

A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), and may not be offered or sold in the United States except in transactions exempt from the registration requirements of the U.S. Securities Act. Accordingly, this short form prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of these securities within the United States. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of the issuer at the Corporation's head office at 2300, 635 – 8th Avenue S.W., Calgary, Alberta, T2P 3M3 and are also available electronically at www.sedar.com. The Corporation's registered office is at 1200, 425 – 1st Street S.W., Calgary, Alberta, T2P 3L8.

PRELIMINARY SHORT FORM PROSPECTUS

New Issue

May 25, 2006

BREAKER ENERGY LTD.

\$87,500,000

**14,000,000 Subscription Receipts,
each representing the right to receive one Class A Share**

Price: \$6.25 per Subscription Receipt

This short form prospectus qualifies for distribution 14,000,000 subscription receipts ("Subscription Receipts") of Breaker Energy Ltd. ("Breaker" or the "Corporation") at a price of \$6.25 per Subscription Receipt (the "Offering Price"). Each Subscription Receipt will entitle the holder thereof to receive, without payment of additional consideration, one Class A share ("Share") of the Corporation upon closing of the indirect acquisition (the "Acquisition") by the Corporation of certain petroleum and natural gas properties and related assets currently owned by a senior international oil and gas company. The proceeds from the sale of the Subscription Receipts (the "Escrowed Funds") will be held by Olympia Trust Company, as escrow agent (the "Escrow Agent"), and invested in short-term obligations of, or guaranteed by, the Government of Canada (and other approved investments) pending completion of the Acquisition. **If rights of first refusal ("ROFRs") are exercised in relation to the Acquisition, resulting in a reduction of greater than 10% of the production associated with the Irricana Assets, the Escrow Agent will repurchase from the Subscription Receipt subscribers a pro-rata portion of the Subscription Receipts commensurate with the percentage reduction in production resulting from such ROFR exercise, for an amount per Subscription Receipt equal to the Offering Price and a pro rata share of interest earned thereon, and such repurchased Subscription Receipts will be cancelled.** Upon the closing of the Acquisition on or before 5:00 p.m. (Calgary time) on August 31, 2006, the Escrowed Funds and the interest thereon will be released to the Corporation and each holder of Subscription Receipts will receive one Share for each Subscription Receipt held. The Corporation will utilize the Escrowed Funds to pay a portion of the purchase price for the Acquisition.

If the closing of the Acquisition does not occur by 5:00 p.m. (Calgary time) on August 31, 2006, if the Acquisition is terminated at any earlier time or if the Corporation has advised the Underwriters (as defined herein) or announced to the public that it does not intend to proceed with the Acquisition, holders of Subscription Receipts shall be entitled to receive an amount per Subscription Receipt equal to the Offering Price and a pro rata share of interest earned thereon. The Escrowed Funds will be applied towards payment of such amount.

The issued and outstanding Shares are listed on the TSX Venture Exchange (“TSXV”) under the trading symbol “WAV.A”. On May 17, 2006, the last trading day prior to the public announcement of the Offering, the closing price of the Shares on the TSXV was \$7.05 per Share. The Corporation has applied to list the Subscription Receipts and the Shares issuable pursuant to the Subscription Receipts on the TSXV. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSXV.

The terms of the Subscription Receipts offered hereunder were determined by negotiation between the Corporation and FirstEnergy Capital Corp. on its own behalf and on behalf of Tristone Capital Inc., Wellington West Capital Markets Inc., Canaccord Capital Corporation, BMO Nesbitt Burns Inc., Blackmont Capital Inc. and Scotia Capital Inc. (collectively, the “Underwriters”).

	<u>Offering Price</u>	<u>Underwriters' Fee⁽¹⁾</u>	<u>Net Proceeds to the Corporation⁽²⁾</u>
Per Subscription Receipt	\$6.25	\$0.3125	\$5.9375
Total	\$87,500,000	\$4,375,000	\$83,125,000

Notes:

- (1) The Underwriters' fee with respect to the Subscription Receipts is payable as to 50% upon the closing of the offering and 50% on the release of the Escrowed Funds to the Corporation. If the closing of the Acquisition does not occur by 5:00 pm (Calgary time) on August 31, 2006, the Underwriters' fee will be reduced to the amount payable upon closing of the offering.
- (2) Excluding interest, if any, on the Escrowed Funds and before deducting expenses of the offering estimated to be \$235,000, which will be paid from the general funds of the Corporation.

The Underwriters, as principals, conditionally offer the Subscription Receipts, subject to prior sale, if, as and when issued by the Corporation and delivered and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “Plan of Distribution” and subject to approval of certain legal matters relating to the offering on behalf of the Corporation by Heenan Blaikie LLP and on behalf of the Underwriters by Stikeman Elliott LLP.

Scotia Capital Inc. is a wholly owned subsidiary of a Canadian chartered bank which is a lender to the Corporation. Consequently, the Corporation may be considered to be a connected issuer of Scotia Capital Inc. for the purposes of securities regulations in certain provinces. See “Relationship Between the Corporation and An Underwriter”.

There is currently no market through which the Subscription Receipts may be sold and purchasers may not be able to resell Subscription Receipts purchased under this short form prospectus. This may affect the pricing of the Subscription Receipts in the secondary market, the transparency and availability of trading prices and the liquidity of the securities. See “Risk Factors”.

Subscriptions for Subscription Receipts will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that closing will occur on or about June 13, 2006 or such other date not later than July 14, 2006 as the Corporation and the Underwriters may agree. Except in certain limited circumstances: (i) Subscription Receipts will be represented by a global certificate issued in registered form to the Canadian Depository for Securities Limited (“CDS”) or

its nominee under the book-based system administered by CDS, (ii) no certificates evidencing Subscription Receipts will be issued to subscribers for Subscription Receipts and (iii) subscribers for Subscription Receipts will receive only a customer confirmation from the Underwriter or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Subscription Receipts is purchased. Subject to applicable laws, the Underwriters may, in connection with the offering, effect transactions which stabilize or maintain the market price of the Subscription Receipts or the Shares at levels other than those that might otherwise prevail on the open market. See “Plan of Distribution”.

In the opinion of counsel, provided the Shares are listed on a prescribed stock exchange (which includes the TSXV) at the date of closing, the Subscription Receipts and the Shares issuable pursuant to the Subscription Receipts will, on the date of closing, be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans (collectively, “Exempt Plans”). Under proposed amendments to the regulations to the Tax Act, Subscription Receipts will only be a qualified investment for an Exempt Plan if the Corporation deals at arm’s length (within the meaning of the Tax Act) with each person who is an annuitant, a beneficiary, an employer or a subscriber under the governing plan of the particular Exempt Plan. See “Certain Canadian Federal Income Tax Considerations” and “Eligibility for Investment”.

It is important for an investor to consider the particular risk factors that may affect the securities and industry in which it is investing. See “Risk Factors”.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this short form prospectus, and in certain documents incorporated by reference into this short form prospectus, constitute forward-looking statements. The use of any of the words “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe” and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct. Such forward-looking statements included in, or incorporated by reference into, this short form prospectus should not be unduly relied upon. These statements speak only as of the date of this short form prospectus or as of the date specified in the documents incorporated by reference into this short form prospectus, as the case may be.

In particular, this short form prospectus, and the documents incorporated by reference herein, contain forward-looking statements pertaining to the following:

- the performance characteristics of the Corporation’s oil and natural gas properties;
- oil and natural gas production levels;
- the size of the oil and natural gas reserves;
- projections of market prices and costs and the related sensitivity of distributions;
- supply and demand for oil and natural gas;
- expectations regarding the ability to raise capital and to continually add to reserves through acquisitions and development;
- treatment under governmental regulatory regimes and tax laws;
- capital expenditure programs; and
- the impact of the Acquisition.

Actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this short form prospectus and the documents incorporated by reference herein:

- volatility in market prices for oil and natural gas;
- liabilities inherent in oil and natural gas operations;
- uncertainties associated with estimating oil and natural gas reserves;
- competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;
- incorrect assessments of the value of acquisitions and exploration and development programs;
- geological, technical, drilling and processing problems;
- changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry;
- failure to obtain industry partner and other third party consents and approvals, when required;
- failure to realize the anticipated benefits of acquisitions;
- third party performance under contractual arrangements; and
- the other factors discussed under “Risk Factors”.

Statements relating to “reserves” or “resources” are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this short form prospectus and the documents incorporated by reference herein are expressly qualified by this cautionary statement. Except as required under applicable securities laws, the Corporation undertakes no obligation to publicly update or revise any forward-looking statements.

DEFINITIONS

Unless the context indicates otherwise, the following terms shall have the meanings set out below when used in this short form prospectus.

“**ABCA**” means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

“**Acquisition**” means the indirect acquisition by the Corporation from a senior international oil and gas company of the Irricana Assets pursuant to the Irricana Agreement;

“**AIF**” means the annual information form of the Corporation dated April 17, 2006;

“**Board of Directors**” or “**Board**” means the board of directors of the Corporation or its successors;

“**Breaker Partnership**” means Breaker Energy Partnership, a partnership formed under the laws of the Province of Alberta of which Breaker is the managing partner and Numberco is the only other partner;

“**Business Day**” means a day, other than a Saturday or Sunday, or a statutory holiday, on which major Canadian chartered banks are open for business in Calgary, Alberta;

“**COGE Handbook**” means the Canadian Oil and Gas Evaluation Handbook prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum;

“**Corporation**” or “**Breaker**” means Breaker Energy Ltd., a corporation amalgamated under the ABCA;

“**CRA**” means the Canada Revenue Agency;

“**Credit Facility**” means the credit facility available to the Corporation from Scotiabank Inc.;

“**Escrow Agent**” means Olympia Trust Company;

“**Escrowed Funds**” means the proceeds from the sale of the Subscription Receipts;

“**Irricana Agreement**” means the purchase and sale agreement dated May 17, 2006 respecting the purchase of the Irricana Assets by the Corporation;

“**Irricana Assets**” means those petroleum and natural gas properties and related assets described under the heading “The Acquisition – Information Concerning the Irricana Assets” that the Corporation will indirectly acquire pursuant to the Acquisition;

“**GLJ**” means GLJ Petroleum Consultants Ltd., independent oil and gas reservoir engineers;

“**GLJ Report**” means the independent engineering evaluation dated May 16, 2006 and effective April 1, 2006 prepared by GLJ evaluating the oil and natural gas reserves attributable to the Irricana Assets;

“**NI 51-101**” means National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities;

“**Numberco**” means 1107567 Alberta Ltd., a corporation incorporated under the ABCA, and a wholly-owned subsidiary of Breaker;

“**Offering**” means the offering of 14,000,000 Subscription Receipts pursuant to this short form prospectus;

“Shareholder” means a holder of Shares of the Corporation;

“Shares” means Class A shares in the capital of the Corporation;

“Subscription Receipt Agreement” means the agreement to be dated the date of closing of the Offering among the Corporation, the Underwriters and the Escrow Agent governing the terms of the Subscription Receipts;

“Subscription Receipts” means the subscription receipts of the Corporation offered hereby;

“Tax Act” means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1 (5th Supp), as amended, including the regulations promulgated thereunder;

“TSXV” means the TSX Venture Exchange;

“Underwriters” means, collectively, FirstEnergy Capital Corp., Tristone Capital Inc., Wellington West Capital Markets Inc., Canaccord Capital Corporation, BMO Nesbitt Burns Inc., Blackmont Capital Inc. and Scotia Capital Inc.;

“Underwriting Agreement” means the agreement dated as of May 18, 2006 among the Corporation and the Underwriters in respect of the Offering; and

“United States” or **“U.S.”** means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.

Words importing the singular number only include the plural, and vice versa, and words importing any gender include all genders. All dollar amounts set forth in this short form prospectus are in Canadian dollars, except where otherwise indicated.

ABBREVIATIONS

In this short form prospectus, the abbreviations set forth below have the following meanings:

Oil and Natural Gas Liquids

Bbl	barrel
Bbls	barrels
Mbbls	thousand barrels
MMbbls	million barrels
Mstb	1,000 stock tank barrels
Bbls/d	barrels per day
BOPD	barrels of oil per day
NGLs	natural gas liquids
STB	standard tank barrels

Natural Gas

Mcf	thousand cubic feet
MMcf	million cubic feet
Mcf/d	thousand cubic feet per day
MMcf/d	million cubic feet per day
MMBTU	million British Thermal Units
Bcf	billion cubic feet
GJ	gigajoule

Other

AECO	the natural gas storage facility located at Suffield, Alberta
API	American Petroleum Institute
°API	an indication of the specific gravity of crude oil measured on the API gravity scale. Liquid petroleum with a specified gravity of 28° API or higher is generally referred to as light crude oil
ARTC	Alberta Royalty Tax Credit
BOE	barrel of oil equivalent on the basis of one BOE to six Mcf of natural gas. BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of one BOE for six Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead
BOE/d	barrel of oil equivalent per day
m3	cubic metres
MBOE	1,000 barrels of oil equivalent
\$000s or M\$	thousands of dollars
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade

NOTES ON RESERVES DATA

All oil and natural gas reserve information contained in this short form prospectus and the documents incorporated by reference herein, has been prepared and presented in accordance with NI 51-101. The actual oil and natural gas reserves and future production will be greater than or less than the estimates provided in this short form prospectus and in the documents incorporated by reference herein. The estimated future net revenue from the production of the disclosed oil and natural gas reserves does not represent the fair market value of these reserves.

The determination of oil and natural gas reserves involves the preparation of estimates that have an inherent degree of associated uncertainty. Categories of proved, probable and possible reserves have been established to reflect the level of these uncertainties and to provide an indication of the probability of recovery.

The estimation and classification of reserves requires the application of professional judgment combined with geological and engineering knowledge to assess whether or not specific reserves classification criteria have been satisfied. Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods is required to properly use and apply reserves definitions.

“Reserves” are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on (a) analysis of drilling, geological, geophysical, and engineering data; (b) the use of established technology; and (c) specified economic conditions, which are generally accepted as being reasonable and are disclosed. Reserves are classified according to the degree of certainty associated with the estimates.

“Proved” reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

“Developed Producing” reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

“Developed Non-Producing” reserves are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.

“Undeveloped” reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.

In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to sub-divide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

“Probable” reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated Proved plus Probable reserves.

“gross” means: (a) in relation to an issuer's interest in production or reserves, its “company gross reserves”, which are its working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the issuer; (b) in relation to wells, the total number of wells in which an issuer has an interest; and (c) in relation to properties, the total area of properties in which an issuer has an interest.

“**net**” means: (a) in relation to an issuer's interest in production or reserves its working interest (operating or non-operating) share after deduction of royalty obligations, plus the its royalty interests in production or reserves; (b) in relation to an issuer's interest in wells, the number of wells obtained by aggregating the issuer's working interest in each of its gross wells; and (c) in relation to an issuer's interest in a property, the total area in which the issuer has an interest multiplied by the working interest owned by the issuer.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of the Corporation at 2300, 635 - 8th Avenue S.W., Calgary, Alberta, T2P 3M3, Telephone: (403) 215-5264, Fax: (403) 263-8665. In addition, copies of the documents incorporated herein by reference may be obtained from the securities commissions or similar authorities in Canada through the SEDAR website at www.sedar.com.

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

- (a) the AIF;
- (b) the Corporation's audited comparative consolidated financial statements as at and for the year ended December 31, 2005, together with the notes thereto and the auditors report thereon;
- (c) the Corporation's management's discussion and analysis for the year ended December 31, 2005;
- (d) the Corporation's unaudited comparative interim consolidated financial statements as at and for the three months ended March 31, 2006, together with the notes thereto;
- (e) the Corporation's management's discussion and analysis for the three months ended March 31, 2006;
- (f) the Corporation's Information Circular and Proxy Statement dated April 17, 2006 relating to the annual general and special meeting of Shareholders held on May 24, 2006; and
- (g) the Corporation's material change report dated May 24, 2006 concerning the Offering and the Acquisition.

Any material change reports (excluding confidential reports), business acquisition reports, interim financial statements, annual financial statements and the auditors' report thereon, management's discussion and analysis, annual information forms and information circulars filed by the Corporation with the securities commissions or similar authorities in Canada subsequent to the date of this short form prospectus and prior to the termination of this distribution shall be deemed to be incorporated by reference in this short form prospectus.

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

NON-GAAP MEASURES

The terms “funds from operations”, “funds from operations per share”, and “netback”, used in this short form prospectus and documents incorporated by reference herein are not recognized measures under Canadian generally accepted accounting principles (“GAAP”). Management believes that in addition to net earnings, funds from operations and netback are useful supplemental measures as they provide an indication of the results generated by the Corporation's principal business activities before the consideration of how those activities are financed or how the results are taxed. Investors are cautioned, however, that these measures should not be construed as alternatives to net earnings determined in accordance with GAAP, as an indication of Breaker's performance.

Breaker's method of calculating funds from operations may differ from other companies, and accordingly it may not be comparable to measures used by other companies. The statements of cash flows in the financial statements incorporated by reference herein present the reconciliation between net earnings and funds from operations. Breaker determines funds from operations as cash flow from operating activities before changes in non-cash working capital. Funds from operations per share is calculated using the weighted average basic and diluted shares used in calculated in earnings per share. Netback is calculated by deducting royalties paid and production costs from prices received.

BREAKER ENERGY LTD.

General

Breaker was incorporated under the ABCA as 1095462 Alberta Ltd. on March 8, 2004. On March 17, 2004, Breaker amended its articles to change its name to Breaker Energy Ltd., redesignate its common shares as Class A shares, create two new classes of shares, being Class B shares and preferred shares, and remove its private company restrictions. By articles of amalgamation dated February 1, 2005, Breaker amalgamated with East Prairie Exploration Ltd.

The head office of Breaker is located at 2300, 635 – 8th Avenue S.W., Calgary, Alberta. The registered office of Breaker is located at 1200, 425 – 1st Street S.W., Calgary, Alberta.

The Class A shares and Class B shares trade on the TSX Venture Exchange under the symbols “WAV.A” and “WAV.B”, respectively.

Breaker owns all of the securities of Numberco and directly and indirectly holds all of the interests in Breaker Energy Partnership.

Business of the Corporation

Breaker is a Calgary, Alberta based oil and gas company engaged in the exploration, acquisition, development and production of oil and natural gas reserves, primarily in the provinces of Alberta and Saskatchewan, and in the Girouxville, East Prairie, Provost, Veteran, Tomahawk, Medicine Hat areas. Breaker’s properties are described in detail in the AIF.

Potential Acquisitions

The Corporation continues to evaluate potential acquisitions of all types of petroleum and natural gas and other energy-related assets as part of its ongoing acquisition program. The Corporation is normally in the process of evaluating several potential acquisitions at any one time which, individually or together, could be material. The Corporation cannot predict whether any current or future opportunities will result in one or more acquisitions for the Corporation.

THE ACQUISITION

On May 17, 2006, the Corporation entered into the Irricana Agreement pursuant to which the Corporation agreed to purchase the Irricana Assets for aggregate cash consideration of \$88,100,000, subject to adjustments. The Irricana Assets include interests in oil and natural gas wells and facilities located in south central Alberta. See “Information Concerning the Irricana Assets”.

Under the Irricana Agreement, conditions to closing of the Acquisition include the continued accuracy of representations and warranties, the due performance of all covenants, the receipt of necessary approvals under the *Competition Act* (Canada), the completion of title and environmental due diligence and the absence of any substantial damage or physical alteration of the tangibles included in the Irricana Assets. Closing of the Acquisition is expected to occur on or about June 20, 2006, with an effective date of April 1, 2006.

The Corporation has paid a deposit of \$5,000,000 (the “Deposit”) to the vendor under the Irricana Agreement. The Deposit will be credited against the purchase price in the event the Acquisition is completed. If the conditions to closing of the Acquisition are not met, through no fault of the Corporation, the Deposit and interest accrued thereon will be refunded to the Corporation. In all other cases, if the Acquisition does not occur, the vendor will be entitled to retain the Deposit, plus interest, as liquidated damages.

Certain of the Irricana Assets, representing approximately 5% of the production from such assets at May 17, 2006, are subject to rights of first refusal (“ROFRs”) which confer preferential purchase rights to certain third parties. Such third parties are entitled to receive 30 days notice of Breaker’s bona fide allocation of value to such portion of the Irricana Assets and such third parties are entitled to exercise or waive their preferential purchase rights based on such notice. If such third parties exercise such preferential purchase rights, that portion of the Irricana Assets which are subject to the ROFRs will not be conveyed to Breaker and the purchase price for the Acquisition will be adjusted accordingly. The 30 day ROFR notice period expires on June 18, 2006 and if such third parties have not waived or exercised their preferential purchase rights by such date, the rights are deemed to have been waived.

INFORMATION CONCERNING THE IRRICANA ASSETS

General

As Breaker does not currently own the Irricana Assets, the information under this heading has been summarized from publicly available information and information obtained from third parties.

Oil and Natural Gas Reserves

In accordance with NI 51-101, GLJ prepared the GLJ Report. The GLJ Report evaluated, as at April 1, 2006, the oil, NGL and natural gas reserves attributable to the Irricana Assets. The tables below are a summary of the oil, NGL and natural gas reserves attributable to the Irricana Assets and the net present value of future net revenue attributable to such reserves as evaluated in the GLJ Report, based on constant and forecast price and cost assumptions. The tables summarize the data contained in the GLJ Report and, as a result, may contain slightly different numbers than such report due to rounding. Also due to rounding, certain columns may not add exactly.

The net present value of future net revenue attributable to reserves is stated without provision for interest costs and general and administrative costs, but after providing for estimated royalties, production costs, development costs, other income, future capital expenditures, and well abandonment costs for only those wells assigned reserves by GLJ. It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to reserves estimated by GLJ represent the fair market value of those reserves. Other assumptions and qualifications relating to costs, prices for future production and other matters are summarized herein. **The recovery and reserve estimates of oil, NGL and natural gas reserves provided herein are estimates only. Actual oil, NGL and natural gas reserves may be greater than or less than the estimates provided herein.**

Summary of Oil and Gas Reserves – Constant Prices and Costs

	Gross Reserves				Net Reserves			
	Light and Medium Crude Oil	Natural Gas Liquids	Natural Gas	Heavy Crude Oil	Light and Medium Crude Oil	Natural Gas Liquids	Natural Gas	Heavy Crude Oil
	Mbbls	Mbbls	Mmcf	Mbbls	Mbbls	Mbbls	Mmcf	Mbbls
Proved								
Developed Producing	652	197	9,986	-	609	155	8,253	-
Developed Non-Producing	5	-	15	-	4	-	12	-
Undeveloped	225	6	691	-	194	4	484	-
Total Proved	882	204	10,692	-	807	159	8,749	-
Probable	460	44	3,084	-	397	33	2,393	-
Total Proved plus Probable	1,342	247	13,776	-	1,204	192	11,141	-

Net Present Value of Future Net Revenue – Constant Prices and Costs

	Before Future Income Tax Expenses and Discounted at		After Future Income Tax Expenses and Discounted at	
	0%	10%	0%	10%
	(M\$)	(M\$)	(M\$)	(M\$)
Proved				
Developed Producing	63,537	44,932	63,304	44,726
Developed Non-Producing	219	186	162	138
Undeveloped	7,260	2,788	6,464	2,119
Total Proved	71,016	47,906	69,930	46,984
Probable	28,249	12,538	21,655	8,800
Total Proved plus Probable	99,265	60,443	91,586	55,784

Additional Information Concerning Future Net Revenue – Constant Prices and Costs

	Revenue	Royalties	Operating Costs	Develop- ment Costs	Abandon- ment and Other Costs	Future Net Revenue Before Income Taxes	Income Taxes	Future Net Revenue After Income Taxes
(Undiscounted)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)
Total Proved Reserves	149,559	23,599	42,557	10,518	1,868	71,016	1,086	69,930
Total Proved plus Probable	205,608	33,687	52,020	18,618	2,018	99,265	7,680	91,586

Future Net Revenue by Production Group – Constant Prices and Costs

	Future Net Revenue Before Income Taxes and Discounted at 10%
	(M\$)
Proved	
Light and Medium Crude Oil ⁽¹⁾	27,992
Natural Gas ⁽²⁾	19,914
Proved plus Probable	
Light and Medium Crude Oil ⁽¹⁾	38,435
Natural Gas ⁽²⁾	22,009

Notes:

- (1) Including solution gas and other by-products.
- (2) Including by-products, but excluding solution gas from oil wells.

Summary of Oil and Gas Reserves – Forecast Prices and Costs

	Gross Reserves				Net Reserves			
	Light and Medium Crude Oil	Natural Gas Liquids	Natural Gas	Heavy Crude Oil	Light and Medium Crude Oil	Natural Gas Liquids	Natural Gas	Heavy Crude Oil
	Mbbls	Mbbls	Mmcf	Mbbls	Mbbls	Mbbls	Mmcf	Mbbls
Proved								
Developed Producing	641	195	9,818	-	598	153	8,109	-
Developed Non-Producing	5	-	15	-	4	-	12	-
Undeveloped	225	6	691	-	194	4	484	-
Total Proved	871	201	10,524	-	796	157	8,605	-
Probable	457	44	3,058	-	394	33	2,372	-
Total Proved plus Probable	1,328	245	13,582	-	1,191	190	10,976	-

Net Present Value of Future Net Revenue – Forecast Prices and Costs

	Before Future Income Tax Expenses and Discounted at				
	0%	5%	10%	15%	20%
	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)
Proved					
Developed Producing	62,079	52,848	46,143	41,100	37,189
Developed Non-Producing	197	184	172	161	152
Undeveloped	5,763	3,504	1,938	812	-25
Total Proved	68,039	56,536	48,252	42,073	37,316
Probable	25,144	16,219	10,953	7,676	5,535
Total Proved plus Probable	93,183	72,755	59,206	49,749	42,850

	After Future Income Tax Expenses and Discounted at				
	0%	5%	10%	15%	20%
	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)
Proved					
Developed Producing	60,496	51,375	44,768	39,812	35,978
Developed Non-Producing	141	132	124	117	110
Undeveloped	5,103	2,891	1,366	277	-526
Total Proved	65,740	54,398	46,258	40,205	35,562
Probable	21,444	13,420	8,724	5,831	3,963
Total Proved plus Probable	87,184	67,819	54,982	46,037	39,525

Additional Information Concerning Future Net Revenue – Forecast Prices and Costs

(Undiscounted)	Revenue (M\$)	Royalties (M\$)	Operating Costs (M\$)	Develop- ment Costs (M\$)	Abandon- ment and Other Costs (M\$)	Future Net Revenue Before Income Taxes (M\$)	Income Taxes (M\$)	Future Net Revenue After Income Taxes (M\$)
Total Proved Reserves	152,824	25,658	46,094	10,769	2,264	68,039	2,300	65,740
Total Proved plus Probable	209,184	36,191	58,224	19,031	2,555	93,183	5,999	87,184

Future Net Revenue by Production Group – Forecast Prices and Costs

	Future Net Revenue Before Income Taxes and Discounted at 10% (M\$)
Proved	
Light and Medium Crude Oil ⁽¹⁾	24,121
Natural Gas ⁽²⁾	24,132
Proved plus Probable	
Light and Medium Crude Oil ⁽¹⁾	32,845
Natural Gas ⁽²⁾	26,361

Notes:

- (1) Including solution gas and other by-products.
(2) Including by-products, but excluding solution gas from oil wells.

Pricing Assumptions – Constant Prices and Costs

The following pricing and exchange rate assumptions as of March 31, 2006 were used in the GLJ Report in estimating reserves data using constant prices and costs.

WTI Cushing Oklahoma (\$US/Bbl)	Edmonton Par Price 40 API (\$/Bbl)	Cromer Medium 29.3 API (\$/Bbl)	Natural Gas AECO – Gas Prices (\$/Mmbtu)	Butanes FOB Field Gate (\$/Bbl)	Pentanes Plus FOB Field Gate (\$/Bbl)	Exchange Rate (\$US/\$Cdn)
66.63	73.57	53.11	6.66	54.44	72.87	0.8568

Pricing Assumptions – Forecast Prices and Costs

The following pricing, exchange rate and inflation rate assumptions as of April 1, 2006 were used in the GLJ Report in estimating reserves data using forecast prices and costs.

Year	Crude Oil			Natural Gas				Natural Gas Liquids			
								Edmonton Par Price			
	WTI Cushing Oklahoma 40° API (US\$/Bbl)	Edmonton Par Price 40° API (\$/Bbl)	Cromer Medium 29.3° API (\$/Bbl)	Alberta Gas Reference Price Plantgate (\$/MMBtu)	AECO - C Spot (\$/MMBtu)	Alliance Pipeline (\$/MMBtu)	B.C. Westcoast Stn. 2 (\$/MMBtu)	Propane (\$/Bbl)	Butanes (\$/Bbl)	Pentanes Plus (\$/Bbl)	Exchange Rate (\$US/\$Cdn)
2006	65.00	75.75	64.00	7.45	7.65	7.70	7.65	48.50	56.00	77.25	0.850
2007	60.00	70.00	60.50	9.20	9.45	9.20	9.45	44.75	51.75	71.50	0.850
2008	55.00	64.00	55.25	8.35	8.60	8.05	8.60	41.00	47.25	65.25	0.850
2009	50.00	58.00	50.25	7.85	8.05	7.50	8.05	37.00	43.00	59.25	0.850
2010	48.75	56.75	49.00	7.25	7.45	6.90	7.45	36.25	42.00	58.00	0.850
2011	49.75	57.75	50.00	6.80	7.00	6.45	7.00	37.00	42.75	59.00	0.850
2012	50.75	59.00	51.00	6.95	7.15	6.60	7.15	37.75	43.75	60.25	0.850
2013	51.75	60.25	52.00	7.10	7.30	6.75	7.30	38.50	44.50	61.50	0.850
2014	52.75	61.25	53.00	7.25	7.45	6.95	7.45	39.25	45.25	62.50	0.850
2015	53.75	62.50	54.00	7.45	7.65	7.10	7.65	40.00	46.25	63.75	0.850
2016	55.00	64.00	55.25	7.60	7.80	7.25	7.80	41.00	47.25	65.25	0.850

Thereafter

Escalated Rate of 2.0% per year thereafter

Future Development Costs

The table below sets out the total development costs deducted in the estimation in the GLJ Report of future net revenue attributable to proved reserves (using both constant prices and costs and forecast prices and costs) and proved plus probable reserves (using forecast prices and costs only).

	Constant Prices and Costs	Forecast Prices and Costs	
	Proved Reserves	Proved Reserves	Proved Plus Probable Reserves
	(M\$)	(M\$)	(M\$)
2006	8,150	8,150	8,150
2007	-	-	8,262
2008	-	-	-
2009	976	1,036	1,036
2010	444	481	481
Remaining Years	948	1,103	1,103
Total Undiscounted	10,518	10,769	19,031
Total Discounted at 10% per year	9,325	9,466	16,800

Breaker has three sources of funding available to finance its capital expenditure programs: internally generated cash flow from operations, debt financing when appropriate and additional equity issues, if available on favourable terms. If the Acquisition is completed, Breaker expects to fund the future development costs referred to above primarily from internally generated cash flow and debt. The cost of the debt component for funding future development costs is expected to be minimal and not materially impact the disclosed reserves or future net revenue.

Oil and Gas Properties

The following is a description of the major oil and natural gas properties comprising the Irricana Assets.

Irricana, Alberta

The Irricana properties are located in south central Alberta, approximately 40 kilometers northeast from the city of Calgary. The Irricana Assets include an average operated working interest of approximately 67% in 35,800 (24,100 net) acres of land in this area. There are 39 (38.9 net) producing oil wells, 43 (16.1 net) producing natural gas wells, 25 (23 net) non-producing oil wells and 36 (20.8 net) non-producing natural gas wells on the properties. Significant facility infrastructure is included: approximately 150 km of pipeline, an oil battery, an interest in two gas processing plants and other smaller facilities.

There is no planned exploration and development activity in respect of the Irricana Assets for 2006. This may be subject to change, depending on the Corporation's access to, and availability of services in, the area.

Oil and Gas Wells

The following table sets forth the number and status of wells, effective March 31, 2006, comprised in the Irricana Assets.

	Producing Wells				Non-Producing Wells			
	Oil		Natural Gas		Oil		Natural Gas	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Total	39	38.9	43	16.1	25	23	36	20.8

Properties with no Attributed Reserves

The following table summarizes the gross and net acres of unproved properties, effective March 31, 2006, comprised in the Irricana Assets and also the number of net acres for which rights to explore, develop or exploit will, absent further action, expire within one year.

	Gross Acres	Net Acres	Net Acres Expiring Within One Year
Total	6,570	5,799	640

Drilling Activity

There were no working interest wells drilled on the properties comprising the Irricana Assets during the year ended December 31, 2005 or the three months ended March 31, 2006.

Additional Information Concerning Abandonment and Reclamation Costs

Well abandonment costs in respect of the Irricana Assets have been estimated area by area. Such costs are included in the GLJ Report as deductions in arriving at future net revenue. The expected total abandonment costs, net of estimated salvage value, included in the GLJ Report for 45 net wells under the proved reserves category is \$2.264 million undiscounted (\$978,000 discounted at 10%), of which a total of \$167,000 is estimated to be incurred in 2006, 2007 and 2008. This estimate does not include estimated reclamation costs for surface leases of \$2.5 million undiscounted (\$1.069 million discounted at 10%).

Costs Incurred

The following table summarizes capital expenditures (net of incentives and net of certain proceeds and including capitalized general and administrative expenses) incurred for the year ended December 31, 2005 with respect to the Irricana Assets.

Total (M\$)	Property Acquisition Costs		Exploration Costs	Development Costs
	Proved Properties	Unproved Properties		
	Nil	Nil	-	4.2

The following table summarizes capital expenditures (net of incentives and net of certain proceeds and including capitalized general and administrative expenses) incurred for the three months ended March 31, 2006 with respect to the Irricana Assets.

Total (M\$)	Property Acquisition Costs		Exploration Costs	Development Costs
	Proved Properties	Unproved Properties		
	Nil	Nil	-	0.2

Production Estimates

The following table discloses for each product type the total volume of production estimated by GLJ in the GLJ Report for 2006 in the estimates of future net revenue from proved reserves disclosed above.

Crude Oil (Bbls/d)	Natural Gas (Mcf/d)	Natural Gas	
		Liquids (Bbls/d)	BOE (BOE/d)
348	4,917	97	1,264

Production History

The following tables disclose, on a quarterly basis for the year ended December 31, 2005 and the three months ended March 31, 2006, certain information in respect of production, product prices received, royalties paid, operating expenses and resulting netback for the Irricana Assets.

Average Daily Production Volume

	Three Months Ended				
	Mar. 31, 2005	June 30, 2005	Sept. 30, 2005	Dec. 31, 2005	Mar. 31, 2006
Natural gas (Mcf/d)	6,291	5,977	5,902	5,468	4,984
Crude Oil (Bbls/d)	377	367	349	343	301
NGL (Bbls/d)	123	122	138	91	105
Total (BOE/d)	1,548	1,485	1,471	1,346	1,236

Prices Received, Royalties Paid, Production Costs and Netback – Crude Oil

(\$ per Bbl)	Three Months Ended				
	Mar. 31, 2005	June 30, 2005	Sept. 30, 2005	Dec. 31, 2005	Mar. 31, 2006
Prices Received	57.83	61.22	71.75	66.42	64.43
Royalties Paid	6.63	6.71	7.63	6.68	5.84
Production Costs	11.89	9.44	9.90	14.00	10.03
Netback ⁽¹⁾	39.31	45.07	54.22	45.74	48.56

Note:

(1) Netback is calculated by deducting royalties paid and production costs from prices received.

Prices Received, Royalties Paid, Production Costs and Netback – NGLs

(\$ per Bbl)	Three Months Ended				
	Mar. 31, 2005	June 30, 2005	Sept. 30, 2005	Dec. 31, 2005	Mar. 31, 2006
Prices Received	73.22	66.88	80.19	75.18	71.17
Royalties Paid	18.35	17.06	20.23	18.22	17.21
Production Costs	8.60	9.03	9.20	12.44	7.73
Netback ⁽¹⁾	46.27	40.79	50.76	44.52	46.23

Note:

(1) Netback is calculated by deducting royalties paid and production costs from prices received.

Prices Received, Royalties Paid, Production Costs and Netback – Natural Gas

(\$ per Mcf)	Three Months Ended				
	Mar. 31, 2005	June 30, 2005	Sept. 30, 2005	Dec. 31, 2005	Mar. 31, 2006
Prices Received	6.84	7.54	8.94	11.75	8.93
Royalties Paid	1.28	1.40	1.69	2.68	1.64
Production Costs	1.43	1.51	1.53	2.07	1.29
Netback ⁽¹⁾	4.13	4.63	5.72	7.00	6.00

Note:

(1) Netback is calculated by deducting royalties paid and production costs from prices received.

Financial Statements

Attached as Schedule “A” hereto are an audited schedule of revenue and expenses concerning the Irricana Assets for the years ended December 31, 2005, 2004 and 2003 and an unaudited comparative schedule of revenue and expenses concerning the Irricana Assets for the three month periods ended March 31, 2006 and 2005.

EFFECT OF THE ACQUISITION ON BREAKER

Selected Pro Forma Financial Information

The following tables set out certain *pro forma* combined financial information for the Irricana Assets and Breaker for the year ended December 31, 2005 and as at and for the three month period ended March 31, 2006 after giving effect to the Acquisition and the Offering.

The information provided below is qualified in its entirety by the unaudited *pro forma* consolidated financial statements attached as Schedule “B” hereto. Reference should also be made to the following financial statements: (i) Breaker's audited comparative consolidated financial statements as at and for the year ended December 31, 2005, incorporated herein by reference, (ii) Breaker's unaudited comparative interim consolidated financial statements as at and for the three months ended March 31, 2006, incorporated herein by reference, and (iii) the audited schedule of revenue, royalties and operating expenses concerning the Irricana Assets for the years ended December 31, 2005, 2004 and 2003 and the unaudited comparative schedule of revenue, royalties and operating expenses concerning the Irricana Assets for three month periods ended March 31, 2006 and 2005, attached as Schedule “A” hereto.

For the year ended December 31, 2005	Breaker⁽¹⁾	Irricana Assets⁽²⁾	Pro Forma Adjustments⁽³⁾	Pro Forma⁽³⁾
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Net petroleum and natural gas revenue ⁽⁴⁾	18,631	23,871 ⁽²⁾	800	43,302
Net earnings (loss)	3,361	18,477	(17,545)	4,293
Per share (basic)	0.18	-	-	0.13
Per share (diluted)	0.17	-	-	0.13

Notes:

- (1) Information is derived from the applicable audited financial statements incorporated by reference herein.
- (2) Information is derived from the applicable audited financial information included herein.
- (3) Information from the applicable unaudited pro forma financial statements included herein.
- (4) Revenue net of royalties.

For the three months ended March 31, 2006	Breaker ⁽¹⁾	Irricana Assets ⁽²⁾	Pro Forma Adjustments ⁽³⁾	Pro Forma ⁽³⁾
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Net petroleum and natural gas revenue ⁽⁴⁾	6,311	5,027 ⁽²⁾	-	11,338
Net earnings (loss)	425	4,105	(3,864)	666
Per share (basic)	\$0.02	-	-	\$0.02
Per share (diluted)	\$0.02	-	-	\$0.02
Total Assets	70,140	90,754	-	160,894
Total Liabilities	27,015	90,754	(84,457)	33,312
Net Equity	43,125	-	84,457	127,582

Notes:

(1) Information is derived from the applicable unaudited financial statements incorporated by reference herein.

(2) Information is derived from the applicable unaudited financial information included herein.

(3) Information is derived from the applicable unaudited pro forma financial statements included herein.

(4) Revenue net of royalties.

Selected Combined Operational Information

The following tables set forth certain combined operational information after giving effect to the acquisition of the Irricana Assets.

Important information concerning the oil and natural gas properties and operations of Breaker is contained in the AIF. Important information in respect of the Irricana Assets is set forth herein under the heading “Information Concerning the Irricana Assets”. Readers are encouraged to carefully review the AIF and the information set forth herein concerning the Irricana Assets as the tables below provide a summary only.

	Breaker	Irricana Assets	Pro Forma
Average Daily Production			
(For the year ended December 31, 2005)			
Crude oil & NGLs (Bbls/d)	383	477	860
Natural gas (Mcf/d)	3,846	5,938	9,784
Oil equivalent (BOE/d)	1,024	1,467	2,491
Average Daily Production			
(For the three months ended March 31, 2006)			
Crude oil & NGLs (Bbls/d)	500	405	905
Natural gas (Mcf/d)	6,817	5,009	11,826
Oil equivalent (BOE/d)	1,637	1,240	2,877

	Breaker	Irricana Assets	Pro Forma
Net Proved Reserves⁽¹⁾			
Light/medium crude oil & NGLs (Mbbls)	640	953	1,593
Heavy crude oil (Mbbls)	-	-	-
Natural gas (MMcf)	9,751	8,605	18,356
Oil equivalent (MBOE)	2,265	2,387	4,652
Net Proved plus Probable Reserves⁽¹⁾			
Light/medium crude oil & NGLs (Mbbls)	1,401	1,381	2,782
Heavy crude oil (Mbbls)	-	-	-
Natural gas (MMcf)	15,067	10,976	26,043
Oil equivalent (MBOE)	3,912	3,210	7,123
Net Undeveloped Land⁽²⁾	241,755	5,799	247,554

Notes:

- (1) Reserves information is at December 31, 2005 in the case of Breaker and April 1, 2006 in the case of the Irricana Assets and is based on forecast prices and costs. As a result, the information is based on different pricing, exchange rate and inflation rate assumptions. The AIF contains information regarding the pricing assumptions used in calculating the Breaker reserves. For information regarding the pricing assumptions used in the GLJ Report with respect to the Irricana Assets, see under the heading “Information Concerning the Irricana Assets – Oil and Gas Reserves - Pricing Assumptions – Forecast Prices and Costs” in this short form prospectus.
- (2) As at December 31, 2005 in the case of Breaker and as at April 1, 2006 in the case of the Irricana Assets.

DESCRIPTION OF SUBSCRIPTION RECEIPTS

The following is a summary of the material attributes and characteristics of the Subscription Receipts. This summary does not purport to be complete and is subject to, and qualified in its entirety by, reference to the terms of the Subscription Receipt Agreement.

Except in limited circumstances, the Subscription Receipts will be issued in “book-entry only” form and must be purchased or transferred through a participant in the depository service of CDS (a “Participant”). On the closing of the Offering, a certificate representing the Subscription Receipts will be issued in registered form to CDS or its nominee, CDS & Co., and will be deposited with CDS pursuant to the book-entry only system.

Unless the book-entry only system is terminated as described below, a purchaser acquiring a beneficial interest in the Subscription Receipts (a “Beneficial Owner”) will not be entitled to receive a certificate for Subscription Receipts, or, unless requested, for the Shares issuable pursuant to the Subscription Receipts. Purchasers of Subscription Receipts will not be shown on the records maintained by CDS, except through a Participant.

Beneficial interests in Subscription Receipts will be represented solely through the book-entry only system and such interests will be evidenced by customer confirmations of purchase from the registered dealer from which the applicable Subscription Receipts are purchased in accordance with the practices and procedures of that registered dealer. In addition, registration of interests in and transfers of the Subscription Receipts will be made only through the depository service of CDS.

As indirect holders of Subscription Receipts, investors should be aware that they (subject to the situations described below): (a) may not have Subscription Receipts registered in their name; (b) may not have physical certificates representing their interest in the Subscription Receipts; (c) may not be able to sell the Subscription Receipts to

institutions required by law to hold physical certificates for securities they own; and (d) may be unable to pledge Subscription Receipts as security.

The Subscription Receipts will be issued to beneficial owners thereof in fully registered and certificate form (the "Subscription Receipt Certificates") only if: (a) required to do so by applicable law; (b) the book-entry only system ceases to exist; (c) the Corporation or CDS advises the Escrow Agent that CDS is no longer willing or able to properly discharge its responsibilities as depository with respect to the Subscription Receipts and the Corporation is unable to locate a qualified successor; or (d) the Corporation, at its option, decides to terminate the book-entry only system through CDS.

Upon the occurrence of any of the events described in the immediately preceding paragraph, the Escrow Agent must notify CDS, for and on behalf of Participants and Beneficial Owners of Subscription Receipts, of the availability through CDS of Subscription Receipt Certificates. Upon surrender by CDS of the global certificates representing the Subscription Receipts and receipt of instructions from CDS for the new registrations, the Escrow Agent will deliver the Subscription Receipts in the form of Subscription Receipt Certificates and thereafter the Corporation will recognize the holders of such Subscription Receipt Certificates as subscription receipt holders under the Subscription Receipt Agreement.

Neither the Corporation nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Subscription Receipts held by CDS or any payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Subscription Receipts; or (c) any advice or representation made by or with respect to CDS and contained in this short form prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of a Participant. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and Beneficial Owners must look solely to Participants for any payments relating to the Subscription Receipts paid by or on behalf of the Trust to CDS.

The Escrowed Funds will be delivered to and held by the Escrow Agent and invested in short-term obligations of, or guaranteed by, the Government of Canada (and other approved investments) pending the closing of the Acquisition. If ROFRs are exercised in relation to the Acquisition, resulting in a reduction of greater than 10% of the production associated with the Irricana Assets, the Escrow Agent will repurchase from the Subscription Receipt subscribers a pro-rata portion of the Subscription Receipts, commensurate with the percentage reduction in production resulting from such ROFR exercise, for an amount per Subscription Receipt equal to the Offering Price and a pro rata share of interest earned thereon, and such repurchased Subscription Receipts will be cancelled. Provided that the closing of the Acquisition occurs by 5:00 p.m. (Calgary time) on August 31, 2006, the Escrowed Funds and the interest earned thereon will be released to the Corporation and each holder of Subscription Receipts will receive, without payment of additional consideration or further action, one Share for each Subscription Receipt held.

Forthwith upon the closing of the Acquisition by 5:00 pm (Calgary time) on August 31, 2006, the Corporation will execute and deliver to the Escrow Agent a notice thereof, and will issue and deliver the Shares to the Escrow Agent. Contemporaneously with the delivery of such notice, the Corporation will issue a press release announcing that the Shares have been issued.

If the closing of the Acquisition does not occur by 5:00 p.m. (Calgary time) on August 31, 2006, the Acquisition is terminated at any earlier time or the Corporation has advised the Underwriters or announced to the public that it does not intend to proceed with the Acquisition (in any case, the "Termination Time"), holders of Subscription Receipts shall be entitled to receive an amount per Subscription Receipt equal to the Offering Price and a pro rata share of interest earned thereon. The Escrowed Funds will be applied toward payment of such amount. The issuance of a cheque in payment of the subscription price for the Subscription Receipts will require the surrender of the certificate(s) representing the same at the principal office of the Escrow Agent in Calgary, Alberta. If any

certificates representing Subscription Receipts have not been surrendered one year after the Termination Time, the Escrow Agent will mail the cheques that the holders thereof are entitled to receive to their last addresses of record.

In the event that, prior to the date Shares become issuable pursuant to the Subscription Receipts, there is a subdivision, consolidation, reclassification or other change of the Shares or any reorganization, amalgamation, merger or sale of all or substantially all of the assets of the Corporation, the Subscription Receipts will thereafter evidence the right of the holder to receive the securities, property or cash deliverable in exchange for or on conversion of or in respect of the Shares to which the holder of a Subscription Receipt would have been entitled immediately after such event if it had been a holder of such Shares prior to such event. Similarly, any distribution to all or substantially all of the holders of Shares of rights, options, warrants, evidences of indebtedness or assets will result in an adjustment in the number of Shares to be issued to holders of Subscription Receipts. Alternatively, such securities, evidences of indebtedness or assets may, at the option of the Corporation, be issued to the Escrow Agent and delivered to holders of Subscription Receipts following the closing of the Acquisition.

The Subscription Receipt Agreement will provide for modifications and alterations thereto and to the Subscription Receipts issued thereunder by way of an extraordinary resolution. The term “extraordinary resolution” will be defined in the Subscription Receipt Agreement to mean, in effect, a resolution passed by the affirmative votes of the holders of not less than 66 2/3% of the number of outstanding Subscription Receipts represented and voted at a meeting of holders or an instrument or instruments in writing signed by the holders of not less than 66 2/3% of the number of outstanding Subscription Receipts.

Under the Subscription Receipt Agreement, original purchasers of Subscription Receipts under the Offering will have a contractual right of rescission following the issuance of Shares to such purchaser upon the exchange of the Subscription Receipts to receive the amount paid for the Subscription Receipts if this short form prospectus (including documents incorporated by reference) or any amendment contains a misrepresentation or is not delivered to such purchaser, provided such remedy for rescission is exercised within 180 days of closing of the Offering.

Holders of Subscription Receipts are not Shareholders. Holders of Subscription Receipts are entitled only to receive Shares on surrender of their Subscription Receipts to the Escrow Agent or to a return of the subscription price for the Subscription Receipts together with any payments of interest, as described above.

DESCRIPTION OF SHARES

Breaker is authorized to issue an unlimited number of Shares. Holders of Shares are entitled to one vote per Share at meetings of shareholders of Breaker, to receive dividends if, as and when declared by the board of directors, subject to any prior rights of the holders of preferred shares of Breaker and subject to the right of holders of Class B shares to receive the same dividend, and to receive *pro rata* the remaining property and assets of Breaker upon its dissolution or winding-up, subject to the rights of shares having priority over the Shares and subject to the right of holders of Class B shares to rank on a parity with the holders of Shares as to the right to receive such remaining property and assets of Breaker.

For additional information respecting the Shares, including the terms of the Class B shares and preferred shares, dividend policy, markets for Shares and Class B shares and Shares held in escrow, see under the headings “Share Capital”, “Dividend Policy”, “Market for Securities” and “Escrowed Securities” in the AIF.

CONSOLIDATED CAPITALIZATION OF THE CORPORATION

The following table sets forth the consolidated capitalization of the Corporation effective March 31, 2006, both before and after giving effect to the Offering.

Designation	Authorized	Outstanding as at March 31, 2006 before giving effect to the Offering	Outstanding as at March 31, 2006 after giving effect to the Offering⁽¹⁾⁽²⁾
Class A shares	Unlimited	\$33,125,007 (19,565,170 Shares)	\$117,582,007 (33,565,170 shares)
Class B shares	Unlimited	\$5,974,200 (900,000 shares)	\$5,974,200 (900,000 shares)
Preferred shares	Unlimited	\$nil (nil shares)	\$nil (nil shares)
Bank Debt		\$8,982,890 ⁽³⁾	\$14,192,890 ⁽³⁾

Notes:

- (1) After deducting the estimated costs of the Offering of \$235,000, the Underwriters' fee of \$4,375,000 and future income taxes of \$1,567,000.
- (2) As at May 25, 2006, there were 20,565,170 Class A shares and 900,000 Class B shares outstanding.
- (3) The Corporation has the Credit Facility with Scotiabank Inc. The Credit Facility is a \$26,000,000 demand revolving credit facility bearing interest at bank rates. The facility is secured by a first fixed and floating charge debenture in the minimum face amount of \$200,000,000 and a general security agreement. As at March 31, 2006, \$8,982,890 had been drawn on this facility. Letters of credit amounting to \$105,000 are held against this facility. This facility had an effective interest rate of 5.00% at March 31, 2006.

PRICE RANGE AND TRADING VOLUME OF SHARES

The Shares have been listed and posted for trading on the TSXV under the trading symbol "WAV.A" since November 2, 2004. The following table sets forth the market price ranges and the trading volumes for the Shares for the periods indicated, each as reported by the TSXV.

Period	Price Range (\$)		Trading Volume
	High	Low	
2005			
January	\$3.37	\$2.95	308,200
February	\$4.50	\$3.05	265,600
March	\$4.70	\$3.70	340,500
April	\$4.10	\$3.50	193,100
May	\$3.65	\$3.35	156,100
June	\$3.90	\$3.35	711,600
July	\$3.90	\$3.55	1,836,600
August	\$4.85	\$3.85	2,149,200
September	\$5.10	\$4.50	1,034,900
October	\$5.80	\$4.75	922,700
November	\$5.85	\$5.00	466,103
December	\$5.60	\$5.33	749,900
2006			
January	\$5.30	\$4.90	1,535,800
February	\$5.50	\$4.60	922,800
March	\$5.00	\$4.20	1,006,300
April	\$7.00	\$4.85	3,474,900
May 1 - 17	\$7.25	\$6.75	809,700

On May 17, 2006, the last trading day prior to the public announcement of the Offering, the closing price of the Shares on the TSXV was \$7.05 per Share. On May 24, 2006, being the last day on which the Shares traded prior to the date of this short form prospectus, the closing price of the Shares on the TSXV was \$6.25.

USE OF PROCEEDS

After deducting the Underwriters' fee of \$4,375,000, and prior to the deduction of the estimated expenses of the Offering of \$235,000, the Corporation will receive net proceeds from the sale of the Subscription Receipts of \$82,890,000. The net proceeds of the Offering will be used by the Corporation to fund a portion of the purchase price of the Irricana Assets pursuant to the Acquisition.

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Corporation has agreed to issue and sell an aggregate of 14,000,000 Subscription Receipts to the Underwriters and the Underwriters have severally agreed to purchase such Subscription Receipts on June 13, 2006, or such other date not later than July 14, 2006 as may be agreed among the parties to the Underwriting Agreement. Delivery of the Subscription Receipts is conditional upon payment on closing of \$6.25 per Subscription Receipt by the Underwriters to the Escrow Agent. The Underwriting Agreement provides that the Corporation will pay the Underwriters' fee of \$0.3125 per Subscription Receipt for Subscription Receipts issued and sold by the Corporation, for an aggregate fee payable by the Corporation of \$4,375,000, in consideration for their services in connection with the Offering. The Underwriters' fee in respect of the Subscription Receipts is payable as to 50% upon the closing of the Offering and 50% upon closing of the Acquisition. If the closing of the Acquisition does not occur by 5:00 p.m. (Calgary time) on August 31, 2006, the Underwriters' fee in respect of the Subscription Receipts will be reduced to the amount payable upon closing of the Offering. The terms of the Offering were determined by negotiation between Corporation and FirstEnergy Capital Corp. on their own behalf and on behalf of the other Underwriters.

The obligations of the Underwriters under the Underwriting Agreement are several and not joint, and may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The obligations of the Corporation and the Underwriters under the Underwriting Agreement to complete the purchase and sale of the Subscription Receipts will terminate if the Acquisition is terminated or the Corporation has advised the Underwriters or announced to the public that it does not intend to proceed with the Acquisition. If an Underwriter fails to purchase the Subscription Receipts that it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Subscription Receipts. The Underwriters are, however, obligated to take up and pay for all Subscription Receipts if any are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that the Corporation and the Administrator will indemnify the Underwriters and their directors, officers, agents, shareholders and employees against certain liabilities and expenses.

Except in certain limited circumstances, the Subscription Receipts will be issued in "book-entry only" form and must be purchased or transferred through a participant in the depository service of CDS. See "Description of the Subscription Receipts".

The Corporation has been advised by the Underwriters that, in connection with the Offering, the Underwriters may effect transactions that stabilize or maintain the market price of the Subscription Receipts or the Shares at levels other than those that might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Corporation has agreed that, subject to certain exceptions, it will not offer or issue, or enter into an agreement to offer or issue, Class A shares or Class B shares or any securities convertible or exchangeable into Class A shares or Class B shares (other than options granted pursuant to the Corporation's stock option plan and Class A shares issuable under options granted under such plan) for a period of 90 days subsequent to the closing date of the

Offering without the prior written consent of FirstEnergy Capital Corp., which consent may not be unreasonably withheld.

The Corporation has applied to list the Subscription Receipts and the Shares issuable pursuant to the Subscription Receipts on the TSXV. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSXV. **There is currently no market through which the Subscription Receipts may be sold and purchasers may not be able to resell Subscription Receipts purchased under this short form prospectus.**

The Subscription Receipts and the Shares issuable pursuant to the Subscription Receipts (the “Securities”) have not been and will not be registered under the *United States Securities Act of 1933*, as amended (the “U.S. Securities Act”), or any state securities laws, and, accordingly, the Securities may not be offered or sold within the United States or to U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act) except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Underwriting Agreement permits offers and sales of the Subscription Receipts in the United States to be made only to institutions that are “accredited investors” as defined in Regulation D under the U.S. Securities Act and “institutional accredited investors” as defined in Rule 144A under the U.S. Securities Act (“Rule 144A”). Moreover, the Underwriting Agreement provides that offers and sales of Subscription Receipts outside the United States will be made only in accordance with Regulation S under the U.S. Securities Act.

In addition, until 40 days after the commencement of the Offering, an offer or sale of Securities within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

RELATIONSHIP BETWEEN THE CORPORATION AND AN UNDERWRITER

Scotia Capital Inc., one of the Underwriters is a wholly owned subsidiary of Scotiabank Inc. (the “Bank”), with which the Corporation has the Credit Facility. Accordingly, the Corporation may be considered a “connected issuer” of Scotia Capital Inc. under applicable Canadian securities legislation.

Under the Credit Facility, the Corporation was indebted to the Bank for an aggregate amount of approximately \$12,899,473 as at May 25, 2006. Amounts owing under the Credit Facility are secured by a first fixed and floating charge debenture and a general security agreement against the assets of the Corporation. The Corporation is in compliance with all material terms of the agreements governing the Credit Facility and the Bank has not waived any material breach by the Corporation of such agreements since their execution. Neither the financial position of the Corporation nor the value of the security under the Credit Facility has changed substantially since the indebtedness under the Credit Facility was incurred. The proceeds of the Offering will not be applied to repay any of the indebtedness owed to the Bank under the Credit Facility.

The decision to distribute the Subscription Receipts offered hereby and the determination of the terms of the Offering were made through negotiations between the Corporation and the Underwriters. The Bank did not have any involvement in such decision or determination, but has been advised of the issuance and terms thereof. As a consequence of the offering, Scotia Capital Inc. will receive its share of the underwriting fee payable by the Corporation to the Underwriters.

INTEREST OF EXPERTS

Certain legal matters relating to the Offering will be passed upon by Heenan Blaikie LLP on behalf of the Corporation. As at the date hereof, the partners and associates of Heenan Blaikie LLP, as a group, own, directly or indirectly, less than 1% of the outstanding Class A shares and Class B shares. Mr. James Pasioka, the corporate secretary of the Corporation, is a partner of Heenan Blaikie LLP.

Certain legal matters relating to the Offering will be passed upon by Stikeman Elliott LLP on behalf of the Underwriters. As at the date hereof, Stikeman Elliott LLP and its partner and associates as a group, own, directly or indirectly, less than 1% of the outstanding Class A shares and Class B shares.

Reserve estimates contained herein and in the AIF have been prepared by GLJ. As of the date hereof, the principals, directors, officers and associates of each of GLJ, as a group, own, directly or indirectly, less than 1% of the outstanding Class A shares and Class B shares.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Heenan Blaikie LLP and Stikeman Elliott LLP (collectively, “Counsel”), the following summary, as of the date hereof, describes the principal Canadian federal income tax considerations generally applicable under the Tax Act to a subscriber who acquires Subscription Receipts pursuant to the Offering and who, for purposes of the Tax Act and at all relevant times, holds the Subscription Receipts and the Shares issuable pursuant to the Subscription Receipts (the “Securities”) as capital property and deals at arm’s length with, and is not affiliated with, the Corporation and the Underwriters. Generally speaking, the Securities will be considered to be capital property to a holder provided the holder does not hold the Securities in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain holders who might not otherwise be considered to hold their Securities as capital property may, in certain circumstances, be entitled to have them treated as capital property by making the election permitted by subsection 39(4) of the Tax Act. This summary is not applicable to: (i) a holder that is a “financial institution”, as defined in the Tax Act for purposes of the mark-to-market rules; (ii) a holder an interest in which would be a “tax shelter investment” as defined in the Tax Act; or (iii) a holder that is a “specified financial institution” as defined in the Tax Act. **Any such holder should consult its own tax advisor with respect to an investment in the Securities.**

This summary is based upon the provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “Proposed Amendments”) and Counsels’ understanding of the current published administrative and assessing practices of the CRA. This summary assumes the Proposed Amendments will be enacted in the form proposed, however, no assurance can be given that the Proposed Amendments will be enacted in their current form, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account any changes in the law, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any prospective purchaser or holder of Securities, and no representations with respect to the income tax consequences to any prospective purchaser or holder are made. Consequently, prospective holders should consult their own tax advisors with respect to their particular circumstances.

Taxation of Holders of Subscriptions Receipts Resident in Canada

No gain or loss will be realized by a holder on the issuance of a Share pursuant to a Subscription Receipt. The holder’s cost of a Share issued pursuant to a Subscription Receipt will be equal to the holder’s adjusted cost base of such Subscription Receipt immediately prior to the issuance of the Share. The cost of any Shares acquired pursuant to the Subscription Receipts must be averaged with the adjusted cost base of any other Shares held by the Shareholder to determine the adjusted cost base of each Share held.

A disposition or deemed disposition by a holder of a Subscription Receipt, other than on the exchange thereof for a Share, but including on the repayment of the issue price thereof by the Corporation in the event the Acquisition is not completed before the Termination Time or if a portion of the Subscription Receipts are repurchased as a result

of the exercise of ROFRs, will generally result in the holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition are greater (or less) than the aggregate of the holder's adjusted cost base thereof and any reasonable costs of disposition. In the event that a holder becomes entitled to the repayment of the issue price of a Subscription Receipt as a consequence of the Acquisition not becoming effective prior to the Termination Time or as a result of the exercise of ROFRs, any amount that is paid to the holder by the Corporation as or on account of interest on the Escrowed Funds will be included in the holder's income and excluded from the holder's proceeds of disposition.

One-half of any capital gain realized by the holder will be included in the holder's income for the year of disposition as a taxable capital gain. One-half of any capital loss realized on a disposition of a Subscription Receipt may be deducted against taxable capital gains realized by the holder in the year of disposition, in the three preceding taxation years or in any subsequent taxation year, to the extent and under the circumstances described in the Tax Act.

A capital gain realized by a holder who is an individual may give rise to a liability for alternative minimum tax. A holder that is throughout the year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6-2/3 % on certain investment income, including interest and taxable capital gains.

Taxation of Holders of Subscriptions Receipts Not Resident in Canada

No gain or loss will be realized by a holder on the issuance of a Share pursuant to a Subscription Receipt. A holder of Subscription Receipts who is not resident or deemed to be resident in Canada (a "Non-Resident") may be subject to withholding tax on such holder's proportionate share of interest on the Escrowed Funds which is paid or credited to such holder at the rate of 25%, unless such rate is reduced under the provisions of a tax treaty between Canada and the holder's jurisdiction of residence. A Non-Resident who is resident in the United States and who is entitled to claim the benefit of the *Canada-US Income Tax Convention (1980)* will generally be entitled to have the rate of withholding reduced to 10% of the amount of any interest paid or credited. In this regard, the CRA takes the position that U.S. limited liability companies generally are not entitled to claim the benefit of the *Canada-US Income Tax Convention (1980)*. However, if and to the extent the Escrowed Funds are invested in obligations of, or guaranteed by, the Government of Canada, interest on such obligations that is paid or credited to a Non-Resident holder of Subscription Receipts will not be subject to Canadian withholding tax.

A disposition or deemed disposition of Subscription Receipts will not give rise to any capital gains subject to tax under the Tax Act to a Non-Resident holder provided that the Subscription Receipts are not "taxable Canadian property" of the holder for the purposes of the Tax Act. Generally, Subscription Receipts will not constitute "taxable Canadian property" to a Non-Resident holder at the time of the disposition or deemed disposition thereof unless (i) the holder uses or holds or is deemed to use or hold the Subscription Receipts (or the Shares issuable pursuant thereto) in, or in the course of, carrying on a business in Canada, (ii) the Subscription Receipts (or the Shares issuable pursuant thereto) are "designated insurance property" of the holder for purposes of the Tax Act, (iii) the holder, persons with whom the holder does not deal at arm's length (within the meaning of the Tax Act) or the holder together with such persons owned 25% or more of the Shares at any time during the 60-month period immediately preceding the disposition; or (iv) the Shares are not listed on a prescribed stock exchange for the purposes of the Tax Act at the time of disposition.

ELIGIBILITY FOR INVESTMENT

In the opinion of Counsel, provided the Shares are listed on a prescribed stock exchange (which includes the TSXV) at the date of closing, and assuming that the Corporation deals at arm's length (within the meaning of the Tax Act) with each person who is an annuitant, a beneficiary, an employer or a subscriber under the governing plan of the particular Exempt Plan (as defined below), the Subscription Receipts and the Shares issuable pursuant to the Subscription Receipts will, on the date of closing, be qualified investments under the Tax Act for trusts governed by

registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans (collectively, “Exempt Plans”).

RISK FACTORS

An investment in the Subscription Receipts and Shares is subject to certain risks. Investors should carefully consider the risk factors described under the heading “Risk Factors” in the AIF. In addition to the risk factors set out in the AIF, investors should consider the following additional risk factors:

Possible Failure to Complete the Acquisition

The Acquisition is subject to normal commercial risks that the transaction may not be completed on the terms negotiated or at all. If closing of the Acquisition does not take place as contemplated, the Corporation could suffer adverse consequences, including the forfeiture of deposits or the loss of investor confidence. In addition, if the Acquisition does not take place by the Termination Time, the Escrow Agent and the Corporation must repay to holders of Subscription Receipts an amount equal to the issue price thereof plus a *pro rata* share of the interest earned on the Escrowed Funds.

Possible Failure to Realize Anticipated Benefits of Acquisitions

The Corporation is proposing to complete the Acquisition to strengthen its position in the oil and natural gas industry and to create the opportunity to realize certain benefits including, among other things, potential cost savings. Achieving the benefits of these and future acquisitions the Corporation may complete depends in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as the Corporation’s ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Corporation. The integration of acquired businesses requires the dedication of substantial management effort, time and resources which may divert management’s focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect the Corporation’s ability to achieve the anticipated benefits of these and future acquisitions.

ROFR Exercises

The Irricana Assets are subject to ROFRs that, if exercised, will reduce the assets acquired pursuant to the Acquisition and will reduce the purchase price payable based on Breaker’s allocation of the purchase price. The reduction in such purchase price will not necessarily be commensurate with each or any of the production, reserves or future potential of such assets. If ROFRs are exercised in relation to the Acquisition, resulting in a reduction of greater than 10% of the production associated with the Irricana Assets, the Escrow Agent will repurchase from the Subscription Receipt subscribers a pro-rata portion of the Subscription Receipts commensurate with the percentage reduction in production resulting from such ROFR exercise, for an amount per Subscription Receipt equal to the Offering Price and a pro rata share of interest earned thereon, and such repurchased Subscription Receipts will be cancelled. Therefore, in such event, holders of Subscription Receipts will receive, upon closing of the Acquisition, a certain amount of cash and a number of Class A shares which is less than the number of Subscription Receipt for which they initially subscribed.

Operational and Reserves Risks Relating to the Irricana Assets

The risk factors set forth in the AIF relating to the oil and natural gas business and the operations and reserves of the Corporation apply equally in respect of the Irricana Assets that the Corporation intends to acquire pursuant to the

Acquisition. In particular, the reserve and recovery information contained in the GLJ Report in respect of the Irricana Assets, respectively, is only an estimate of actual production from, and ultimate reserves of, those properties. Reserves of those properties may be greater or less than the estimates contained in such reports.

Market for Securities

There is currently no market through which the Subscription Receipts may be sold and purchasers may not be able to resell Subscription Receipts purchased under this short form prospectus. This may affect the pricing of the Subscription Receipts in the secondary market, the transparency and the availability of trading prices and the liquidity of the securities. There can be no assurance that an active trading market will develop for the Subscription Receipts after the Offering, or if developed, such a market will be sustained at the price level of the Offering.

Acquisitions

Acquisitions of oil and gas properties or companies are based in large part on engineering, environmental and economic assessments made by the acquiror, independent engineers and consultants. These assessments include a series of assumptions regarding such factors as recoverability and marketability of oil and gas, environmental restrictions and prohibitions regarding releases and emissions of various substances, future prices of oil and gas and operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the control of the Corporation. All such assessments involve a measure of geologic, engineering, environmental and regulatory uncertainty that could result in lower production and reserves or higher operating or capital expenditures than anticipated.

Although title and environmental reviews are conducted prior to any purchase of resource assets, such reviews cannot guarantee that any unforeseen defects in the chain of title will not arise to defeat the Corporation's title to certain assets or that environmental defects or deficiencies do not exist. Such deficiencies or defects could reduce the amounts distributable to Shareholders, and could result in a reduction of capital.

STATUTORY AND CONTRACTUAL RIGHTS OF WITHDRAWAL AND RESCISSION

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

In addition, original purchasers of Subscription Receipts will have the benefit of a contractual right of rescission exercisable following the issuance of Shares to such purchasers. See "Description of Subscription Receipts".

CONSENT OF KPMG LLP

The Board of Directors of Breaker Energy Ltd.

We have read the preliminary short form prospectus dated May 25, 2006 relating to the qualification for distribution of 14,000,000 subscription receipts of the Corporation. We have complied with Canadian generally accepted standards for an auditors' involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned preliminary short form prospectus of our report to the shareholders of the Corporation on the consolidated balance sheets of the Corporation as at December 31, 2005 and 2004 and the consolidated statements of operations and retained earnings (deficit) and cash flows for the year ended December 31, 2005 and for the period from incorporation on March 8, 2004 to December 31, 2004. Our report is dated April 12, 2006.

(signed) "*KPMG LLP*"

Chartered Accountants

Calgary, Canada
May 25, 2006

CONSENT OF ERNST & YOUNG LLP

The Board of Directors of Breaker Energy Ltd.

We have read the preliminary short form prospectus (the “Prospectus”) of Breaker Energy Ltd. (the “Corporation”) dated May 25, 2006 relating to the qualification for distribution of 14,000,000 subscription receipts of the Corporation. We have complied with Canadian generally accepted standards for an auditor’s involvement with offering documents.

We consent to the use in the Prospectus of our report to the Directors of Talisman Energy Inc. on the Schedule of Revenue, Royalties and Operating Expenses of the Irricana Properties for each of the years in the three year period ended December 31, 2005. Our report is dated May 16, 2006.

(signed) “*Ernst & Young LLP*”

Chartered Accountants

Calgary, Alberta
May 25, 2006

Consent of Kenway Mack Slusarchuk Stewart LLP

The Board of Directors of Breaker Energy Ltd.

We have read the preliminary short form prospectus (the “Prospectus”) of Breaker Energy Ltd. (the “Corporation”) dated May 25, 2006 relating to the qualification or distribution of 14,000,000 subscription receipts of the Corporation. We have complied with Canadian generally accepted standards for an auditors’ involvement with offering documents.

We consent to the use in the Prospectus of our report to the directors of Flowing Energy Corporation on the Schedule of Revenues, Royalties and Operating Expenses for the Monitor Property for the years ended December 31, 2004 and 2003. Our report is dated April 1, 2005.

●

Chartered Accountants
Calgary, Canada

May ●, 2006

SCHEDULE “A” – SCHEDULE OF REVENUE AND EXPENSES

Schedule of Revenue, Royalties and Operating Expenses

Irricana Properties

Three Months Ended March 31, 2006 and 2005 and

Each of the Years in the Three Year Period Ended December 31, 2005

AUDITORS' REPORT

To the Directors of
Talisman Energy Inc.

At the request of Talisman Energy Inc., we have audited the Schedule of Revenue, Royalties and Operating Expenses of the Irricana Properties, as described in Note 1 to the Schedule, for each of the years in the three year period ended December 31, 2005. This financial information is the responsibility of management. Our responsibility is to express an opinion on this financial information based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial information presentation.

In our opinion, the Schedule of Revenue, Royalties and Operating Expenses present fairly, in all material respects, the revenue, royalties and operating expenses of the Irricana Properties for each of the years in the three year period ended December 31, 2005, in accordance with Canadian generally accepted accounting principles.

(signed) "*Ernst & Young LLP*"

Chartered Accountants

Calgary, Canada
May 16, 2006

Irricana Properties

SCHEDULE OF REVENUE, ROYALTIES AND OPERATING EXPENSES

	Three months ended March 31,		Year ended December 31		
	2006 \$'000	2005 \$'000	2005 \$'000	2004 \$'000	2003 \$'000
	(unaudited)		(audited)	(audited)	(audited)
Revenue	6,379.5	6,651.5	30,383.3	28,135.6	25,862.8
Royalties	1,352.6	1,457.6	6,512.1	5,713.2	5,648.0
	5,026.9	5,193.9	23,871.2	22,422.4	20,214.8
Operating expenses	921.8	1,154.4	5,394.3	4,884.2	5,182.6
Net operating income	4,105.1	4,039.5	18,476.9	17,538.2	15,032.2

See accompanying notes to schedule

Irricana Properties

NOTES TO SCHEDULE OF REVENUE, ROYALTIES AND OPERATING EXPENSES

Three months ended March 31, 2006 and 2005 and
Years ended December 31, 2005, 2004 and 2003

1. BASIS OF PRESENTATION:

The Schedule of Revenue, Royalties and Operating Expenses includes information relating to the operations of certain gas properties (referred to as the "Irricana Properties") as listed in the Purchase and Sale agreement between Talisman Energy Inc. and Breaker Energy Ltd.

The schedule, prepared from records supplied by Talisman, includes only revenue, royalties and operating expenses directly related to the Irricana Properties. The schedule does not include any provision for the depletion, depreciation and amortization, asset retirement costs, future capital costs, impairment of unevaluated properties, foreign exchange gain (loss), and administrative costs for the Irricana Properties, since the Irricana Properties form only a part of the consolidated operations of Talisman.

2. SIGNIFICANT ACCOUNTING POLICIES:

Joint Operations

Substantially all of the Irricana Properties are operated through joint ventures. The schedule reflects only Talisman's proportionate interest in the Irricana Properties.

Revenue Recognition

Revenue is recorded when the product is delivered and the title passes to an external party. Natural gas revenue is recorded based on sales contracts specific to the Irricana Properties.

Royalties

Royalties are recorded at the time the product is produced and sold. Royalties are calculated in accordance with the applicable regulations and/or the terms of individual royalty agreements.

Operating Expenses

Operating expenses include amounts incurred on extraction of product to the surface, gathering, field processing, treating, compression and transportation to the point of sale.

SCHEDULE “B” - PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

Pro Forma Consolidated Financial Statements of

BREAKER ENERGY LTD.

As at and for the three months ended March 31, 2006 and for
the year ended December 31, 2005

COMPILATION REPORT

To the Board of Directors of Breaker Energy Ltd.

We have read the accompanying unaudited pro forma consolidated balance sheet of Breaker Energy Ltd. (the "Company") as at March 31, 2006 and the unaudited pro forma consolidated statements of operations for the three months then ended and for the year ended December 31, 2005, and have performed the following procedures:

1. Compared the figures in the columns captioned "Breaker Energy Ltd." to the unaudited consolidated financial statements of the Company as at March 31, 2006 and for the three months then ended, and the audited consolidated financial statements of the Company for the year ended December 31, 2005, respectively, and found them to be in agreement.
2. Compared the figures in the columns captioned "Irricana Properties" to the unaudited Schedule of Revenue, Royalties and Operating Expenses of the Irricana Properties for the three months ended March 31, 2006 and the audited Schedule of Revenue, Royalties and Operating Expenses of the Irricana Properties for the year ended December 31, 2005, respectively, and found them to be in agreement.
3. Made enquiries of certain officials of the Company who have responsibility for financial and accounting matters about:
 - (a) the basis for determination of the pro forma adjustments; and
 - (b) whether the pro forma financial statements comply as to form in all material respects with the published requirements of Canadian securities legislation.

The officials:

- (a) described to us the basis for determination of the pro forma adjustments, and
 - (b) stated that the pro forma financial statements comply as to form in all material respects with the published requirements of Canadian securities legislation.
5. Read the notes to the pro forma financial statements, and found them to be consistent with the basis described to us for determination of the pro forma adjustments.
6. Recalculated the application of the pro forma adjustments to the aggregate of the amounts in the other applicable columns as at March 31, 2006 and for the three months then ended, and for the year ended December 31, 2005, and found the amounts in the column captioned "Pro Forma Breaker Energy Ltd." to be arithmetically correct.

A pro forma financial statement is based on management assumptions and adjustments which are inherently subjective. The foregoing procedures are substantially less than either an audit or a review, the objective of which is the expression of assurance with respect to management's assumptions, the pro forma adjustments, and the application of the adjustments to the historical financial information. Accordingly, we express no such assurance. The foregoing procedures would not necessarily reveal matters of significance to the pro forma financial statements, and we therefore make no representation about the sufficiency of the procedures for the purposes of a reader of such statements.

Chartered Accountants

Calgary, Canada

May 25, 2006

BREAKER ENERGY LTD.

Pro Forma Consolidated Balance Sheet
For three months ended March 31, 2006
(Unaudited)
(000s)

	Breaker Energy Ltd.	Irricana Properties (Note 2(a))	Pro Forma Adjustments	Notes	Pro Forma Breaker Energy Ltd.
Assets					
Current assets:					
Accounts receivable	\$3,572	\$ -	\$ -		\$3,572
Prepaid expenses and deposits	454	-	-		454
	<u>4,026</u>	<u>-</u>	<u>-</u>		<u>4,026</u>
Petroleum and natural gas properties	66,114	90,754	-		156,868
	<u>\$70,140</u>	<u>\$90,754</u>	<u>\$ -</u>		<u>\$160,894</u>
Liabilities and Shareholders' Equity					
Current liabilities:					
Account payable and accrued liabilities	\$7,445	\$ -	\$ -		\$7,445
Bank debt	8,983	88,100	(82,890)	2(b)	14,193
	<u>16,428</u>	<u>88,100</u>	<u>(82,890)</u>		<u>21,638</u>
Asset retirement obligations	5,025	2,654	-		7,679
Future income taxes	5,562	-	(1,567)	2(b)	3,995
Shareholders' equity:					
Share capital	39,099	-	87,500	2(b)	123,556
			(4,610)	2(b)	
			1,567	2(b)	
Contributed surplus	420	-	-		420
Retained earnings	3,606	-	-		3,606
	<u>43,125</u>	<u>-</u>	<u>84,457</u>		<u>127,582</u>
	<u>\$70,140</u>	<u>\$90,754</u>	<u>\$ -</u>		<u>\$160,894</u>

See accompanying notes to pro forma consolidated financial statements.

BREAKER ENERGY LTD.

Pro Forma Consolidated Statement of Operations
For the three months ended March 31, 2006
(Unaudited)
(000s)

	Breaker Energy Ltd.	Irricana Properties	Pro Forma Adjustments	Notes	Pro Forma Breaker Energy Ltd.
Revenues:					
Petroleum and natural gas	\$7,778	\$6,380	\$ -		\$14,158
Royalties (net of Alberta Royalty Tax Credit)	(1,467)	(1,353)	-		(2,820)
	<u>6,311</u>	<u>5,027</u>	<u>-</u>		<u>11,338</u>
Expenses:					
Operating	1,708	922	-		2,630
Transportation	282	-	-		282
General and administrative	486	-	-		486
Stock-based compensation	97	-	-		97
Interest	74	-	65	3(d)	139
Depletion, depreciation, and accretion	2,981	-	3,632	3(a)(b)	6,613
	<u>5,628</u>	<u>922</u>	<u>3,697</u>		<u>10,247</u>
Earnings before income taxes	683	4,105	(3,697)		1,091
Income taxes:					
Capital taxes	5	-	28	3(c)	33
Future income tax	253	-	139	3(c)	392
	<u>258</u>	<u>-</u>	<u>167</u>		<u>425</u>
Net earnings	<u>\$425</u>	<u>\$4,105</u>	<u>\$(3,864)</u>		<u>\$666</u>
Earnings per share (note 4):					
Basic and diluted					<u>\$0.02</u>

See accompanying notes to pro forma consolidated financial statements.

BREAKER ENERGY LTD.

Pro Forma Consolidated Statement of Operations
For the year ended December 31, 2005
(Unaudited)
(000s)

	Breaker Energy Ltd.	Irricana Properties	Pro Forma Adjustments	Notes	Pro Forma Breaker Energy Ltd.
Revenues:					
Petroleum and natural gas	\$22,860	\$30,383	\$1,005	3(e)	\$54,248
Royalties (net of Alberta Royalty Tax Credit)	(4,229)	(6,512)	(205)	3(e)	(10,946)
Other income	73	-	-		73
	<u>18,704</u>	<u>23,871</u>	<u>800</u>		<u>43,375</u>
Expenses:					
Operating	4,384	5,394	176	3(e)	9,954
Transportation	642	-	-		642
General and administrative	1,322	-	-		1,322
Stock-based compensation	251	-	-		251
Interest	123	-	261	3(d)	384
Depletion, depreciation, and accretion	6,835	-	17,187	3(a)(b)	24,022
	<u>13,557</u>	<u>5,394</u>	<u>17,624</u>		<u>36,575</u>
Earnings before income taxes	5,147	18,477	(16,824)		6,800
Income taxes:					
Capital taxes	10	-	159	3(c)	169
Future income tax	1,776	-	562	3(c)	2,338
	<u>1,786</u>	<u>-</u>	<u>721</u>		<u>2,507</u>
Net earnings	<u>\$3,361</u>	<u>\$18,477</u>	<u>\$(17,545)</u>		<u>\$4,293</u>
Earnings per share (note 4):					
Basic and diluted					<u>\$0.13</u>

See accompanying notes to pro forma consolidated financial statements.

BREAKER ENERGY LTD.

Notes to Pro Forma Consolidated Financial Statements

As at and for the three months ended March 31, 2006 and for the year ended December 31, 2005
(Unaudited)

1. Basis of presentation:

On May 17, 2006, Breaker Energy Ltd. (the "Company") entered into a formal purchase and sale agreement whereby the Company will acquire from Talisman Energy Inc. certain interests in the Irricana Area ("Irricana Properties").

The accompanying unaudited pro forma consolidated financial statements have been prepared by Management of the Company in accordance with Canadian generally accepted accounting principles to give effect to the purchase of certain assets of the Irricana Properties. In the opinion of Management, the pro forma consolidated financial statements include all material adjustments necessary for fair presentation in accordance with Canadian generally accepted accounting principles.

Accounting policies applicable to the preparation of the pro forma consolidated financial statements are disclosed in the Company's audited financial statements as at and for the year ended December 31, 2005. The pro forma consolidated financial statements should be read in conjunction with the financial statements and notes thereto.

The pro forma consolidated financial statements are not necessarily indicative either of the results that actually would have occurred if the events reflected herein had taken place on the dates indicated or of the results that may be obtained in the future.

The unaudited pro forma consolidated balance sheet as at March 31, 2006 has been prepared from the unaudited consolidated balance sheet of the Company. The unaudited pro forma consolidated statement of operations for the three months ended March 31, 2006 has been prepared from:

- the unaudited consolidated statement of operations of the Company for the three months ended March 31, 2006; and

the unaudited Schedule of Revenue, Royalties and Operating Expenses of the Irricana Properties for the three months ended March 31, 2006.

The unaudited pro forma consolidated statement of operations for the year ended December 31, 2005 has been prepared from:

- the audited consolidated statement of operations of the Company for the year ended December 31, 2005; and
- the audited Schedule of Revenue, Royalties and Operating Expenses of the Irricana Properties for the year ended December 31, 2005.

2. Pro forma consolidated balance sheet assumptions and adjustments:

The unaudited pro forma consolidated balance sheet gives effect to the following transactions and assumptions as if they had occurred on March 31, 2006:

(a) Acquisition of the Irricana Properties:

The acquisition by the Company of certain oil and gas working interests in properties owned by Talisman Energy Inc. for consideration of approximately \$88,100,000, subject to final closing adjustments with associated asset retirement obligations of \$2,654,000. The acquisition is scheduled to close on or before June 20, 2006.

(b) The issuance of 14,000,000 subscription receipts for Class A shares for cash proceeds of \$87,500,000. Share issue costs of \$4,610,000 have been estimated related to underwriters' fees and other professional costs. The future tax benefit of \$1,567,000 related to the share issue costs has been included in future income taxes and share capital. Proceeds from the share issuances will be used to acquire the Irricana Properties.

3. Pro forma consolidated statements of operations assumptions and adjustments:

The unaudited pro forma consolidated statements of operations for the three months ended March 31, 2006 and for the year ended December 31, 2005 have been prepared assuming the transactions described in note 2 were completed on January 1, 2005.

(a) Depletion and depreciation has been determined using the full cost method of accounting based on combined proved reserves, future development costs, production volumes and the costs of acquiring the Irricana Properties.

(b) Accretion expense has been adjusted for the year ended December 31, 2005 by \$212,000 and for the three months ended March 31, 2006 by \$53,000 to reflect the additional asset retirement obligation associated with the Irricana Properties.

(c) Taxes have been adjusted to reflect changes for the above noted adjustments.

(d) Interest has been increased for the year ended December 31, 2005 by \$261,000 and for the three months ended March 31, 2006 by \$65,000 based on pro forma consolidated bank debt using the Company's average borrowing rate for those periods.

(e) On February 25, 2005, the Company acquired certain oil and gas properties for cash of \$13,556,380. Petroleum and natural gas revenues, royalties and operating expenses have been adjusted by \$1,005,000, \$205,000, and \$176,000, respectively to reflect the net operating income for the properties for the period from January 1, 2005 to February 25, 2005.

4. Pro forma earnings per share:

The calculation of net earnings per share is based on the weighted average shares outstanding for each period and gives effect to the issuance of 14 million additional Class A shares, as if all the shares had been issued on January 1, 2005 as indicated in the following table:

	Three months ended March 31, 2006	Year ended December 31, 2005
Weighted average shares – basic	21,439,466	18,892,993
Class A subscription receipts (note 2(b))	14,000,000	14,000,000
Proforma weighted average shares – basic	35,439,466	32,892,993
Dilutive effect of stock options	856,685	800,803
Proforma weighted average shares – diluted	36,296,151	33,693,796

CERTIFICATE OF THE CORPORATION

Dated: May 25, 2006

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

BREAKER ENERGY LTD.

(signed) “P. Daniel O’Neil”
President and
Chief Executive Officer

(signed) “Maxwell Lof”
Vice-President, Finance and
Chief Financial Officer

On behalf of the Board of Directors

(signed) “Robert Leach”
Director

(signed) “Peter Bannister”
Director

CERTIFICATE OF THE PROMOTERS

DATED: May 25, 2006

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

(signed) “P. Daniel O’Neil”

(signed) “Robert Leach”

CERTIFICATE OF THE UNDERWRITERS

Dated: May 25, 2006

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

FIRSTENERGY CAPITAL CORP.

(signed) “M. Scott Bratt”

TRISTONE CAPITAL INC.

(signed) “Tom MacInnis”

WELLINGTON WEST CAPITAL MARKETS INC.

(signed) “Jeff A. Reymer”

CANACCORD CAPITAL CORPORATION

(signed) “Stephen C. Hayden”

BMO NESBITT BURNS INC.

(signed) “Eric L. Toews”

BLACKMONT CAPITAL INC.

(signed) “John M. Peltier”

SCOTIA CAPITAL INC.

(signed) “Mike Jackson”