

# UNDERWRITING AGREEMENT

Effective as of October 11, 2006

Triton Energy Corp.  
600, 734 – 7<sup>th</sup> Avenue SW  
Calgary, AB T2P 3P8

**Attention: Mr. Michael Zuber**  
**President and Chief Executive Officer**

Dear Sir:

**Re: Private Placement of Common Shares of Triton Energy Corp. on a "Flow-Through" Basis**

Acumen Capital Finance Partners Limited ("**Acumen**") and CIBC World Markets Inc., as co-lead underwriters, together with Canaccord Capital Corporation (collectively, the "**Underwriters**") understand that Triton Energy Corp. (the "**Corporation**") proposes to issue and sell by means of private placement 2,352,942 common shares in the capital of the Corporation on a "flow-through" basis pursuant to the *Income Tax Act* (Canada) (the "**Flow-Through Shares**") at an issue price of \$1.275 per Flow-Through Share for aggregate gross proceeds of \$3,000,001.05 (the "**Private Placement**"). The Flow-Through Shares are to have the attributes described and contemplated herein and in the Subscription Agreements (as defined herein). The Underwriters understand further that the Corporation covenants to incur and renounce Qualifying Expenditures (as defined herein) to the Subscribers (as defined herein) and to file all necessary forms and reports in connection with the issuance of the Flow-Through Shares hereunder with the appropriate tax authorities.

Upon and subject to the terms and conditions hereof, the Underwriters hereby agree to act as, and, by its acceptance hereof, the Corporation hereby appoints the Underwriters as, the sole and exclusive agents of the Corporation to offer the Flow-Through Shares for sale on the Closing Date (as defined herein) at a price of \$1.275 per Flow-Through Share, provided that if less than 2,352,942 Flow-Through Shares are sold by the Underwriters as agents, the Underwriters hereby severally, and not jointly, agree to purchase as principals from the Corporation and, by its acceptance hereof, the Corporation agrees to issue and sell to the Underwriters, in the respective percentages set forth in Section 17 hereof, such number of Flow-Through Shares in order that a total of 2,352,942 Flow-Through Shares at a price of \$1.275 per Flow-Through Share are issued and sold under the Private Placement for aggregate gross proceeds of \$3,000,001.05.

In addition, subject to the terms and conditions hereof, the Corporation hereby grants to Acumen, on behalf of the Underwriters, an option (the "**Option**"), exercisable in full or in part by Acumen prior to the Closing Time, to sell up to an additional 784,314 common shares of the Corporation on a "flow-through" private placement basis pursuant to the *Income Tax Act* (Canada) (the "**Additional Shares**") at a price of \$1.275 per Additional Share for additional aggregate gross proceeds of up to \$1,000,000.35 and if the Option is exercised, Acumen agrees to arrange substitute purchasers for that number of Additional Shares set out in the notice of exercise on the basis

provided herein. The Flow-Through Shares, together with any Additional Shares that are issued upon exercise of the Option, are referred to herein as the "**Offered Shares**".

It is understood that prior to or at the Closing Time (as defined below), the Underwriters will endeavour to arrange for purchasers in the Selling Jurisdictions to purchase Offered Shares at the Closing Time.

The Underwriters shall be entitled, in connection with the offering and sale of the Offered Shares, to retain as sub-agents other registered investment dealers or brokers to participate in the solicitation of offers to purchase the Offered Shares and may receive (for delivery to the Corporation at the Closing Time (as defined below)) subscriptions for Offered Shares from other registered investment dealers or brokers. The Underwriters will have the exclusive right to select such sub-agents and the fees payable to such sub-agents shall be for the account of the Underwriters.

## 1. **Definitions**

In this Agreement:

- (a) "**AJM**" means AJM Petroleum Consultants;
- (b) "**AJM Report**" means the report dated May 25, 2006 prepared by AJM, evaluating and auditing certain oil and gas minerals rights of the Corporation as at April 30, 2006;
- (c) "**Applicable Securities Laws**" includes all applicable securities and other laws, rules, regulations, notices and policies in the Selling Provinces;
- (d) "**Business Day**" means a day which is not Saturday or Sunday or a legal holiday in the City of Calgary, Alberta;
- (e) "**Canadian Exploration Expense**" or "**CEE**" means Canadian exploration expense described in paragraphs (a) or (d) of the definition of "Canadian exploration expense" in Subsection 66.1(6) of the Tax Act or that would be described in paragraph (h) of such definition if the words "paragraphs (a) to (d) and (f) to (g.1)" in that paragraph were read as "paragraphs (a) and (d)", excluding amounts which are prescribed to constitute "Canadian exploration and development overhead expense" under the Tax Act, the amount of any assistance described in paragraphs 66(12.6)(a) of the Tax Act and amounts which are "specified expenses" described in paragraph 66(12.6)(b.1) of the Tax Act;
- (f) "**Closing Date**" means November 1, 2006 or such other date as the Underwriters and the Corporation may agree;
- (g) "**Closing Time**" means 10:00 a.m. (Calgary time) or such other time, on the Closing Date, as the Underwriters and the Corporation may agree;
- (h) "**Commitment Amount**" means the amount equal to \$1.275 multiplied by the number of Offered Shares subscribed and paid for pursuant to this Underwriting Agreement;

- (i) "**Common Shares**" means common shares in the capital of the Corporation;
- (j) "**Corporation's counsel**" means Burnet, Duckworth & Palmer LLP or such other legal counsel as the Corporation may appoint;
- (k) "**Documents**" means, collectively:
  - (i) the annual information form of the Corporation dated April 13, 2006;
  - (ii) the Financial Statements;
  - (iii) the information circular - proxy statement dated April 19, 2006 in connection with the annual and special meeting of the shareholders of the Corporation held on May 24, 2006;
  - (iv) the Annual Report of the Corporation with respect to the year ended December 31, 2005;
  - (v) all press releases of the Corporation subsequent to December 31, 2005; and
  - (vi) all material change reports of the Corporation subsequent to December 31, 2005;
- (l) "**Due Diligence Session**" shall have the meaning set forth in Section 3(h) of this Agreement;
- (m) "**Due Diligence Session Responses**" means the responses of the Corporation, as given by any director or senior officer of the Corporation, at a Due Diligence Session:
  - (i) excluding the portion of such responses which are forward-looking or relate to projections or forecasts; but
  - (ii) including the portion of such responses which relate to the oil and gas reserves of the Corporation (including the responses reviewed and reported upon by AJM);
- (n) "**Exchange**" means the TSX Venture Exchange or any successor thereto;
- (o) "**Financial Statements**" means, collectively: (a) the audited consolidated balance sheet of the Corporation as at December 31, 2005 and 2004 and the audited consolidated statements of loss and deficit and cash flows for the year ended December 31, 2005 and for the period from the commencement of operations of the Corporation on July 1, 2004 to December 31, 2004, together with the notes thereto and the auditors' report thereon; and (b) the unaudited financial statements of the Corporation for the three and six months ended June 30, 2006, together with the notes thereto;
- (p) "**principal-business corporation**" means a principal-business corporation as defined in subsection 66(15) of the Tax Act;

- (q) "**Public Record**" means all information filed by or on behalf of the Corporation with respect to the Corporation with the securities commission or similar regulatory authority in any of the provinces of Canada, and any other information filed with any such securities commission or similar regulatory authority in compliance, or intended compliance, with any Applicable Securities Laws in the Selling Provinces;
- (r) "**Qualifying CDE**" means Canadian development expenses described in paragraph (a) or (b) of the definition of "Canadian development expense" in subsection 66.2(5) of the Act, or that would be described in paragraph (f) of such definition if the reference therein to "paragraphs (a) to (e)" were read as "paragraphs (a) and (b)", other than amounts which are prescribed to constitute "Canadian exploration and development overhead expense" under the Tax Act and the amount of any assistance described in paragraphs 66(12.601)(c) and 66(12.62)(a) of the Tax Act, which are eligible for renunciation under subsection 66(12.601) of the Tax Act;
- (s) "**Qualifying Expenditures**" means expenses that are CEE or Qualifying CDE at the date they are incurred to the extent they are permitted to be renounced to Subscribers under the Subscription Agreements;
- (t) "**Securities Commissions**" means the securities commissions in the Selling Provinces;
- (u) "**Selling Dealer Group**" means the dealers and brokers other than the Underwriters who participate in the offer and sale of the Flow-Through Shares pursuant to this Agreement;
- (v) "**Selling Provinces**" means the provinces of Alberta, British Columbia and Ontario and such other jurisdictions as agreed to between the Underwriters and the Corporation;
- (w) "**Subscriber**" means any person who executes a Subscription Agreement which is accepted by the Corporation;
- (x) "**Subscription Agreements**" means the agreements to be entered into between the Subscribers and the Corporation with respect to the offering of the Flow-Through Shares;
- (y) "**Subsidiary**" means 971021 Alberta Ltd.;
- (z) "**Swaps**" means any transaction which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency swap transaction, currency option, forward sale, exchange traded futures contract or any other similar transaction (including any option with respect to any of these transactions or any combination of these transaction);
- (aa) "**Tax Act**" means the *Income Tax Act* (Canada), together with any and all regulations promulgated thereunder, as amended from time to time;

- (bb) "**Transfer Agent**" means Valiant Trust Company;
- (cc) "**Underwriters' counsel**" means Bennett Jones LLP or such other legal counsel as the Underwriters may appoint; and
- (dd) "**Underwriting Fee**" shall have the meaning set forth in Section 2 of this Agreement.

The terms "**affiliated**", "**misrepresentation**", "**material change**" and "**material fact**" shall have the meanings ascribed thereto under the Applicable Securities Laws, "**distribution**" means "**distribution**" or "**distribution to the public**", as the case may be, as defined under the Applicable Securities Laws and "distribute" has a corresponding meaning.

The terms "**this Agreement**", "**hereto**", "**wherein**", "**hereby**", "**hereunder**", "**hereof**" and similar expressions refer to the agreement of the parties set forth herein and not to a particular paragraph or other portion of this Agreement.

## **2. Commission**

In consideration for their services hereunder and the purchasing of the Offered Shares, the Corporation agrees to pay the Underwriters on the Closing Date a fee equal to 6.0% of the aggregate gross proceeds (the "**Underwriting Fee**") received by the Corporation on the sale of the Offered Shares. For greater certainty, the services provided by the Underwriters in connection herewith will not be subject to the Goods and Services Tax provided for in the *Excise Tax Act* (Canada) and taxable supplies provided will be incidental to the exempt financial services provided.

## **3. Covenants of the Corporation**

- (a) The Corporation shall cause to be provided to the Underwriters such number of copies of the Documents as the Underwriters may reasonably request and such delivery shall constitute the Corporation's authority to use the Documents in connection with the sale of the Offered Shares.
- (b) The Corporation shall use its reasonable commercial efforts to obtain, prior to the Closing Time, all necessary regulatory approvals and approvals of the Exchange for the issuance and listing of the Offered Shares subject only to the filing of required documents and the payment of applicable fees.
- (c) The Corporation will duly, punctually and faithfully perform all the obligations to be performed by it under the Subscription Agreements which it accepts.
- (d) The Corporation shall take all such steps as may reasonably be necessary to enable the Offered Shares to be offered for sale and sold on a private placement basis to Subscribers in the Selling Provinces on the Closing Date through the Underwriters or any other investment dealers or brokers registered in any of the Selling Provinces by way of the exemptions set forth in the Applicable Securities Laws of each of the Selling Provinces and on the basis that the "hold period" applicable to the Offered Shares shall not exceed four months and a day from the Closing Date.

- (e) The Corporation shall use its reasonable commercial efforts to maintain the listing of its Common Shares on the Exchange for at least six months following the Closing Date; provided that the foregoing shall not restrict or prevent the Corporation from completing a plan of arrangement, take-over bid or other business combination which could or may result in delisting of the Common Shares.
- (f) The Corporation shall use its reasonable commercial efforts to maintain its status as a reporting issuer (or equivalent) not in default of any Applicable Securities Laws in each of the Selling Provinces in which it is currently a reporting issuer for at least six months following the Closing Date; provided that the foregoing shall not restrict or prevent the Corporation from completing a plan of arrangement, take-over bid or other business combination which could or may result in the Corporation ceasing to be a reporting issuer in any such jurisdiction.
- (g) The Corporation will duly, punctually and faithfully perform and comply with all the obligations to be performed by it, and all of its covenants and agreements, under and pursuant to the Subscription Agreements including, without limitation, all covenants and agreements of the Corporation relating to or in respect of the incurring and renouncing of Qualifying Expenditures to Subscribers for the Offered Shares and all reporting obligations relating thereto.
- (h) Without limiting the scope of the due diligence inquiries the Underwriters may conduct, and the Corporation shall make available its directors and senior management, and shall use its reasonable commercial efforts to cause its independent auditors and independent engineers to answer any questions which the Underwriters may have and to participate in one or more due diligence sessions to be held prior to the Closing Date (the "**Due Diligence Session**"); the Underwriters shall distribute a list of written questions to be answered in advance of such Due Diligence Session and the Corporation shall provide written responses to such questions and shall use its reasonable commercial efforts to have its independent auditors and independent engineers provide written responses to such questions in advance of the Due Diligence Session.
- (i) The Corporation will file, in a timely fashion, all necessary forms and reports in connection with the issuance of the Offered Shares hereunder with the appropriate Securities Commissions and other regulatory authorities in the Selling Provinces.
- (j) The Corporation shall use the proceeds from the issuance and sale of the Offered Shares to incur Qualifying Expenditures in accordance with the Subscription Agreements prior to December 31, 2007 in such amount that enables the Corporation to renounce to Subscribers effective December 31, 2006 in accordance with the Tax Act and the Subscription Agreements, Qualifying Expenditures in an amount equal to the Commitment Amount.
- (k) The Corporation will maintain its status as principal business corporation until December 31, 2007.

- (l) It will timely file all forms required under the Tax Act necessary to effectively renounce Qualifying Expenditures equal to the Commitment Amount to the Subscribers as provided in the Subscription Agreements, and will provide the Subscribers with a copy of all such forms as required to be provided on a timely basis.

#### **4. Material Change**

- (a) During the period commencing from the date hereof until the Closing Date, the Corporation will promptly inform the Underwriters of the full particulars of:
  - (i) any material change (actual, anticipated or threatened) in the business, operations, capital or condition (financial or otherwise) of the Corporation or its properties or assets;
  - (ii) any change in any material fact contained or referred to in the Public Record; and
  - (iii) the occurrence of a material fact or event, which, in any such case, is, or may be, of such a nature as to:
    - (A) render any portion of the Public Record or any of the Due Diligence Session Responses untrue, false or misleading in a material respect;
    - (B) result in a misrepresentation in the Public Record; or
    - (C) result in the Public Record not complying with the Applicable Securities Laws;

provided that if the Corporation is uncertain as to whether a material change, change, occurrence or event of the nature referred to in this paragraph has occurred, the Corporation shall promptly inform the Underwriters of the full particulars of the occurrence giving rise to the uncertainty and shall consult with the Underwriters as to whether the occurrence is of such nature.

- (b) During the period commencing from the date hereof until the Closing Date, the Corporation will promptly inform the Underwriters of the full particulars of:
  - (i) any request of any Securities Commission or similar securities regulatory authority for any amendment to the Public Record or for any additional information;
  - (ii) the issuance by any Securities Commission or any other securities commission or similar regulatory authority in any jurisdiction, the Exchange or by any other competent authority of any order to cease or suspend trading of any securities of the Corporation or of the institution or threat of institution of any proceedings for that purpose; and

- (iii) the receipt by the Corporation of any material communication from any of the Securities Commissions or any other securities commission or similar regulatory authority in any jurisdiction, the Exchange or any other competent authority relating to any part of the Public Record or the distribution of the Offered Shares.
- (c) The Corporation will promptly comply to the reasonable satisfaction of the Underwriters and the Underwriters' counsel with the Applicable Securities Laws with respect to any material change, change, occurrence or event of the nature referred to in Subsections 4(a) and (b) above during the period of distribution of the Offered Shares up to and including the Closing Date and take such steps, which in the Underwriters' opinion, acting reasonably, may be necessary or advisable to comply with Applicable Securities Laws.
- (d) During the period commencing from the date hereof until the Closing Date, the Corporation will promptly provide to the Underwriters, for review by the Underwriters and the Underwriters' counsel, prior to filing or issuance, any document constituting part of the Public Record.

## **5. Representations, Warranties and Covenants of the Corporation**

The Corporation represents and warrants to the Underwriters, and acknowledges that the Underwriters are relying upon such representations and warranties, that:

- (a) each of the Corporation and the Subsidiary has been duly incorporated and organized and is validly existing under the laws of the province of its incorporation, and has all requisite corporate authority and power to carry on its business, as now conducted and as presently proposed to be conducted by it, and to own its properties and assets;
- (b) other than the Subsidiary, neither the Corporation nor the Subsidiary has any subsidiaries or is affiliated with, nor is it a holding corporation of, any other body corporate, nor is it a partner of any partnership;
- (c) each of the Corporation and the Subsidiary is duly registered and qualified to carry on business and is validly subsisting under the laws of each jurisdiction in which it carries on its business;
- (d) the Corporation has full corporate power and authority to issue the Offered Shares, to incur and renounce to Subscribers for Offered Shares Qualifying Expenditures in an amount equal to the Commitment Amount and at the Closing Date the Offered Shares will be duly and validly authorized, allotted and reserved for issuance and, upon receipt of the purchase price therefor, be issued as fully paid and non-assessable Common Shares;
- (e) neither the Corporation nor the Subsidiary is in default or breach of, and the execution and delivery of, and the performance of and compliance with the terms of this Agreement and the Subscription Agreements by the Corporation or any of the transactions contemplated hereby or thereby does not and will not result in any breach of, or constitute a default under, and does not and will not create a state of facts

which, after notice or lapse of time or both, would result in a breach of or constitute a default under, any term or provision of the articles, by-laws or resolutions of the directors or shareholders of the Corporation or the Subsidiary, or any indenture, mortgage, note, contract, agreement (written or oral), instrument, lease or other document to which the Corporation or the Subsidiary is a party or by which it is bound, or any judgment, decree, order, statute, rule or regulation applicable to the Corporation or the Subsidiary which default or breach might reasonably be expected to materially adversely affect the business, operations, capital or condition (financial or otherwise) of the Corporation and the Subsidiary (taken as a whole) or the assets of the Corporation and the Subsidiary (taken as a whole);

- (f) the Corporation has full corporate right, power and authority to enter into this Agreement and the Subscription Agreements and to perform its obligations set out herein and therein, and this Agreement and the Subscription Agreements have been and will be on the Closing Date, duly authorized, executed and delivered by the Corporation and are and will be on the Closing Date, legal, valid and binding obligations of the Corporation enforceable against the Corporation in accordance with their terms subject to the general qualifications that:
  - (i) enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally;
  - (ii) enforceability may be limited by general principles of equity, including the limitation that the grant of equitable remedies, including specific performance, is discretionary and may not be available;
  - (iii) the equitable or statutory powers of the courts in Canada having jurisdiction to stay proceedings before them and the execution of judgments; and
  - (iv) rights to indemnity and contribution hereunder may be limited under applicable law;
- (g) there has not been any material adverse change in the capital, assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of the Corporation and the Subsidiary (taken as a whole) from the position set forth in the Financial Statements and there has not been any adverse material change in the business, operations, capital or condition (financial or otherwise) or results of the operations of the Corporation and the Subsidiary (taken as a whole) since December 31, 2005; and since that date there have been no material facts, transactions, events or occurrences which could materially adversely affect the capital, assets, liabilities (absolute, accrued, contingent or otherwise), business, operations or condition (financial or otherwise) or results of the operations of the Corporation and the Subsidiary (taken as a whole), and the Corporation has not entered into any transaction which is or may be material to the Corporation and the Subsidiary (taken as a whole) and is not in the ordinary course of business, which has not been disclosed in the Public Record;
- (h) the Financial Statements fairly present, in accordance with generally accepted accounting principles in Canada ("GAAP"), consistently applied, the financial

position and condition of the Corporation and the Subsidiary (on a consolidated basis) as at the dates thereof and reflect all assets and liabilities (absolute, accrued, contingent or otherwise) of the Corporation and the Subsidiary (taken as a whole) as at the dates thereof required to be disclosed in accordance with GAAP;

- (i) there are no actions, suits, proceedings or inquiries pending or threatened against or affecting the Corporation or the Subsidiary at law or in equity or before or by any federal, provincial, state, county, municipal or other governmental department, commission, board, bureau, agency or instrumentality which in any way materially adversely affect, or may in any way materially adversely affect, the business, operations or condition (financial or otherwise) of the Corporation or its assets or which affect or may affect the distribution of the Offered Shares and the Corporation has no knowledge of any existing ground on which any such action, suit, proceeding or inquiry might be commenced with any reasonable likelihood of success;
- (j) except as disclosed in the Documents, since December 31, 2005, neither the Corporation nor the Subsidiary has incurred, assumed or suffered any liability (absolute, accrued, contingent or otherwise) or entered into any transaction, which is or may be material to the Corporation or the Subsidiary (taken as a whole) and is not in the ordinary course of business;
- (k) the information and statements set forth in the Public Record were true, correct, and complete in all material respects and did not contain any misrepresentation, as of the date of such information or statements and no material change (as defined in Applicable Securities Laws) has occurred in relation to the Corporation which is not disclosed in the Public Record, and the Corporation has not filed any confidential material change reports which continue to be confidential;
- (l) neither the Corporation nor the Subsidiary is a party to or bound by any agreement of guarantee, indemnification (other than an indemnification of directors and officers in accordance with its by-laws and applicable laws, indemnification of the registrar and transfer agent of the Corporation, the Corporation's bankers, industry partners in accordance with normal industry practice and previous agents or underwriters of the Corporation pursuant to agency or underwriting agreements) or any other like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness or any other person;
- (m) neither the Corporation nor the Subsidiary has any loans or other indebtedness outstanding which have been made to or from any of its shareholders, officer, directors or employees or any other person not dealing at arm's length with it that are currently outstanding;
- (n) no officer, director, employee or any other person not dealing at arm's length with the Corporation or the Subsidiary or any associate or affiliate of any such person, owns, has or is entitled to any royalty, net profits interest, carried interest or any other encumbrances or claims of any nature whatsoever which are based on production from the Corporation's or the Subsidiary's properties or assets or any revenue or rights

attributed thereto, other than a gross-overriding royalty to an officer of the Corporation as disclosed to the Underwriters;

- (o) the authorized capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series, of which 22,010,968 Common Shares are currently issued and outstanding as fully paid and non-assessable;
- (p) there are no outstanding securities convertible or exchangeable into any securities or ownership interests of the Corporation or the Subsidiary or any agreement, warrant, option, right or privilege being or capable of becoming an agreement, warrant, option or right for the purchase of any unissued securities of the Corporation or the Subsidiary, except as provided in this Agreement, options to purchase up to 2,200,000 Common Shares currently issued pursuant to the Corporation's share option plan and common share purchase warrants to purchase an aggregate of 300,000 Common Shares at an exercise price of \$0.80 until July 31, 2006 and \$0.90 until July 31, 2007;
- (q) the Corporation is the legal and beneficial owner of all of the issued and outstanding shares of the Subsidiary and no person, firm, corporation or other entity holds any securities convertible or exchangeable into securities of the Subsidiary or has any agreement, warrant, option, right or privilege (whether pre-emptive or contractual) being or capable of becoming an agreement for the purchase, subscription or issuance of any unissued shares, securities (including convertible securities) or warrants of the Subsidiary;
- (r) the Exchange has conditionally accepted the issuance and listing of the Offered Shares, subject only to the conditions set forth in its letter dated October 18, 2006;
- (s) each of the Corporation and the Subsidiary has duly filed all tax returns required to be filed by it, has paid all taxes due and payable by it and has paid all assessments and re-assessments and all other taxes, governmental charges, penalties, interest and other fines due and payable by it and which are claimed by any governmental authority to be due and owing and adequate provision has been made for taxes payable for any completed fiscal period for which tax returns are not yet required and there are no agreements, waivers, or other arrangements providing for an extension of time with respect to the filing of any tax return or payment of any tax, governmental charge or deficiency by the Corporation or the Subsidiary, and there are no actions, suits, proceedings, investigations or claims threatened or pending against the Corporation or the Subsidiary in respect of taxes, governmental charges or assessments or any matters under discussion with any governmental authority relating to taxes, governmental charges or assessments asserted by any such authority;
- (t) other than the approval of the Exchange, no authorization, approval or consent of any court or governmental authority or agency is required to be obtained by the Corporation in connection with the sale and delivery of the Offered Shares hereunder;

- (u) the form and terms of the definitive certificates representing the Common Shares are in due and proper form under the laws governing the Corporation and are in compliance with the applicable requirements of the Exchange;
- (v) to the best of the knowledge of the Corporation, no other party is in default in the observance or performance of any term or obligation to be performed by it under any contract to which the Corporation or the Subsidiary is a party or by which it is bound which is material to the business of the Corporation and the Subsidiary (taken as a whole), and no event has occurred which with notice or lapse of time or both would directly or indirectly constitute such a default, in any such case which default or event would reasonably be expected to have a material adverse effect on the assets or properties, business, results of operations, prospects or condition (financial or otherwise) of the Corporation and the Subsidiary (taken as a whole);
- (w) the minute books of each of the Corporation and the Subsidiary contain true and correct copies of the constating documents of the Corporation and the Subsidiary and do not omit any constating documents of the Corporation and the Subsidiary and, at the Closing Time, will contain copies of all minutes of all meetings and all consent resolutions of the directors, committees of directors and shareholders of the Corporation and the Subsidiary, and all such meetings were duly called and properly held and all such resolutions were properly adopted except to the extent that any such failure could not reasonably be expected to have a material adverse effect on the Corporation and the Subsidiary (taken as a whole);
- (x) other than as provided for in this Agreement, the Corporation has not incurred any obligation or liability, contingent or otherwise, for brokerage fees, finder's fees, agent's commission or other similar forms of compensation with respect to the transactions contemplated herein;
- (y) other than normal course drilling, tie-in and transportation obligations and the Corporation's office lease, there are no material contracts or agreements which have or which might have or create any material obligation on the Corporation or the Subsidiary or from which either of them derives or could derive any material benefit or which are required by the Corporation or the Subsidiary to carry on its business. For the purposes of this representation and warranty, any contract or agreement is deemed to be material where such contract will, or may reasonably be expected to, result in expenditures by the Corporation or the Subsidiary of an aggregate of more than \$100,000 or the Corporation or the Subsidiary receiving or being entitled to receive revenue of more than \$100,000 during any 12 month period, or is out of the ordinary course of business of the Corporation or the Subsidiary;
- (z) the Corporation is not a party to any written contracts of employment which may not be terminated on one month's notice or which provide for payments occurring on a change of control of the Corporation which, if triggered, would have a material adverse effect on the Corporation;
- (aa) the Corporation does not have any Swaps outstanding;

- (bb) the Corporation does not have in place a shareholder rights protection plan;
- (cc) to its knowledge, other than the escrow agreement disclosed in the Documents, neither the Corporation nor any of its shareholders is a party to any unanimous shareholder agreement, pooling agreement, voting trust or other similar type of arrangements in respect of outstanding securities of the Corporation;
- (dd) except where it would not have a material adverse effect upon the Corporation and the Subsidiary (taken as a whole), each of the Corporation and the Subsidiary has conducted, and is conducting, its business in compliance in all material respects with all applicable laws, rules and regulations and, in particular, all legislation, regulations or by-laws or other lawful requirements of any governmental or regulatory bodies (collectively, the "**Environmental Laws**") of each jurisdiction in which it carries on business relating to the protection of the environment, occupational health and safety or the processing, use, treatment, storage, disposal, discharge, transport or handling of any pollutants, contaminants, chemicals or industrial, toxic or hazardous wastes or substance (collectively, the "**Hazardous Substances**") or the licensing thereof and each of the Corporation and the Subsidiary holds all licenses, registrations, permits, authorities and qualifications in all jurisdictions in which it carries on its business which are necessary or desirable to carry on its business as now conducted and as presently proposed to be conducted, and all such licenses, registrations, permits, authorities and qualifications are valid and existing and in good standing and none of such licenses, registrations, permits, authorities or qualifications contains any burdensome term, provision, condition or limitations which has or is likely to have any material adverse effect on the business of the Corporation as now conducted, or as proposed to be conducted, neither the Corporation nor the Subsidiary has received notice of any proceedings relating to the revocation or modification of any such licenses, registrations, permits, authorities or qualifications which, if the subject of an unfavourable decision, ruling or finding, would materially adversely affect the business, operations, financial condition or prospects of the Corporation and the Subsidiary (taken as a whole), neither the Corporation nor the Subsidiary has received any notice of, or been prosecuted for, an offence alleging non-compliance with any Environmental Laws, and neither the Corporation nor the Subsidiary has settled any allegation of non-compliance short of prosecution, and there are no orders or directions (including but not limited to stop orders, control orders, clean-up orders or reclamation orders) relating to environmental matters requiring any work, repairs, construction or capital expenditures to be made with respect to any of the assets of the Corporation or the Subsidiary, nor has the Corporation or the Subsidiary received notice of any of the same;
- (ee) none of the Securities Commissions or any other securities commission or similar regulatory authority in any jurisdiction or the Exchange has issued any order preventing or suspending trading of any securities of the Corporation, the Corporation is not in default of any material requirement of Applicable Securities Laws and the Corporation is entitled to avail itself of the applicable prospectus exemptions available under the Applicable Securities Laws in respect of the trades in its securities to Subscribers as contemplated by the Subscription Agreement and this Agreement;

- (ff) the representations and warranties made by the Corporation in the Subscription Agreements are, or will be, true and correct as of the date at which they are made;
- (gg) the issued and outstanding Common Shares of the Corporation are listed and posted for trading on the Exchange and the Corporation is in compliance with the rules and policies of the Exchange in all material respects;
- (hh) the Corporation is a "reporting issuer" or has equivalent status in the provinces of British Columbia, Alberta, Saskatchewan and Ontario and is not in default of any material requirement in relation thereto;
- (ii) Valiant Trust Company at its principal office in the city of Calgary is the duly appointed registrar and transfer agent of the Corporation with respect to its Common Shares;
- (jj) the books of account and other records of the Corporation and the Subsidiary, whether of a financial or accounting nature or otherwise, have been maintained in accordance with prudent business practices;
- (kk) all filings by the Corporation and the Subsidiary pursuant to which it has received or is entitled to receive government incentives, have been made in accordance, in all material respects, with all applicable legislation and contain no misrepresentations of material fact or omit to state any material fact which could cause any amount previously paid to the Corporation or the Subsidiary or previously accrued on the accounts thereof to be recovered or disallowed;
- (ll) to the knowledge of the Corporation as at the date of this Agreement, no insider of the Corporation has the present intention to sell any securities of the Corporation;
- (mm) although it does not warrant title, the Corporation does not have reason to believe that it or its Subsidiary does not have, subject to the terms and conditions of the documents of title relating thereto, the irrevocable right under valid and subsisting leases, licenses, permits, concessions, agreements, contracts, subleases, reservations or other agreements to produce and sell its petroleum, natural gas and related hydrocarbons (for the purposes of this clause, the foregoing are referred to as the "**Interests**") and does represent and warrant that the Interests are free and clear of all liens, charges, encumbrances, restrictions or adverse claims created by, through or under the Corporation or its Subsidiary other than any liens or encumbrances that may be outstanding pursuant to credit agreements with the Corporation's bank, and those arising in the ordinary course of business, which are not material in the aggregate;
- (nn) to the knowledge of the Corporation and the Subsidiary, after due inquiry, there has not occurred any material spills, emissions or pollution of any property of the Corporation or the Subsidiary or for which the Corporation or the Subsidiary is or may be responsible;
- (oo) the Corporation has made available to AJM prior to the issuance of the AJM Report for the purposes of preparing such report, all information requested by AJM which

information did not contain any material misrepresentation at the time such information was so provided. The Corporation has not requested AJM to evaluate any of the Corporation's reserves subsequent to the effective date of the AJM Report, other than to prepare a reserve report in respect of the Corporation's reserves as at December 31, 2006, in respect of which AJM has not commenced work;

- (pp) the Corporation does not have a reserves report prepared in accordance with National Instrument 51-101 *Standards of Disclosure for Oil & Gas Activities*;
- (qq) except where it would not have a material adverse effect upon the Corporation and the Subsidiary (taken as a whole), to the best of its knowledge, the Corporation is not aware of any defects, failures or impairments in its title to its oil and natural gas properties, whether or not an action, suit, proceeding or inquiry is pending or threatened or whether or not discovered by any third party which, in aggregate, could have a material adverse effect on: (i) the current production of the Corporation, or (ii) the current cash flow of the Corporation;
- (rr) any and all operations of the Corporation and the Subsidiary, and to the best of the Corporation's knowledge, any and all operations by third parties, on or in respect of the assets and properties of the Corporation and the Subsidiary have been conducted in accordance with good oil and gas industry practices and in material compliance with applicable laws, rules, regulations, orders and directions of government and other competent authorities;
- (ss) neither the Corporation nor the Subsidiary has not entered into any agreements or made any covenants with any parties with respect to the renunciation of CEE or Qualifying CDE, which amounts have not been fully expended and renounced as required thereunder;
- (tt) the Corporation has not entered into any agreements or made any covenants with any parties that would restrict the Corporation from entering into the Subscription Agreements and agreeing to incur and renounce Qualifying Expenditures in accordance with the Subscription Agreements for Offered Shares, nor that would require the prior renunciation to any other person of Qualifying Expenditures prior to the renunciation of the aggregate Commitment Amount in favour of the Subscribers for Offered Shares;
- (uu) the Corporation is a principal-business corporation;
- (vv) the Offered Shares will upon issuance be "flow-through shares" as defined in subsection 66(15) of the Tax Act and such Flow-Through Shares will not constitute "prescribed shares" for the purpose of Regulation 6202.1 included in the Regulations to the Tax Act; and
- (ww) the taxable capital amount of the Corporation as defined for the purposes of subsection 77(12.601) of the Tax Act does not and will not on the date on which the Offered Shares are issued exceed \$15,000,000.

It is further agreed by the Corporation that all representations, warranties and covenants in this Section 5 made by the Corporation to the Underwriters shall also be deemed to be made for the benefit of the Subscribers as if the Subscribers were also parties hereto (it being agreed that the Underwriters are acting for and on behalf of the Subscribers for this purpose).

## **6. Indemnity**

- (a) The Corporation shall indemnify and save the Underwriters, and the Underwriters' agents, directors, officers, employees, shareholders and partners, harmless against and from all liabilities, claims, demands, losses (other than losses of profit) costs, damages and expenses to which the Underwriters, or any of the Underwriters' agents, directors, officers, employees, partners or shareholders may be subject or which the Underwriters, or any of the Underwriters' agents, directors, officers, employees, partners or shareholders may suffer or incur, whether under the provisions of any statute or otherwise, in any way caused by, or arising directly or indirectly from or in consequence of:
  - (i) any information or statement contained in the Public Record (other than any information or statement relating solely to the Underwriters and furnished to the Corporation by the Underwriters or the Underwriters' counsel expressly for inclusion in the Public Record) which is or is alleged to be untrue or any omission or alleged omission to provide any information or state any fact the omission of which makes or is alleged to make any such information or statement untrue or misleading in light of the circumstances in which it was made;
  - (ii) any misrepresentation or alleged misrepresentation (except a misrepresentation which is based upon information relating solely to the Underwriters and furnished to the Corporation by the Underwriters or the Underwriters' counsel expressly for inclusion in the Public Record) contained in the Public Record;
  - (iii) any prohibition or restriction of trading in the securities of the Corporation or any prohibition or restriction affecting the distribution of the Offered Shares by any competent authority if such prohibition or restriction is based on any misrepresentation or alleged misrepresentation of a kind referred to in Subsection 6(a)(i) or 6(a)(ii);
  - (iv) any order made or any inquiry, investigation (whether formal or informal) or other proceeding commenced or threatened by any one or more competent authorities (not based upon the activities or the alleged activities of the Underwriters or its banking or selling group members, if any) relating to or materially affecting the trading or distribution of the Offered Shares; or
  - (v) any breach of, default under or non-compliance by the Corporation with any material representation, warranty, term or condition of this Agreement, a Subscription Agreement or any requirement of Applicable Securities Law,

provided that in the event and to the extent that a court of competent jurisdiction in a final judgment from which no appeal can be made or regulatory authority in a final ruling from which no appeal can be made shall determine that any proceedings or liabilities in respect of which indemnity may be sought resulted solely from the negligence, fraud or wilful misconduct of any party entitled to indemnity hereunder, this indemnity shall not apply.

The Underwriters or any of them shall be entitled, as trustee, to enforce the obligations contained herein on behalf of any other party entitled to indemnity or contribution hereunder.

The Corporation agrees that in case any legal proceedings or investigation shall be brought against or initiated against the Corporation by any securities commission, regulatory authority, stock exchange, court, or other entity having regulatory authority, and any representative of the Underwriters shall be required to testify in connection therewith or shall be required to respond to procedures designed to discover information regarding, in connection with, or by reason of the performance of professional services rendered to the Corporation by the Underwriters, the Corporation shall pay the Underwriters the reasonable costs thereof (including an amount to reimburse the Underwriters for time spent by their personnel in connection therewith on such individuals' usual per diem rates and out-of-pocket expenses incurred by their personnel in connection therewith), as they occur unless such legal proceedings or investigation are caused by the negligence, fraud or wilful misconduct of any party entitled to indemnity hereunder.

- (b) If any claim contemplated by Subsection 6(a) shall be asserted against any of the persons or corporations in respect of which indemnification is or might reasonably be considered to be provided for in such paragraph, such person or corporation (the "**Indemnified Person**") shall notify the Corporation as soon as possible of the nature of such claim and the Corporation shall be entitled (but not required) to assume the defense of any suit brought to enforce such claim, provided however, that the defence shall be through legal counsel selected by the Corporation and acceptable to the Indemnified Person acting reasonably and that no settlement may be made by the Corporation or the Indemnified Person without the prior written consent of the other, such consent not to be unreasonably withheld. If the Corporation assumes the defence for an Indemnified Person, the Indemnified Person shall fully cooperate in the defence including, without limitation, provide documents, provide appropriate officers and employees to give witness statements, attend examinations for discovery, make affidavits, meet with counsel, testify and divulge all information reasonable required to defend or prosecute the proceedings. The Indemnified Person shall have the right to retain its own counsel in any proceeding relating to a claim contemplated by Subsection 6(a) if:
  - (i) the Indemnified Person has been advised by counsel that there may be a reasonable legal defence available to the Indemnified Person which is different from or additional to a defence available to the Corporation (in which case the Corporation shall not have the right to assume the defence of such proceedings on the Indemnified Person's behalf);

- (ii) the Corporation shall not have taken the defence of such proceedings and employed counsel within ten (10) days after notice of commencement of such proceedings; or
- (iii) the employment of such counsel has been authorized by the Corporation in connection with the defence of such proceeding;

and, in any such event, the reasonable fees and expenses of such Indemnified Person's counsel (on a solicitor and his client basis) shall be paid by the Corporation, provided that the Corporation shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate law firm (in addition to any local counsel) for all such Indemnified Persons.

## **7. Contribution**

In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in this Agreement is due in accordance with its terms but is, for any reason, held by a court to be unavailable from the Corporation on ground of policy or otherwise, each of the Corporation and the party or parties seeking indemnification shall contribute to the aggregate liabilities, claims, demands, losses (other than losses of profit), costs, damages and expenses (including legal or other expenses reasonably incurred in connection with investigation or defence of the same) to which they may be subject or which they may suffer or incur:

- (a) in such proportion as is appropriate to reflect the relative benefit received by the Corporation on the one hand, and by the party or parties seeking indemnity on the other hand, from the offering of the Offered Shares; or
- (b) if the allocation provided by Subsection 7(a) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in Subsection 7(a) above but also to reflect the relative fault of the party or parties seeking indemnity, on the one hand, and the parties from whom indemnity is sought, on the other hand, in connection with the statements, commissions or omissions or other matters which resulted in such liabilities, claims, demands, losses, costs, damages or expenses as well as any other relevant equitable considerations.

The relative benefits received by the Corporation, on the one hand, and the Underwriters, on the other hand, shall be deemed to be in the same proportion that the total proceeds of the offering received by the Corporation (net of fees but before deducting expenses) bear to the fees received by the Underwriters. In the case of liability arising out of the Public Record, the relative fault of the Corporation, on the one hand, and of the Underwriters, on the other hand, shall be determined by reference, among other things, to whether the misrepresentation or alleged misrepresentation, order, inquiry, investigation or other matter or thing referred to in Section 6 above relates to information supplied or which ought to have been supplied by, or steps or actions taken or done on behalf of or which ought to have been taken or done on behalf of, the Corporation or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such

misrepresentation or alleged misrepresentation, order, inquiry, investigation or other matter or thing referred to in Section 6 above.

The Corporation agrees that it would not be just and equitable if contributions pursuant to this Agreement were determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to in the immediately preceding paragraphs. The rights to contribution provided in this Section 7 shall be in addition to, and without prejudice to, any other right to contribution, which the Underwriters may have.

Any liability of the Underwriters under this Section 7 shall be limited to the amount payable to the Underwriters under Section 2 hereof.

## **8. Expenses**

Whether or not the transactions contemplated herein shall be completed, all costs and expenses of or incidental to the creation, issuance and distribution of the Offered Shares shall be borne by the Corporation, including, without limitation, the Exchange listing fees, the fees payable pursuant to the Applicable Securities Laws, the fees and expenses of the Corporation's counsel, the fees and expenses of agent counsel retained by the Corporation's counsel, the fees and expenses of the Corporation's auditors, transfer agents, engineers and other outside consultants, the reasonable fees (to a maximum of \$25,000 plus reasonable disbursements and applicable GST) and expenses of Underwriters' counsel and the reasonable out-of-pocket expenses of the Underwriters up to \$10,000 relating to this transaction and all other costs and expenses relating to this transaction.

## **9. Termination**

- (a) In addition to any other remedies which may be available to the Underwriters, the Underwriters shall be entitled, at their option, to terminate and cancel, without any liability on the Underwriters' part, its obligations hereunder, and the obligations of any purchaser under any Subscription Agreement, prior to the Closing Time by written notice to the Corporation, in the event that after the date hereof and prior to the Closing Time:
  - (i) any order to cease or suspend trading in any securities of the Corporation, or prohibiting or restricting the distribution of the Offered Shares is made, or proceedings are announced, commenced or threatened for the making of any such order, by any securities commission or similar regulatory authority or by any other competent authority, and has not been rescinded, revoked or withdrawn within 48 hours;
  - (ii) there shall have occurred any change of law or the interpretation or administration thereof in the Applicable Securities Laws or any inquiry, investigation (whether formal or informal) or other proceeding in relation to the Corporation or the Subsidiary, their affiliates or any of their directors or senior officers is announced, commenced or threatened by any securities commission or similar regulatory authority, the Exchange or by any other competent authority, except for any inquiry, investigation or other proceeding based upon the action or inaction of the Underwriters and not upon the action or inaction of the Corporation, if, in the reasonable opinion of the

Underwriters, the announcement, commencement or threatening thereof materially adversely affects or may materially adversely affect the trading or distribution of the Offered Shares;

- (iii) there shall have occurred any material adverse change (actual, contemplated or threatened) or any change in a material fact or occurrence of a material fact or event or event of the nature described in paragraph 4(a), as determined by the Underwriters in their sole discretion, acting reasonably, in respect of the business, operations, capital or condition (financial or otherwise) of the Corporation and the Subsidiary (taken as a whole) or its properties, assets, liabilities or obligations (absolute, accrued, contingent or otherwise);
  - (iv) there should develop, occur or come into effect or existence any event, action, state, condition or financial occurrence, or any catastrophe of national or international consequence, any law or regulation, or any other occurrence of any nature whatsoever, which, in the sole opinion of the Underwriters, acting reasonably, materially adversely affects, or involves, or will materially adversely affect, or involve, the financial markets or the business, operations or affairs of the Corporation such that it would not be practical (in the sole opinion of the Underwriters) to market the Offered Shares;
  - (v) the Corporation shall be in breach of, default under or non-compliance with, in any material respect, any representation, warranty, term or condition of this Agreement or the Subscription Agreements;
  - (vi) there is announced any change or proposed change in the income tax laws of Canada or the interpretation or administration thereof and such change, which in the sole opinion of the Underwriters, or any one of them, could reasonably be expected to have a material adverse effect on the market price or value of the Offered Shares; or
  - (vii) as a result of its investigations, the Underwriters shall determine that there exists any fact or circumstance not generally disclosed to the public by the Corporation at the date hereof, which would have, in the opinion of the Underwriters, acting reasonably, a material adverse effect on the market price or value of the Offered Shares.
- (b) The Underwriters may exercise any or all of the rights provided for in Subsection 9(b) or Sections 10, 12 or 15 notwithstanding any material change, change, event or state of facts and notwithstanding any act or thing taken or done by the Underwriters or any inaction by the Underwriters, whether before or after the occurrence of any material change, change, event or state of facts including, without limitation, any act of the Underwriters related to the offering or continued offering of the Offered Shares for sale and the Underwriters shall only be considered to have waived or be estopped from exercising or relying upon any of its rights under or pursuant to Subsection 9(b) or Sections 10, 12 or 15 if such waiver or estoppel is in writing and specifically waives or estoppes such exercise or reliance.

- (c) Any termination pursuant to the terms of this Agreement shall be effected by notice in writing delivered to the Corporation, provided that no termination shall discharge or otherwise affect any obligation of the Corporation under Sections 6, 7 or 8 herein. The right of the Underwriters to terminate its obligations hereunder are in addition to, and without prejudice to, any other remedies it may have.

## 10. Closing Documents

The obligations of the Underwriters hereunder shall be conditional upon the Underwriters receiving, and the Underwriters shall have the right on the Closing Date on behalf of the Subscribers to withdraw all Subscription Agreements delivered and not previously withdrawn by Subscribers unless the Underwriters receive, on the Closing Date:

- (a) a legal opinion of the Corporation's counsel addressed to the Underwriters, Underwriters' counsel and the Subscribers in form and substance reasonably satisfactory to the Underwriters and Underwriters' counsel, with respect to such matters as the Underwriters and Underwriters' counsel may reasonably request relating to the offering of the Offered Shares, the issuance and sale of the Offered Shares subscribed for on the Closing Date, including, without limitation, that:
  - (i) the Corporation:
    - (A) has been duly incorporated and is a valid and subsisting corporation;
    - (B) has all requisite corporate power and authority to carry on its business as now conducted by it and to own its properties and assets;
  - (ii) the Corporation has full corporate power and authority to enter into this Agreement and the Subscription Agreements and to perform its obligations set out herein and therein, and this Agreement and the Subscription Agreements have been duly authorized, executed and delivered by the Corporation and constitute legal, valid and binding obligations of the Corporation enforceable against the Corporation in accordance with their terms subject to laws relating to creditors' rights generally and except that rights to indemnity and contribution may be limited or unavailable by applicable law, and subject to other qualifications to enforceability as reasonably required by the Corporation's Counsel;
  - (iii) the execution and delivery of this Agreement and the Subscription Agreements and the performance of and compliance with the terms of this Agreement and the Subscription Agreements by the Corporation does not and will not result in a breach of, or constitute a default under, and does not and will not create a state of facts which, after notice or lapse of time or both, will result in a breach of or constitute a default under: (i) any applicable laws of the Province of Alberta or the laws of Canada applicable therein; (ii) any term or provision of the articles or by-laws of the Corporation; or (iii) of which such counsel is aware, resolutions of the directors (or any committee thereof) or shareholders of the Corporation; or (iv) of which such counsel is aware, any mortgage, note, indenture, contract, agreement (written or oral), instrument,

lease or other document to which the Corporation or the Subsidiary is a party or by which it is bound on the Closing Date, or any judgment, decree, order, statute, rule or regulation applicable to the Corporation or the Subsidiary, which default or breach might reasonably be expected to materially adversely affect the business, operations, capital or condition (financial or otherwise) of the Corporation and the Subsidiary (taken as a whole), the properties or the assets of the Corporation and the Subsidiary (taken as a whole);

- (iv) the form and terms of the definitive certificates representing the Offered Shares have been approved and adopted by the directors of the Corporation and are in due and proper form under the laws governing the Corporation and are in compliance with all legal requirements of the Exchange;
- (v) the Offered Shares have been reserved and allotted for issuance and when issued in accordance with the terms of this Agreement will be validly issued as fully paid and non-assessable shares;
- (vi) the issuance of the Offered Shares has been conditionally approved by the Exchange and the Offered Shares have been approved for listing upon the Exchange subject to any applicable filing requirements;
- (vii) the Offered Shares are "flow-through shares" for the purposes of Subsection 66(15) of the Tax Act and are not "prescribed shares" for the purposes of Section 6202.1 of the Regulations to the Tax Act; and
- (viii) the offering, sale, issuance and delivery of the Offered Shares by the Corporation to the Subscribers in accordance with the Subscription Agreements are exempt, either by statute, regulation or order, from the registration and prospectus requirements of the Applicable Securities Laws in the Selling Provinces and no prospectus will be required and no other document must be filed, proceeding taken or approval, permit, consent, authorization or authority obtained in any of the Selling Provinces to permit such offering, sale and delivery of the Offered Shares by the Corporation to the Subscribers, except for the filing by the Corporation, within the prescribed time periods, of the required reports of such sale and the payment by the Corporation of applicable fees relating thereto;

and as to the authorized and issued capital of the Corporation, the status of the Corporation as a reporting issuer in the Selling Provinces, the distribution of the Offered Shares in the Selling Provinces, the first trade in the Offered Shares, and all other legal matters, including compliance with the Applicable Securities Laws, in any way connected with the issuance, sale and delivery of the Offered Shares as the Underwriters and Underwriters' Counsel may reasonably request.

It is understood that the Corporation's counsel may rely on the opinions of local counsel acceptable to them as to matters governed by the laws of jurisdictions other than Alberta or Canada and on certificates of officers of the Corporation, the Transfer Agent and the Corporation's auditors as to relevant matters of fact;

- (b) a certificate of the Corporation dated the Closing Date, addressed to the Underwriters and signed on the Corporation's behalf by its Chief Executive Officer and one other senior officer of the Corporation satisfactory to the Underwriters, acting reasonably, certifying that:
- (i) the Corporation has complied with and satisfied all terms and conditions of this Agreement and the Subscription Agreements on its part to be complied with or satisfied at or prior to the Closing Time;
  - (ii) the representations and warranties of the Corporation set forth in this Agreement and the Subscription Agreements are true and correct at the Closing Time, as if made at such time;
  - (iii) no event of a nature referred to in Subsection 9(a)(i), (ii) or (iii) has occurred or to the knowledge of such officers is pending, contemplated or threatened excluding with respect to Subsection 9(a)(ii) any obligation to make a determination as to the Underwriters' opinion;
  - (iv) there have been no material changes to the Due Diligence Session Responses;
  - (v) no order, ruling or determination having the effect of ceasing or suspending trading in any securities of the Corporation, or prohibiting or restricting the distribution of the Offered Shares has been made, or proceedings have been announced, commenced or threatened for the making of any such order, ruling or determination by any securities commission or similar regulatory authority, the Exchange or by any other competent authority, and has not been rescinded, revoked or withdrawn, and, to the knowledge of such officers, no proceedings for such purpose are pending, contemplated or threatened;
  - (vi) the Corporation has made and/or obtained, on or prior to the Closing Time, all necessary filings, approvals, consents and acceptances of applicable regulatory authorities and under any applicable agreement or document to which the Corporation is a party or by which it is bound in respect of the execution and delivery of this Agreement and the Subscription Agreements, the offering and sale of the Offered Shares and the consummation of the other transactions contemplated hereby (subject to completion of filings with certain taxation and regulatory authorities following the Closing Date); and
  - (vii) such other matters as may be reasonably requested by the Underwriters or Underwriters' counsel;
- (c) evidence satisfactory to the Underwriters that the Corporation has obtained all necessary approvals of the Exchange as well as the requisite shareholder approval, if any, as required by the Exchange for:
- (i) the issuance of the Offered Shares; and

- (ii) the listing of the Offered Shares,  
subject only to the filing of documents which may be required by the Exchange; and
- (d) executed copies of the Subscription Agreements in form and substance reasonably satisfactory to the Underwriters and the Underwriters' counsel; and
- (e) definitive certificates representing, in the aggregate, all of the Offered Shares subscribed for on the Closing Date registered in such name or names as the Underwriters shall notify the Corporation in writing of not less than 48 hours prior to the Closing Time provided such certificates registered in such names may, subject to receipt by the Corporation and the Transfer Agent of a satisfactory indemnity, be delivered in advance of the Closing Date to the Underwriters or such other parties in such locations as the Underwriters may direct and the Underwriters and the Corporation may agree upon.

Subject to the compliance by the Underwriters with their obligations hereunder, the Corporation may not reject any properly completed Subscription Agreement unless the number of Offered Shares subscribed for pursuant to all the Subscription Agreements and tendered by the Underwriters, exceeds the maximum number of Offered Shares to be sold under this Agreement or unless the issuance of Offered Shares pursuant thereto would breach applicable laws.

## **11. Deliveries**

The sale of the Offered Shares shall be completed at the Closing Time at the offices of Corporation's counsel in Calgary, Alberta or at such other place as the Corporation and the Underwriters may agree. Subject to the conditions set forth in Section 10 herein, the Underwriters, on the Closing Date, shall deliver to the Corporation:

- (a) all completed Subscription Agreements and where applicable, all completed forms required by the Applicable Securities Laws;
- (b) all originally executed and properly completed forms and certificates required to be provided by the Subscriber in form acceptable to the Exchange or other applicable securities regulatory authorities or the Corporation, as applicable;
- (c) a certified cheque(s) or bank draft(s) payable to the Corporation at par in Calgary in an amount equal to the aggregate amount of all of the subscriptions for Offered Shares delivered to and accepted by the Corporation less the amount equal to the Underwriting Fee pursuant to Section 2 (or effect payment in such other manner as the Corporation and the Underwriters may agree);

against delivery by the Corporation of:

- (d) the opinions, certificates and documents referred to in Section 10 above; and
- (e) definitive certificates representing, in the aggregate, all of the Offered Shares subscribed for in the name of Acumen or in such name or names as the Underwriters

shall notify the Corporation in writing not less than forty-eight (48) hours prior to the Closing Time provided such certificates registered in such names may, subject to receipt by the Corporation and the Transfer Agent of a satisfactory indemnity, be delivered in advance of the Closing Date to the Underwriters or such other parties in such locations as the Underwriters may direct and the Underwriters and the Corporation may agree upon.

## **12. Due Diligence**

Prior to the Closing Time, the Corporation shall allow the Underwriters to conduct all due diligence which the Underwriters may reasonably require in order to fulfill their obligations as underwriter. In particular, the Corporation shall allow the Underwriters and the Underwriters' Counsel to conduct all due diligence which the Underwriters may reasonably require in order to confirm the Public Record is accurate, complete and current in all material respects. The Underwriters shall have the option to terminate this agreement if their due diligence inquiries or investigations identify a material adverse circumstance which either existed as at the effective date of this agreement but which was not disseminated to the public or which occurred after the effective date hereof but prior to the Closing Time.

## **13. Restrictions on Offerings**

Provided that the sale of the Flow-Through Shares is completed in accordance with this Agreement, the Corporation agrees that, other than for purposes of stock option grants or to satisfy the terms of existing instruments outstanding as at October 10, 2006, prior to 120 days after the Closing Date, it shall not issue or announce any intention to issue any Common Shares or financial instruments convertible or exercisable into Common Shares without the prior written consent of Acumen, such consent not to be unreasonably withheld.

## **14. Notices**

Any notice or other communication to be given hereunder shall, in the case of notice to be given to the Corporation, be addressed to the Corporation Attention: President & Chief Executive Officer, at the above address, fax no. (403) 266-5579 and a copy to:

**Burnet, Duckworth & Palmer LLP**

1400, 350 – 7<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 3N9

Attention: C. Steven Cohen  
Fax No.: (403) 260-0330

and, in the case of notice to be given to the Underwriters, be addressed to:

**Acumen Capital Finance Partners Limited**

700, 404 – 6th Avenue S.W.  
Calgary, Alberta T2P 0R9

Attention: C. Michael Stuart  
Fax No.: (403) 571-0313

and a copy to:

**CIBC World Markets Inc.**  
9th Floor Bankers Hall East  
855 – 2nd Street S.W.  
Calgary, Alberta T2P 4J7

Attention: Francesco G. Mele  
Fax No.: (403) 260-0524

and a copy to:

**Canaccord Capital Corporation**  
2200, 450 – 1st Street S.W.  
Calgary, Alberta T2P 5P8

Attention: George T. Wilson  
Fax No.: (403) 508-3866

and a copy to:

**Bennett Jones LLP**  
4500, 855 – 2nd Street S.W.  
Calgary, Alberta T2P 4K7

Attention: Brent Kraus  
Fax No.: (403) 265-7219

or to such other address as the party may designate by notice given to the other. Each communication shall be personally delivered to the addressee or sent by fax transmission to the addressee, and:

- (a) a communication which is personally delivered shall, if delivered before 4:00 p.m. (local time) on a Business Day, be deemed to be given and received on that day and, in any other case be deemed to be given and received on the first Business Day following the day on which it is delivered; and
- (b) a communication which is sent by fax transmission shall, if sent on a Business Day before 4:00 p.m. (local time), be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the first Business Day following the day on which it is sent.

## **15. Conditions**

- (a) All representations, warranties, covenants, terms and conditions of this Agreement to be performed by the Corporation shall be construed as conditions, and any breach or failure to comply with any material representations, warranties, covenants, terms and conditions shall entitle the Underwriters to terminate its obligations to purchase the Offered Shares by written notice to that effect given to the Corporation prior to the

Closing Date. The Underwriters may waive in whole or in part any breach of, default under or non-compliance with any representation, warranty, term or condition hereof, or extend the time for compliance therewith, without prejudice to its rights in respect of any other representation, warranty, term or condition hereof or any other breach of, default under or non-compliance with any other representation, warranty, term or condition hereof, provided that any such waiver or extension shall be binding on the Underwriters only if the same is in writing.

- (b) All terms and conditions of this Agreement to be performed by the Underwriters shall be construed as conditions, and any breach or failure to comply with any material terms and conditions shall entitle the Corporation to terminate its obligations to sell the Offered Shares by written notice to that effect given to the Underwriters prior to the Closing Date. The Corporation may waive in whole or in part any breach of, default under or non-compliance with any representation, warranty, term or condition hereof, or extend the time for compliance therewith, without prejudice to its rights in respect of any other representation, warranty, term or condition hereof or any other breach of, default under or non-compliance with any other representation, warranty, term or condition hereof, provided that any such waiver or extension shall be binding on the Corporation only if the same is in writing.

## 16. Survival of Representations and Warranties

All representations, warranties, terms and conditions herein or contained in certificates or documents submitted pursuant to or in connection with the transactions contemplated herein shall survive the payment by the Underwriters for the Offered Shares and the distribution of the Offered Shares and shall continue in full force and effect for the benefit of the Underwriters and the Corporation regardless of any investigation by or on behalf of the Underwriters with respect thereto.

## 17. Several Liability of Underwriters

- (a) The obligations of the Underwriters to purchase the Offered Shares shall be several and not joint and shall be limited to the percentages of the aggregate number of the Offered Shares set out opposite the names of the Underwriters respectively below:

Acumen Capital Finance Partners Limited	40%
CIBC World Markets Inc.	40%
Canaccord Capital Corporation	20%

No Underwriters shall be obligated to take up and pay for any of the Offered Shares to be purchased by it unless the other Underwriters simultaneously take up and pay for the percentage of the Offered Shares set out opposite their names above.

- (b) If any of the Underwriters (the "**Refusing Underwriters**") shall not complete the purchase of the Offered Shares which they have agreed to purchase hereunder for any reason whatsoever, the other Underwriters (the "**Continuing Underwriters**") shall be entitled, at their option but shall not be obligated, to purchase all, but not less than all, of the Offered Shares (the "**Refusing Underwriters' Shares**") which would otherwise have been purchased by the Refusing Underwriters.

- (c) If the Continuing Underwriters shall not elect to purchase the Refusing Underwriters' Shares:
  - (i) the Continuing Underwriters shall not be obliged to purchase any of the Offered Shares and shall be relieved of all obligations to the Corporation;
  - (ii) the Corporation shall not be obliged to sell less than all of the Offered Shares; and
  - (iii) the Corporation shall be entitled to terminate its obligations under this agreement in which event there shall be no further liability on the part of the Corporation to the Underwriters except in respect of any liability which may have arisen or may thereafter arise under Sections 6, 7 or 8 herein.

### **18. Authority to Bind Underwriters**

The Corporation shall be entitled to and shall act on any notice, waiver, extension or communication given by or on behalf of the Underwriters by Acumen which shall represent the Underwriters and which shall have the authority to bind the Underwriters in respect of all matters hereunder, except in respect of any settlement under Sections 6 or 7, any matter referred to in Section 9 and any agreement under Section 17. Acumen shall consult with the other Underwriters with respect to any such notice, waiver, extension or other communication.

### **19. Underwriters' Covenants**

The Underwriters covenant and agree with the Corporation that they will:

- (a) conduct activities in connection with the proposed offer and sale of the Offered Shares in compliance with all the Applicable Securities Laws and cause a similar covenant to be contained in any agreement entered into with any Selling Dealer Group established in connection with the distribution of the Offered Shares;
- (b) not advertise the proposed offering or sale of the Offered Shares in the printed media of general and regular paid circulation, radio or television or make available to any prospective purchaser any document or material which would constitute an "offering memorandum" as defined by Applicable Securities Laws;
- (c) not solicit subscriptions for the Offered Shares, trade in Offered Shares or otherwise do any act in furtherance of a trade of Offered Shares outside of the Selling Provinces;
- (d) obtain from each Subscriber an executed Subscription Agreement and such forms as may be required by the Exchange, the Securities Commissions or the Corporation as supplied by the Corporation to the Underwriters for delivery hereunder; and
- (e) provide to the Corporation all necessary information in respect of the Underwriters and the Subscribers to allow the Corporation to file, with the Securities Commissions, if required, reports of the trades of the Offered Shares in accordance with Applicable Securities Laws within ten (10) days of the Closing Date.

**20. Severance**

If one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

**21. Relationship Between the Corporation and the Underwriters**

The Corporation: (i) acknowledges and agrees that the Underwriters have certain statutory obligations as registrants under the Applicable Securities Laws and may have fiduciary relationships with their clients; and (ii) consents to the Underwriters acting hereunder while continuing to act for their clients. To the extent that the Underwriters' statutory obligations as registrants under the Applicable Securities Laws or fiduciary relationships with their clients conflict with their obligations hereunder, the Underwriters shall be entitled to fulfill their statutory obligations as registrants under the Applicable Securities Laws and their duties to their clients. Nothing in this Agreement shall be interpreted to prevent the Underwriters from fulfilling their statutory obligations as registrants under the Applicable Securities Laws or to act as a fiduciary of their clients.

**22. Governing Law**

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

**23. Time of the Essence**

Time shall be of the essence of this Agreement.

**24. Counterpart Execution**

This Agreement may be executed in one or more counterparts each of which so executed shall constitute an original and all of which together shall constitute one and the same agreement.

**25. Amendment**

It is understood that the terms and conditions of this Agreement supersede any previous verbal or written agreement between the Underwriters and the Corporation regarding this offering of Offered Shares, including the letter agreement between the Corporation and Acumen dated October 10, 2006.

If the foregoing is in accordance with your understanding and is agreed to by you, please confirm your acceptance by signing the enclosed copies of this letter at the place indicated and by returning the same to the Underwriters' counsel.

**ACUMEN CAPITAL FINANCE PARTNERS  
LIMITED**

Per: (signed) "Michael Stuart"

Name: Michael Stuart

**CIBC WORLD MARKETS INC.**

Per: (signed) "Francesco G. Mele"

Name: Francesco G. Mele

**CANACCORD CAPITAL CORPORATION**

Per: (signed) "George T. Wilson"

Name: George T. Wilson

**ACCEPTED AND AGREED** to effective as of  
the 11<sup>th</sup> day of October, 2006.

**TRITON ENERGY CORP.**

Per: (signed) "Michael Zuber"

Name: Michael Zuber

Title: President and Chief Executive Officer