholders hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any settlor or any past, present or future shareholder, director, officer, employee or agent of the Corporation or any successor entity for the issue of the Underlying Shares pursuant to any Subscription Receipt or on any covenant, agreement, representation or warranty by the Corporation contained herein or in the Subscription Receipt Certificate(s).

6.3 Limitation of Liability

The obligations hereunder are not personally binding upon, nor shall resort hereunder be had to, the private property of any of the past, present or future shareholders, directors, officers, employees or agents of the Corporation or of any successor entity, but only the property of the Corporation or any successor entity shall be bound in respect hereof.

6.4 Indemnification of Escrow Agent

Without limiting any protection or indemnity of the Escrow Agent under any other provision hereof, or otherwise at law, the Corporation hereby agrees to indemnify and hold harmless the Escrow Agent, its directors, officers, employees and agents, and all of their respective representatives, heirs, successors and assigns (collectively, the "**Indemnified Parties**") from and against any and all liabilities, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements, including reasonable legal or advisor fees and disbursements, of whatever kind and nature which may at any time be imposed on, incurred by or asserted against the Indemnified Parties in connection with the performance of the Escrow Agent's duties and obligations hereunder, other than such liabilities, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements arising by reason of the gross negligence, wilful misconduct or fraud of the Escrow Agent. The Corporation agrees that its liability hereunder shall be absolute and unconditional regardless of the correctness of any representations of any third parties and regardless of any liability of third parties to the Indemnified Parties, and shall accrue and become enforceable without prior demand or any other precedent action or proceeding. This provision shall survive the resignation or removal of the Escrow Agent, or the termination of this Agreement. The Indemnified Parties shall not be under any obligation to prosecute or to defend any action or suit which, in the opinion of their counsel, may involve them in expense or liability, unless the Corporation shall, so often as required, furnish the Indemnified Parties with satisfactory indemnity and funding against such expense or liability. Notwithstanding any other provision of this Agreement, and whether such losses or damages are foreseeable or unforeseeable, the Escrow Agent shall not be liable under any circumstances whatsoever for any (a) indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages.

ARTICLE 7
MEETINGS OF RECEIPTHOLDERS

7.1 Right to Convene Meetings

The Escrow Agent may at any time and from time to time, and shall on receipt of a written request of the Corporation or of a Receiptholders' Request and upon being indemnified to its reasonable satisfaction by the Corporation or by the Receiptholders signing such Receiptholders' Request against the cost which may be incurred in connection with the calling and holding of such meeting, convene a meeting of the Receiptholders. In the event of the Escrow Agent failing to so convene a meeting within ten (10) days after receipt of such written request of the Corporation or such Receiptholders' Request and indemnity given as aforesaid, the Corporation or such Receiptholders, as the case may be, may convene such meeting. Every such meeting shall be held in the City of Calgary or at such other place as may be determined by the Escrow Agent and approved by the Corporation.

7.2 Notice

At least ten (10) days prior notice of any meeting of Receiptholders shall be given to the Receiptholders in the manner provided for in Section 10.2 and a copy of such notice shall be sent by mail to the Escrow Agent (unless the meeting has been called by the Escrow Agent) and to the Corporation (unless the meeting has been called by the Corporation). Such notice shall state the date (which must be a Business Day) and time when, and the place where the meeting is to be held, shall state briefly the general nature of the business to be transacted thereat and shall contain such information as is reasonably necessary to enable the Receiptholders to make a reasoned decision on the matter, but it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article 7.

7.3 Chairman

An individual (who need not be a Receiptholder) designated in writing by the Escrow Agent shall be chairman of the meeting and if no individual is so designated, or if the individual so designated is not present within fifteen (15) minutes from the time fixed for the holding of the meeting, the Receiptholders present in person or represented by proxy shall choose some individual present to be chairman.

7.4 Quorum

Subject to the provisions of Section 7.11, at any meeting of the Receiptholders a quorum shall consist of not less than two (2) Receiptholders present in person or represented by proxy and holding 25% of the then outstanding Subscription Receipts. If a quorum of the Receiptholders shall not be present within thirty (30) minutes from the time fixed for holding any meeting, the meeting, if summoned by the Receiptholders or on a Receiptholders' Request, shall be dissolved; but in any other case the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day, in which case it shall be adjourned to the next following Business Day) at the same time and place and no notice of the adjournment need be given. Any business may be brought before or dealt with at an adjourned meeting which might have been dealt with at the original meeting in accordance with the notice calling the same. No business shall be transacted at any meeting unless a quorum is present at the commencement of business. At the adjourned meeting the Receiptholders present in person or represented by proxy shall form a quorum and may transact the business for which the meeting was originally convened notwithstanding that they may not hold at least 25% of the then outstanding Subscription Receipts.

7.5 Power to Adjourn

The chairman of any meeting at which a quorum of the Receiptholders is present may, with the consent of the meeting, adjourn any such meeting and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

7.6 Show of Hands

Every question submitted to a meeting shall be decided in the first place by a majority of the votes given on a show of hands except that votes on an extraordinary resolution shall be given in the manner hereinafter provided. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

7.7 Poll and Voting

On every extraordinary resolution, and on any other question submitted to a meeting and after a vote by show of hands when demanded by the chairman or by one or more of the Receiptholders acting in person or represented by proxy and holding at least 5% of the Subscription Receipts then outstanding, a poll shall be taken in such manner as the chairman shall direct. Questions other than those required to be determined by extraordinary resolution shall be decided by a majority of the votes cast on the poll.

On a show of hands, every Person who is present and entitled to vote, whether as a Receiptholder or as proxy for one or more absent Receiptholders, or both, shall have one vote. On a poll, each Receiptholder present in person or represented by a proxy duly appointed by instrument in writing shall be entitled to one vote in respect of each Underlying Share he is entitled to receive pursuant to the Subscription Receipt(s) then held or represented by him. A proxy need not be a Receiptholder. In the case of joint holders, any of them present in person or represented by proxy at the meeting may vote in the absence of the other or others; but in case more than one of them shall be present in person or represented by proxy, they shall vote together in respect of Subscription Receipts of which they are joint registered holders. The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Subscription Receipts, if any, held or represented by him.

7.8 Regulations

The Escrow Agent, or the Corporation with the approval of the Escrow Agent, may from time to time make and from time to time vary such regulations as it shall think fit for:

(a) the setting of the record date for a meeting of holders of Subscription Receipts for the purpose of determining Receiptholders entitled to receive notice of and vote at such meeting;

(b) the issue of voting certificates by any bank, trust company or other depositary satisfactory to the Escrow Agent stating that the Subscription Receipt Certificates specified therein have been deposited with it by a named Person and will remain on deposit until after the meeting, which voting certificate shall entitle the Persons named therein to be present and vote at any such meeting and at any adjournment thereof or to appoint a proxy or proxies to represent them and vote for them at any such meeting and at any adjournment thereof in the same manner and with the same effect as though the Persons so named in such voting certificates were the actual holders of the Subscription Receipt Certificates specified therein;

(c) the deposit of voting certificates and instruments appointing proxies at such place and time as the Escrow Agent, the Corporation or the Receiptholders, convening the meeting, as the case may be, may in the notice convening the meeting direct;

(d) the deposit of voting certificates and instruments appointing proxies at some approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxies to be mailed or telecopied before the meeting to the Corporation or to the Escrow Agent at the place where the same is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting;

(e) the form of the instrument of proxy; and

(f) generally for the calling of meetings of Receiptholders and the conduct of business thereat.

Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as such regulations may provide, the only Persons who shall be recognized at any meeting as a Receiptholder, or be entitled to vote or be present at the meeting in respect thereof (subject to Section 7.9), shall be Receiptholders or their counsel, or duly appointed proxies of Receiptholders.

7.9 Corporation and Escrow Agent may be Represented

The Corporation and the Escrow Agent, by their respective authorized agent, and the counsel for the Corporation and for the Escrow Agent may attend any meeting of the Receiptholders, but shall have no vote as such unless in their capacity as Receiptholder or a proxy holder.

7.10 Powers Exercisable by Extraordinary Resolution

In addition to all other powers conferred upon them by any other provisions of this Agreement or by law, the Receiptholders at a meeting shall, subject to the provisions of Section 7.11, have the power, subject to all applicable regulatory and exchange approvals, exercisable from time to time by extraordinary resolution:

(a) to agree to any modification, abrogation, alteration, compromise or arrangement of the rights of Receiptholders or the Escrow Agent (in this case, with the approval of the Escrow Agent) against the Corporation or against its undertaking, property and assets or any part thereof whether such rights arise under this Agreement or the Subscription Receipt Certificates or otherwise;

(b) to amend, alter or repeal any extraordinary resolution previously passed or sanctioned by the Receiptholders;

(c) to direct or to authorize the Escrow Agent to enforce any of the covenants on the part of the Corporation contained in this Agreement or the Subscription Receipt Certificates or to enforce any of the rights of the Receiptholders in any manner specified in such extraordinary resolution or to refrain from enforcing any such covenant or right;

(d) to waive, and to direct the Escrow Agent to waive, any default on the part of the Corporation in complying with any provisions of this Agreement or the Subscription Receipt Certificates either unconditionally or upon any conditions specified in such extraordinary resolution;

(e) to restrain any Receiptholder from taking or instituting any suit, action or proceeding against the Corporation for the enforcement of any of the covenants on the part of the Corporation in this Agreement or the Subscription Receipt Certificates or to enforce any of the rights of the Receiptholders;

(f) to direct any Receiptholder who, as such, has brought any suit, action or proceeding to stay or to discontinue or otherwise to deal with the same upon payment of the costs, charges and expenses reasonably and properly incurred by such Receiptholder in connection therewith;

(g) to assent to any modification of, change in or omission from the provisions contained in the Subscription Receipt Certificates and this Agreement or any ancillary or supplemental instrument which may be agreed to by the Corporation, and to authorize the Escrow Agent to concur in and execute any ancillary or supplemental agreement embodying the change or omission, provided that such modification, change or omission will not prejudice the rights of the Receiptholders or the Escrow Agent;

(h) with the consent of the Corporation (such consent not to be unreasonably withheld), to remove the Escrow Agent or its successor in office and to appoint a new escrow agent to take the place of the Escrow Agent so removed;

(i) to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of any Common Shares or other securities of the Corporation; and

(j) to assent to any modification of the Corporation’s constating documents in circumstances where, had the Common Shares issuable pursuant to the Subscription Receipts then been outstanding, an extraordinary resolution of the Shareholders would have been required.

7.11 Meaning of Extraordinary Resolution

(a) The expression “extraordinary resolution” when used in this Agreement means, subject as hereinafter provided in this Section 7.11 and in Section 7.14, a resolution proposed at a meeting of Receiptholders duly convened for that purpose and held in accordance with the provisions of this Article 7 at which there are present in person or represented by proxy at least two (2) Receiptholders holding more than 25% of the then outstanding Subscription Receipts and passed by the affirmative votes of Receiptholders holding not less than 66 2/3% of the then outstanding Subscription Receipts represented at the meeting and voted on the poll upon such resolution.

(b) If, at any meeting called for the purpose of passing an extraordinary resolution, at least two (2) Receiptholders holding more than 25% of the then outstanding Subscription Receipts are not present in person or represented by proxy within thirty (30) minutes after the time appointed for the meeting, then the meeting, if convened by Receiptholders or on a Receiptholders’ Request, shall be dissolved; but in any other case it shall stand adjourned to such day, being not less than fourteen (14) or more than thirty (30) days later, and to such place and time as may be appointed by the chairman. Not less than seven (7) days prior notice shall be given of the time and place of such adjourned meeting in the manner provided for in Section 10.2. Such notice shall state that at the adjourned meeting the Receiptholders present in person or represented by proxy shall form a quorum but it shall not be necessary to set forth the purposes for which the meeting was originally called or any other particulars. At the adjourned meeting:

(i) if the extraordinary resolution purports to exercise any of the powers conferred pursuant to Subsection 7.10(a), (d), (g), (i) or (j) or purports to change the provisions of this Section 7.11 or of Section 7.14 or purports to amend, alter or repeal any extraordinary resolution previously passed or sanctioned by the Receiptholders in exercise of the powers referred to in this paragraph, a quorum for the transaction of business shall consist of Receiptholders holding more than 25% of the then outstanding Subscription Receipts present in person or represented by proxy; and

(ii) in any other case, a quorum for the transaction of business shall consist of such Receiptholders as are present in person or represented by proxy notwithstanding that Receiptholders holding more than 25% of the then outstanding Subscription Receipts are not present in person or represented by proxy at such adjourned meeting.

(c) Votes on an extraordinary resolution shall always be given on a poll and no demand for a poll on an extraordinary resolution shall be necessary.

7.12 Powers Cumulative

Any one or more of the powers or any combination of the powers in this Agreement stated to be exercisable by the Receiptholders by extraordinary resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers or any combination of powers from time to time shall not be deemed to exhaust the right of the Receiptholders to exercise such power or powers or combination of powers then or thereafter from time to time.

7.13 Minutes

Minutes of all resolutions and proceedings at every meeting of Receiptholders shall be made and duly entered in books to be provided from time to time for that purpose by the Escrow Agent at the expense of the Corporation, and any such minutes as aforesaid, if signed by the chairman or the secretary of the meeting at which such resolutions were passed or proceedings had or by the chairman or secretary of the next succeeding meeting held shall be prima facie evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly convened and held, and all resolutions passed thereat or proceedings taken shall be deemed to have been duly passed and taken.

7.14 Instruments in Writing

All actions which may be taken and all powers that may be exercised by the Receiptholders at a meeting held as provided in this Article 7 may also be taken and exercised by an instrument in writing signed in one or more counterparts by such Receiptholders in person or by attorney duly appointed in writing, by Receiptholders holding at least: (i) a majority of the outstanding Subscription Receipts with respect to a resolution other than an Extraordinary Resolution; and (ii) 66 2/3% of then outstanding Subscription Receipts with respect to an extraordinary resolution, and the expression “extraordinary resolution” when used in this Agreement shall include an instrument so signed by Receiptholders holding at least 66 2/3% of the then outstanding Subscription Receipts.

7.15 Binding Effect of Resolutions

Every resolution and every extraordinary resolution passed in accordance with the provisions of this Article 7 at a meeting of Receiptholders shall be binding upon all the Receiptholders, whether present at or absent from such meeting, and every instrument in writing signed by Receiptholders in accordance with Section 7.14 shall be binding upon all the Receiptholders, whether signatories thereto or not, and each and every Receiptholder and the Escrow Agent (subject to the provisions for indemnity herein contained) shall be bound to give effect accordingly to every such resolution and instrument in writing.

7.16 Holdings by Corporation Disregarded

In determining whether Receiptholders holding the required number of Subscription Receipts are present at a meeting of Receiptholders for the purpose of determining a quorum or have concurred in any consent, waiver, extraordinary resolution, Receiptholders' Request or other action under this Agreement, Subscription Receipts owned legally or beneficially by the Corporation or any affiliated entity of the Corporation shall be disregarded in accordance with the provisions of Section 10.8.

ARTICLE 8
SUPPLEMENTAL AGREEMENTS

8.1 Provision for Supplemental Agreements for Certain Purposes

From time to time, and subject to any applicable regulatory approval, the Corporation (when authorized by action by the directors), Macquarie Capital, and the Escrow Agent may, subject to the provisions hereof, and they shall, when so directed in accordance with the provisions hereof, execute and deliver by their proper officers, agreements supplemental hereto, which thereafter shall form part hereof, for any one or more or all of the following purposes:

(a) adding to the provisions hereof such additional covenants and enforcement provisions as, in the opinion of Counsel, are necessary or advisable in the premises, provided that the same are not in the opinion of the Counsel of the Escrow Agent prejudicial to the interests of the Receiptholders;

(b) giving effect to any extraordinary resolution passed as provided in Article 7;

(c) making such provisions not inconsistent with this Agreement as may be necessary or desirable with respect to matters or questions arising hereunder, provided that such provisions are not, in the opinion of Counsel of the Escrow Agent, prejudicial to the interests of the Receiptholders;

(d) adding to or altering the provisions hereof in respect of the transfer of Subscription Receipts, making provision for the exchange of Subscription Receipt Certificates, and making any modification in the form of the Subscription Receipt Certificates which does not affect the substance thereof;

(e) modifying any of the provisions of this Agreement, including relieving the Corporation from any of the obligations, conditions or restrictions herein contained, provided that such modification or relief shall be or become operative or effective only if, in the opinion of Counsel of the Escrow Agent, such modification or relief in no way prejudices any of the rights of the Receiptholders or of the Escrow Agent, and provided further that the Escrow Agent may in its sole discretion decline to enter into any such supplemental agreement which in its opinion may not afford adequate protection to the Escrow Agent when the same shall become operative; and

(f) for any other purpose not inconsistent with the terms of this Agreement, including the correction or rectification of any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions herein, provided that in the opinion of Counsel of the Escrow Agent the rights of the Escrow Agent and of the Receiptholders are in no way prejudiced thereby.

ARTICLE 9
CONCERNING THE ESCROW AGENT

9.1 Rights and Duties of Escrow Agent

(a) In the exercise of the rights and duties prescribed or conferred by the terms of this Agreement, the Escrow Agent shall exercise that degree of care, diligence and skill that a reasonably prudent escrow agent would exercise in comparable circumstances.

(b) The obligation of the Escrow Agent to commence or continue any act, action or proceeding for the purpose of enforcing any rights of the Escrow Agent or the Receiptholders hereunder shall be conditional upon the Receiptholders furnishing, when required by notice by the Escrow Agent, sufficient funds to commence or to continue such act, action or proceeding and an indemnity reasonably satisfactory to the Escrow Agent to protect and to hold harmless the Escrow Agent against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof. None of the provisions contained in this Agreement shall require the Escrow Agent to expend or to risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified and funded as aforesaid.

(c) The Escrow Agent may, before commencing or at any time during the continuance of any such act, action or proceeding, require the Receiptholders at whose instance it is acting to deposit with the Escrow Agent the Subscription Receipts held by them, for which Subscription Receipts the Escrow Agent shall issue receipts.

(d) Every provision of this Agreement that by its terms relieves the Escrow Agent of liability or entitles it to rely upon any evidence submitted to it is subject to the provisions of this Section 9.1 and Section 9.2.

(e) The Escrow Agent shall have no duties except those expressly set forth herein, and it shall not be bound by any notice of a claim or demand with respect to, or any waiver, modification, amendment, termination or rescission of, this Agreement, unless received by it in writing and signed by the other parties hereto and, if its duties herein are affected, unless it shall have given its prior written consent thereto.

(f) The Escrow Agent shall not be responsible for ensuring that the Escrowed Funds are used in the manner contemplated by the offering of Subscription Receipts, except for its obligations under Section 3.2.

(g) The Escrow Agent shall retain the right not to act and shall not be held liable for refusing to act unless it has received clear and reasonable documentation which complies with the terms of this Agreement, which documentation does not require the exercise of any discretion or independent judgment.

(h) The Escrow Agent shall incur no liability whatsoever with respect to the delivery or non-delivery of any certificates whether delivery by hand, mail or any other means.

(i) The Escrow Agent shall not be responsible or liable in any manner whatsoever for the deficiency, correctness, genuineness or validity of any securities deposited with it.

9.2 Evidence, Experts and Advisers

(a) In addition to the reports, certificates, opinions and other evidence required by this Agreement, the Corporation shall furnish to the Escrow Agent such additional evidence of compliance with any provision hereof, and in such form, as the Escrow Agent may reasonably require by written notice to the Corporation.

(b) In the exercise of its rights and duties hereunder, the Escrow Agent may, if it is acting in good faith, rely as to the truth of the statements and the accuracy of the opinions expressed in statutory declarations, opinions, reports, written requests, consents, or orders of the Corporation, certificates of the Corporation or other evidence furnished to the Escrow Agent pursuant to any provision hereof or pursuant to a request of the Escrow Agent.

(c) Whenever it is provided in this Agreement that the Corporation shall deposit with the Escrow Agent resolutions, certificates, reports, opinions, requests, orders or other documents, it is intended that the truth, accuracy and good faith on the effective date thereof and the facts and opinions stated in all such documents so deposited shall, in each and every such case, be conditions precedent to the right of the Corporation to have the Escrow Agent take the action to be based thereon.

(d) The Escrow Agent may employ or retain such Counsel, accountants, appraisers or other experts or advisers as it may reasonably require for the purpose of discharging its duties hereunder and may pay reasonable remuneration for all services so performed by any of them, without taxation of costs of any Counsel, and shall not be responsible for any misconduct or negligence on the part of any such experts or advisers who have been appointed with due care by the Escrow Agent.

9.3 Documents, Monies, etc. Held by Escrow Agent

Any securities, documents of title or other instruments that may at any time be held by the Escrow Agent pursuant to this Agreement may be placed in the deposit vaults of the Escrow Agent or of any Approved Bank or deposited for safekeeping with any such bank. If the Escrow Agent has not received a direction under Section 4.1, any monies so held pending the application or withdrawal thereof under any provisions of this Agreement may be deposited in the name of the Escrow Agent in any Approved Bank, or in the deposit department of the Escrow Agent or any other loan or trust company authorized to accept deposits under the laws of Canada or a province thereof, at the rate of interest (if any) then current on similar deposits.

9.4 Actions by Escrow Agent to Protect Interest

The Escrow Agent shall have power to institute and to maintain such actions and proceedings as it may consider necessary or expedient to preserve, protect or enforce its interests and the interests of the Receiptholders.

9.5 Escrow Agent not Required to Give Security

The Escrow Agent shall not be required to give any bond or security in respect of the execution of this Agreement or otherwise in respect of the premises.

9.6 Protection of Escrow Agent

By way of supplement to the provisions of any law for the time being relating to trustees it is expressly declared and agreed as follows:

(a) the Escrow Agent shall not be liable for or by reason of any statements of fact or recitals in this Agreement or in the Subscription Receipt Certificates (except the representation contained in Section 9.8 or in the certificate of the Escrow Agent on the Subscription Receipt Certificates) or be required to verify the same, but all such statements or recitals are and shall be deemed to be made by the Corporation;

(b) nothing herein contained shall impose any obligation on the Escrow Agent to see to or to require evidence of the registration or filing (or renewal thereof) of this Agreement or any instrument ancillary or supplemental hereto;

(c) the Escrow Agent shall not be bound to give notice to any Person or Persons of the execution hereof; and

(d) the Escrow Agent shall not incur any liability or responsibility whatever or be in any way responsible for the consequence of any breach on the part of the Corporation of any of the covenants herein contained or of any acts of any directors, officers, employees, agent or servants of the Corporation.

9.7 Replacement of Escrow Agent; Successor by Merger

(a) The Escrow Agent may resign its appointment and be discharged from all other duties and liabilities hereunder, subject to this Section 9.7, by giving to the Corporation not less than thirty (30) days prior notice in writing or such shorter prior notice as the Corporation may accept as sufficient. The Receiptholders by extraordinary resolution shall have power at any time to remove the existing Escrow Agent and to appoint a new escrow agent. In the event of the Escrow Agent resigning or being removed as aforesaid or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, Macquarie Capital shall forthwith appoint a new escrow agent unless a new escrow agent has already been appointed by the Receiptholders; failing such appointment by Macquarie Capital, the retiring Escrow Agent or any Receiptholder may apply to a justice of the Alberta Court of Queen's Bench (the "**Court**")on such notice as such justice may direct, for the appointment of a new escrow agent; but any new escrow agent so appointed by Macquarie Capital, or by the Court shall be subject to removal as aforesaid by the Receiptholders. Any new escrow agent appointed under any provision of this Section 9.7 shall be a corporation authorized to carry on the business of a trust company in the provinces of Alberta and, if required by the applicable legislation for any other provinces, in such other provinces. On any such appointment the new escrow agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as escrow agent hereunder. At the request of the Corporation or the new escrow agent, the retiring escrow agent, upon payment of the amounts, if any, due to it pursuant to Section 5.3, shall duly assign, transfer and deliver to the new escrow agent all property and money held and all records kept by the retiring escrow agent hereunder or in connection herewith.

(b) Upon the appointment of a successor escrow agent, the Corporation shall promptly notify the Receiptholders thereof in the manner provided for in Article 10 hereof.

(c) Any corporation into or with which the Escrow Agent may be merged or consolidated or amalgamated, or any corporation resulting therefrom to which the Escrow Agent shall be a party, or any corporation succeeding to the corporate trust business of the Escrow Agent shall be the successor to the Escrow Agent hereunder without any further act on its part or any of the parties hereto, provided that such corporation would be eligible for appointment as a successor escrow agent under Subsection 9.7(a).

(d) Any Subscription Receipt Certificates certified but not delivered by a predecessor escrow agent may be delivered by the successor escrow agent in the name of the predecessor or successor escrow agent.

9.8 Conflict of Interest

(a) The Escrow Agent represents to the Corporation and Macquarie Capital, that at the time of execution and delivery hereof no material conflict of interest exists between its role as an escrow agent hereunder and its role in any other capacity and agrees that in the event of a material conflict of interest arising hereafter it will, within thirty (30) days after ascertaining that it has such material conflict of interest, either eliminate the same or assign its appointment as escrow agent hereunder to a successor escrow agent approved by the Corporation and meeting the requirements set forth in Subsection 9.7(a). Notwithstanding the foregoing provisions of this Subsection 9.8(a), if any such material conflict of interest exists or hereafter shall exist, the validity and enforceability of this Agreement and the Subscription Receipt Certificates shall not be affected in any manner whatsoever by reason thereof.

(b) Subject to Subsection 9.8(a), the Escrow Agent, in its personal or any other capacity, may buy, lend upon and deal in securities of the Corporation and generally may contract and enter into financial transactions with the Corporation or any affiliated entity of the Corporation without being liable to account for any profit made thereby.

9.9 Acceptance of Appointment

The Escrow Agent hereby accepts the appointment as escrow agent in this Agreement and agrees to perform its duties hereunder upon the terms and conditions herein set forth.

9.10 Escrow Agent Not to be Appointed Receiver

The Escrow Agent and any Person related to the Escrow Agent shall not be appointed a receiver, a receiver and manager or liquidator of all or any part of the assets or undertaking of the Corporation.

ARTICLE 10
GENERAL

10.1 Notice to the Corporation, Escrow Agent and Underwriters

(a) Unless herein otherwise expressly provided, any notice to be given hereunder to the Corporation, Macquarie Capital or the Escrow Agent shall be deemed to be validly given if delivered by hand courier or if transmitted by telecopier:

(i) if to the Corporation:

Surge Energy Inc.
Suite 2100, 635 – 8th Avenue S.W.
Calgary, Alberta, T2P 3M3

Attention: Paul Colborne
Facsimile: (403) 930-1010

With a copy to:

McCarthy Tétrault LLP
Suite 3300, 421 – 7th Avenue S.W.
Calgary, Alberta T2P 4K9

Attention: Tom Cotter
Email: tcotter@mccarthy.ca
Fax: (403) 260-3570

(ii) if to the Underwriters:

Macquarie Capital Markets Canada Ltd.
2020, 335 - 8th Avenue S.W.
Calgary, Alberta T2P 1C9

Attention: Sandy L. Edmonstone
Email: sandy.edmonstone@macquarie.com
Fax: (403) 539-4365

With a copy to:

Bennett Jones LLP
45th Floor, Bankers Hall East
855 – 2nd Street S.W.
Calgary, Alberta, T2P 4K7

Attention: William S. Osler
Email: oslerw@bennettjones.com
Fax: (403) 298-3426

(iii) if to the Escrow Agent:

Olympia Trust Company
2300, 125 – 9th Avenue S.E.
Calgary, Alberta T2G 0P6

Attention: Manager, Client Services
Facsimile: (403) 265-1455

and any such notice delivered in accordance with the foregoing shall be deemed to have been received on the date of delivery or, if telecopied on the day of transmission or, if such day is not a Business Day, on the first Business Day following the day of transmission.

(b) The Corporation, Macquarie Capital or the Escrow Agent, as the case may be, may from time to time notify the other parties in the manner provided in Subsection 10.1(a) of a change of address which, from the effective date of such notice and until changed by like notice, shall be the address of the Corporation, Macquarie Capital or the Escrow Agent, as the case may be, for all purposes of this Agreement.

10.2 Notice to Receiptholders

(a) Any notice to the Receiptholders under the provisions of this Agreement shall be valid and effective if delivered or sent by letter or circular through the ordinary post addressed to such holders at their post office addresses appearing on the register hereinbefore mentioned and shall be deemed to have been effectively given on the date of delivery or, if mailed, five (5) Business Days following actual posting of the notice.

(b) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Receiptholders hereunder could reasonably be considered unlikely to reach its destination, such notice shall be valid and effective only if it is delivered personally to such Receiptholders or if delivered to the address for such Receiptholders contained in the register of Subscription Receipts maintained by the Escrow Agent.

10.3 Force Majeure

Except for the payment obligations of the Corporation contained herein, none of the parties hereto shall be liable to any of the others, or held in breach of this Agreement, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Agreement shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this section.

10.4 Ownership of Subscription Receipts

The Corporation and the Escrow Agent may deem and treat the registered owner of any Subscription Receipt Certificate as the absolute owner of the Subscription Receipt represented thereby for all purposes, and the Corporation and the Escrow Agent shall not be affected by any notice or knowledge to the contrary except where the Corporation or the Escrow Agent is required to take notice by statute or by order of a court of competent jurisdiction. A Receiptholder shall be entitled to the rights evidenced by such Subscription Receipt Certificate free from all equities or rights of set off or counterclaim between the Corporation and the original or any intermediate holder thereof and all Persons may act accordingly and the receipt of any such Receiptholder for the Underlying Shares which may be acquired pursuant thereto shall be a good discharge to the Corporation and the Escrow Agent for the same and neither the Corporation nor the Escrow Agent shall be bound to inquire into the title of any such holder except where the Corporation or the Escrow Agent is required to take notice by statute or by order of a court of competent jurisdiction.

10.5 Anti-Money Laundering

(a) The Corporation and Macquarie Capital hereby represent to the Escrow Agent that any account to be opened by, or interest to held by the Escrow Agent in connection with this Agreement, for or to the credit of such party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case such party hereto agrees to complete and execute forthwith a declaration in the Escrow Agent's prescribed form as to the particulars of such third party.

(b) The Escrow Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Escrow Agent, in its sole judgment, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Escrow Agent, in its sole judgment, determine at any time that its acting under this Agreement has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 10 days written notice to each of the Corporation and Macquarie Capital, provided (i) that the Escrow Agent's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Escrow Agent's satisfaction within such 10 day period, then such resignation shall not be effective.

10.6 Satisfaction and Discharge of Agreement

Upon the earliest of:

(a) the date by which there shall have been delivered to the Escrow Agent for surrender or cancellation all Subscription Receipt Certificates theretofore certified hereunder;

(b) the issue of certificates representing the Underlying Shares; or

(c) the payment of all monies as provided in Subsection 3.5(b) where the Termination Date occurs,

this Agreement shall cease to be of further effect and the Escrow Agent, on demand of and at the cost and expense of the Corporation and upon delivery to the Escrow Agent of a certificate of the Corporation stating that all conditions precedent to the satisfaction and discharge of this Agreement have been complied with, shall execute proper instruments acknowledging satisfaction of and discharging this Agreement. Notwithstanding the foregoing, the indemnities provided to the Escrow Agent by the Corporation hereunder shall remain in full force and effect and survive the termination of this Agreement.

10.7 Provisions of Agreement and Subscription Receipts for the Sole Benefit of Parties and Receiptholders

Nothing in this Agreement or in the Subscription Receipt Certificates, expressed or implied, shall give or be construed to give to any Person other than the parties hereto, and the Receiptholders any legal or equitable right, remedy or claim under this Agreement, or under any covenant or provision herein or therein contained, all such covenants and provisions being for the sole benefit of the parties hereto, the Receiptholders and such transferees.

10.8 Subscription Receipts Owned by the Corporation or its Subsidiaries - Certificate to be Provided

For the purpose of disregarding any Subscription Receipts owned legally or beneficially by the Corporation or any affiliated entity of the Corporation in Section 7.16, the Corporation shall provide to the Escrow Agent, from time to time, a certificate of the Corporation setting forth as at the date of such certificate the number of Subscription Receipts owned legally or beneficially by the Corporation or any affiliated entity of the Corporation, and the Escrow Agent, in making the computations in Section 7.16, shall be entitled to rely on such certificate without requiring further evidence thereof.

10.9 Effect of Execution

Notwithstanding any provision of this Agreement, should any Subscription Receipt Certificates be issued and certified in accordance with the terms hereof prior to the actual time of execution of this Agreement by the Corporation and the Escrow Agent, any such Subscription Receipt Certificates shall be void and of no value and effect until such actual execution.

10.10 Time of Essence

Time is and shall remain of the essence of this Agreement.

10.11 Counterparts

This Agreement may be executed and delivered in counterparts, each of which when so executed and delivered shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution they shall be deemed to be dated as of the date hereof.

[This space left intentionally blank. Signature page to follow]

IN WITNESS WHEREOF the parties hereto have executed this Subscription Receipt Agreement under their respective corporate seals and the hands of their proper officers in that behalf.

SURGE ENERGY INC.

Per: *(signed) "Max Lof"*

MACQUARIE CAPITAL MARKETS CANADA LTD.

Per: *(signed) "Sandy Edmonstone"*

Per: *(signed) "Marnie Smith"*

OLYMPIA TRUST COMPANY

Per: *(signed) "Sonny Schmidt"*

Per: *(signed) "Dean Nauglor"*

SCHEDULE "A"

SUBSCRIPTION RECEIPT CERTIFICATE

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF SURGE ENERGY INC. (THE "CORPORATION") THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE CANADIAN LOCAL LAWS AND REGULATIONS, (C) IN ACCORDANCE WITH (1) RULE 144A UNDER THE SECURITIES ACT, IF AVAILABLE, OR (2) RULE 144 UNDER THE SECURITIES ACT, IF AVAILABLE, AND IN EACH CASE IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(2) OR (D) ABOVE, A LEGAL OPINION REASONABLY SATISFACTORY TO THE CORPORATION MUST FIRST BE PROVIDED. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON CANADIAN STOCK EXCHANGES.

[Note: If a Subscription Receipt is originally sold pursuant to Rule 144A under the 1933 Act, or is otherwise required by Sections 2.13 or 2.14 to bear the above legend, this certificate will have the above legend added hereto in accordance with the Agreement]

Unless this certificate is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("CDS") to Surge Energy Inc. (the "Issuer") or its agent for registration of transfer, exchange or payment, and any certificate issued in respect thereof is registered in the name of CDS & CO., or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & CO. or to such other entity as is requested by an authorized representative of CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered holder hereof, CDS & CO., has a property interest in the securities represented by this certificate herein and it is a violation of its rights for another person to hold, transfer or deal with this certificate.

[To be inserted only for Subscription Receipts not required to bear the legend set forth in Section 2.15]

SUBSCRIPTION RECEIPT
TO ACQUIRE COMMON SHARES OF

SURGE ENERGY INC.

(A corporation amalgamated under the laws of Alberta)

Subscription Receipt Certificate No.●

Certificate for ● Subscription Receipts, each entitling the holder to acquire one Common Share of Surge Energy Inc. (subject to adjustment as set forth in the Subscription Receipt Agreement)

THIS IS TO CERTIFY THAT, for value received, ● (herein called the "**holder**") is entitled to receive in the manner herein provided and without further payment therefor, subject as hereinafter provided and as more specifically set forth in the Subscription Receipt Agreement (defined below), one fully paid and non-assessable common share (a "**Common Share**") of Surge Energy Inc. (the "**Corporation**") for each Subscription Receipt (subject to adjustment as set forth in the Subscription Receipt Agreement). Capitalized terms used in this Subscription Receipt Certificate and not otherwise defined shall have the meanings ascribed to them in the Subscription Receipt Agreement.

The Subscription Receipts represented by this Subscription Receipt Certificate are issued under and pursuant to a Subscription Receipt Agreement (the "**Subscription Receipt Agreement**") made as of November 28, 2013 among the Corporation, Macquarie Capital Markets Canada Ltd. ("**Macquarie Capital**") on its own behalf and on behalf of the other underwriters who are party to the Underwriting Agreement, and Olympia Trust Company, in its capacity as Escrow Agent, to which Subscription Receipt Agreement (and any instruments supplemental thereto) reference is hereby made for a full description of the rights of the holders of the Subscription Receipts and the terms and conditions upon which Subscription Receipts are, or are to be, issued, held, exchanged and surrendered, all to the same effect as if the provisions of the Subscription Receipt Agreement (and all instruments supplemental thereto) were herein set forth, and to all of which provisions the holder of this Subscription Receipt Certificate by acceptance hereof assents.

In the event of any inconsistency between the terms set forth in this Subscription Receipt Certificate and the terms of the Subscription Receipt Agreement, the terms of the Subscription Receipt Agreement shall govern.

As provided in the Subscription Receipt Agreement, if the Release Time occurs on or before the Termination Time, the Corporation shall:

(a) forthwith cause a written notice of the same executed by the Corporation and acknowledged by Macquarie Capital to be delivered to the Escrow Agent substantially in the form set out in Schedule "B" to the Subscription Receipt Agreement;

(b) deliver the Irrevocable Direction to the Escrow Agent as registrar and transfer agent for the Common Shares substantially in the form set out in Schedule "C" to the Subscription Receipt Agreement; and

(c) shall issue a press release setting out the Release Date and that the Common Shares will be issued or be deemed to be issued effective as at the Issue Time.

If the Termination Time occurs prior to the Release Time, the Corporation shall forthwith notify the Escrow Agent and Macquarie Capital thereof and shall issue a press release setting forth the Termination Date.

If the Termination Time occurs prior to the Release Time, the subscription evidenced by each Subscription Receipt shall be automatically terminated and cancelled and each Receiptholder shall be entitled from and after the Termination Date, but shall receive no earlier than on the fifth Business Day following the Termination Date, a cheque in the aggregate amount of (i) the Subscription Receipt Price in respect of each of such holder's Subscription Receipts; and (ii) such holder's *pro rata* share of the Earned Interest less applicable withholding taxes. Subject in each case to Subsections 3.5(c) and (g) of the

Subscription Receipt Agreement, the amount paid to each Receiptholder under (i) shall be satisfied by the Escrowed Funds and the amount in (ii), if any, shall be satisfied by the Earned Interest.

The obligation to make the payment of the amount specified above shall be satisfied by mailing payment by cheque payable at par in Calgary, Alberta to and in the names of the registered and/or beneficial holders of Subscription Receipts, as applicable, at their last address of record.

The holding of the Subscription Receipts evidenced by this Subscription Receipt Certificate shall not constitute the holder hereof a shareholder of the Corporation or entitle the holder to any right or interest in respect thereof except as herein and in the Subscription Receipt Agreement expressly provided.

This Subscription Receipt Certificate shall not be valid for any purpose whatever unless and until it has been manually countersigned by or on behalf of the Escrow Agent. The certification of the Escrow Agent on the Subscription Receipt Certificate issued hereunder shall not be construed as a representation or warranty by the Escrow Agent as to the validity of this Subscription Receipt Certificate (except the due certification thereof) and the Escrow Agent shall in no respect be liable or answerable for the use made of the Subscription Receipts or any of them or of the consideration therefor, except as otherwise specified herein.

Time shall be of the essence hereof.

IN WITNESS WHEREOF the Corporation has caused this Subscription Receipt Certificate to be signed by its duly authorized officer as of the 28th day of November, 2013.

SURGE ENERGY INC.

Per: ____________________________________

Countersigned by:

OLYMPIA TRUST COMPANY

Per: ____________________________
Authorized Signing Officer

Date: _________________________

SCHEDULE "B"

RELEASE NOTICE

TO: **OLYMPIA TRUST COMPANY**

This notice is being provided pursuant to paragraphs 3.1(a) of the Subscription Receipt Agreement (the "**Subscription Receipt Agreement**") dated November 28, 2013 among Surge Energy Inc. (the "**Corporation**"), Olympia Trust Company (the "**Escrow Agent**") and Macquarie Capital Markets Canada Ltd. ("**Macquarie Capital**") on its own behalf and on behalf of GMP Securities L.P., National Bank Financial Inc., CIBC World Markets Inc., Scotia Capital Inc., Dundee Securities Ltd., FirstEnergy Capital Corp., Cormark Securities Inc., TD Securities Inc. and Raymond James Ltd. (collectively with Macquarie Capital, the "**Underwriters**").

Capitalized terms which are not otherwise defined herein shall have the meanings ascribed to such terms in the Subscription Receipt Agreement.

The Escrow Agent is hereby notified by the Corporation that the Release Conditions have been satisfied.

DATED at Calgary, Alberta, this ________ day of December, 2013.

SURGE ENERGY INC.

Per: ____

Acknowledged this ________ day of December, 2013 by:

MACQUARIE CAPITAL MARKETS CANADA LTD.

Per: ____________________________

Per: ____________________________

SCHEDULE "C"

IRREVOCABLE DIRECTION

TO: OLYMPIA TRUST COMPANY

This Irrevocable Direction is being provided pursuant to subparagraph 3.1(b) of the Subscription Receipt Agreement ("**Agreement**") dated November 28, 2013 among Surge Energy Inc. (the "**Corporation**"), Olympia Trust Company (the "**Escrow Agent**") and Macquarie Capital Markets Canada Ltd. ("**Macquarie Capital**") on its own behalf and on behalf of GMP Securities L.P., National Bank Financial Inc., CIBC World Markets Inc., Scotia Capital Inc., Dundee Securities Ltd., FirstEnergy Capital Corp., Cormark Securities Inc., TD Securities Inc. and Raymond James Ltd. (collectively with Macquarie Capital, the "**Underwriters**").

Capitalized terms which are not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement.

The Escrow Agent is hereby irrevocably directed and authorized, in its capacity as registrar and transfer agent of the Common Shares:

(a) to issue on behalf of the Corporation, 9,660,000 fully paid and non-assessable Common Shares to the person or persons to whom such Common Shares are to be issued pursuant to the terms of the Agreement and the Subscription Receipt Certificates at the Issue Time, all in accordance with the provisions of the Subscription Receipt Certificate and the Agreement. Such Common Shares shall be delivered to the Receiptholders in accordance with Section 3.3 of the Agreement; and

(b) to release the Release Amount in accordance with Section 3.2 of the Agreement.

DATED at Calgary, Alberta, this ________ day of ________________________, 2013.

SURGE ENERGY INC.

By: ____________________________________

SCHEDULE "D"

APPROVED BANKS