UNDERWRITING AGREEMENT

Effective as of December 13, 2010

Angle Energy Inc.
700, 324 - 8th Avenue S.W.
Calgary, Alberta T2P 2Z5

Attention: Heather Christie-Burns, President and Chief Operating Officer

Re: Offering of 5.75% Convertible Unsecured Subordinated Debentures

BMO Nesbitt Burns Inc. ("**BMO**") as co-lead underwriter together with FirstEnergy Capital Corp., and including National Bank Financial Inc., Cormark Securities Inc., CIBC World Markets Inc., Dundee Securities Corporation and Peters & Co. Limited (collectively, the "**Underwriters**" and each, an "**Underwriter**") understand that Angle Energy Inc. (the "**Corporation**" or "**Angle**") proposes to issue and sell 60,000 convertible unsecured subordinated debentures ("**Debentures**") with a face amount of $1,000 principal amount per Debenture, a coupon of 5.75% per annum, payable semi-annually in arrears on January 31 and July 31 of each year commencing July 31, 2011, and a maturity date of January 31, 2016 (the "**Maturity Date**"), subject to redemption at the option of the Corporation in certain circumstances, on or after January 31, 2014, as set forth in the Prospectus (as herein defined) and the Debenture Indenture (as herein defined) (the "**Firm Debentures**"). The Debentures shall be convertible into Common Shares (as herein defined) at an initial conversion price of $12.55 per Common Share at any time prior to the close of business on the earlier of the Maturity Date and the Business Day (as herein defined) immediately preceding the date specified by the Corporation for redemption of the Debentures, subject to adjustment in certain circumstances, and shall otherwise have such attributes as are described in the Prospectus.

In consideration of the Underwriters' agreement to purchase the Firm Debentures, the Corporation hereby grants to the Underwriters an option (the "**Over-Allotment Option**") to purchase from the Corporation, at the Underwriters' election, up to an additional 9,000 Debentures (the "**Over-Allotment Debentures**"). The Underwriters may exercise the Over-Allotment Option, in whole or in part, at any time and from time to time prior to 5:00 p.m. (Calgary time) on the date that is 30 days after the Closing Date (as defined herein) for the purpose of covering over-allotments, if any, by written notice to the Corporation setting forth the number of Over-Allotment Debentures to be purchased. In the event and to the extent that the Underwriters exercise the Over-Allotment Option, subject to the terms and conditions hereof, the Underwriters hereby severally, and not jointly, agree to purchase from the Corporation the number of Over-Allotment Debentures as to which the Over-Allotment Option shall have been exercised in the respective percentages set forth in section 18 hereof, and the Corporation hereby agrees to issue and sell such number of Over-Allotment Debentures to the Underwriters at the purchase price of $1,000 per Over-Allotment Debenture.

We also understand that the Corporation will prepare and file, in accordance with the terms hereof, the Preliminary Prospectus (as defined herein) and the Prospectus (as defined herein) and all other necessary documents in order to qualify for distribution the Debentures and the Common Shares issuable on the conversion of the Debentures in each of the Qualifying Provinces (as defined herein).

Subject to the terms and conditions hereof, the Underwriters hereby agree to act as, and the Corporation by this Agreement appoints the Underwriters as, the sole and exclusive agents of the Corporation to offer the Firm Debentures at a price of $1,000 per Firm Debenture, for an aggregate purchase price of $60,000,000, provided that if less than 60,000 Debentures are sold by the Underwriters as agents, the Underwriters hereby severally, and not jointly, agree to purchase from the Corporation on the Closing Date, in the respective percentages set forth in Section 18 hereof, that number of Debentures that, together with such Debentures sold by the Underwriters as agents, aggregates 60,000 Debentures. It is understood that prior to the Closing Time, the Underwriters will endeavour to arrange for substitute purchasers to purchase the Firm Debentures in the place and stead of the Underwriters at the Closing Time. The Corporation hereby agrees to issue and sell to the Underwriters, subject to the provisions hereof, on the Closing Date, all but not less than all, such Firm Debentures.

In connection with the offering and sale of the Offered Debentures (as defined herein), the Underwriters shall be entitled to retain as sub-agents other registered securities dealers and may receive (for delivery to the Corporation at the Closing Time (as defined below)) subscriptions for Offered Debentures from other registered securities dealers. The fee payable to such sub-agents shall be for the account of the Underwriters and shall not exceed the fee payable to the Underwriters hereunder.

In consideration for their services hereunder, the Underwriters shall be entitled to the fee provided for in Section 2, which fee shall be payable in accordance with Section 2 hereof.

1. Definitions and Interpretation.

In this Agreement, the following terms shall have the following meanings:

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

(b) "**Additional Closing Date**" means the later of the Closing Date and the second Business Day after the notice of exercise of the Over-Allotment Option is delivered to the Corporation, or such other date as the parties hereto may mutually agree;

(c) "**Additional Closing Time**" has the meaning ascribed thereto in subsection 13(b) hereof;

(d) "**Agreement**" means this Underwriting Agreement, including all exhibits, schedules and all amendments or restatements, as permitted;

(e) "**AIF**" means the annual information form of the Corporation dated March 31, 2010 for the year ended December 31, 2009;

(f) "**ASC**" means the Alberta Securities Commission;

(g) "**BMO**" means BMO Nesbitt Burns Inc.;

(h) "**Business Day**" means a day which is not Saturday, Sunday or a legal holiday in the City of Calgary, Alberta;

(i) "**Canadian Securities Laws**" means all applicable Canadian securities laws, rules, regulations, notices, instruments, blanket orders and policies in the Qualifying Provinces;

(j) **“Closing Date”** means January 6, 2011 or such other date or dates as the Underwriters and the Corporation may agree, provided that such date shall be no later than January 31, 2011;

(k) “**Closing Time**” means 6:30 a.m (Calgary time) or such other time, on the Closing Date, as the Underwriters and the Corporation may agree;

(l) “**Common Shares**” means the common shares in the capital of the Corporation;

(m) “**Compton Assets**” means the petroleum and natural gas properties and related assets purchased from the Compton Vendors on June 30, 2010 for an aggregate purchase price consisting of a base price of approximately $115,000,000 (subject to certain working capital and other adjustments);

(n) “**Compton Vendors**” means Compton Petroleum Corporation, Compton Petroleum and Hornet Energy Ltd.;

(o) “**Corporation**” means Angle Energy Inc.;

(p) “**Corporation’s Auditors**” means KPMG LLP, chartered accountants, Calgary, Alberta;

(q) “**Corporation’s Counsel**” means Osler, Hoskin & Harcourt LLP, or such other legal counsel as the Corporation, with the consent of the Underwriters, may appoint;

(r) “**Debenture Indenture**” means the trust indenture to be entered into as of the Closing Date between the Corporation and the Trustee governing the terms of the debentures;

(s) “**Documents**” means, collectively, the documents incorporated by reference in the Prospectuses and any Supplementary Material including, without limitation:

(i) the AIF;

(ii) the Financial Statements;

(iii) the management’s discussion and analysis of the financial condition and results of operations of the Corporation for the years ended December 31, 2009 and 2008 dated March 19, 2010;

(iv) the management’s discussion and analysis of the financial condition and results of operations of the Corporation for the three and nine month periods ended September 30, 2010 and 2009 dated as at November 2, 2010;

(v) the Management Information Circular of the Corporation dated March 30, 2010 in connection with the annual meeting of shareholders of the Corporation held on May 26, 2010;

(vi) the material change reports of the Corporation subsequent to December 31, 2009, including the material change report of the Corporation dated November 17, 2010, October 27, 2010, July 9, 2010, June 24, 2010, May 7, 2010 and February 26, 2010;

(vii) the business acquisition reports of the Corporation subsequent to December 31, 2009, including the business acquisition reports dated August 4, 2010 and April 9, 2010;

(viii) any documents of the type required by NI 44-101 to be incorporated by reference in a short form prospectus, including any material change reports (excluding confidential reports), comparative interim financial statements, comparative annual financial statements and the auditor's report thereon, management's discussion and analysis of financial condition and results of operations, information circulars, annual information forms and business acquisition reports filed by the Corporation with the Securities Commissions after the date of this Agreement and during the period of distribution;

(t) "**Due Diligence Session**" has the meaning ascribed thereto in subparagraph 3(d);

(u) "**Exchange**" means the Toronto Stock Exchange;

(v) "**Final Receipt**" means a receipt for the Prospectus issued (or deemed to be issued) by the Securities Commissions in accordance with the Prospectus Review Procedures;

(w) "**Financial Statements**" means, collectively:

(i) the audited consolidated balance sheets of the Corporation as at December 31, 2009 and 2008 and the consolidated statements of (loss) earnings, comprehensive (loss) earnings and retained earnings and consolidated statements of cash flows for the years then ended, together with the report of the Corporation's auditors thereon and the notes thereto; and

(ii) the unaudited interim consolidated balance sheet of the Corporation as at September 30, 2010 and unaudited consolidated statements of (loss) earnings, comprehensive (loss) earnings and retained earnings and consolidated statements of cash flows for the three and nine month periods ended September 30, 2010 and 2009, together with the notes thereto;

(x) "**Flow-Through Financing**" means the offering of 2,488,000 Common Shares issued on a "flow-through" basis pursuant to the terms of the Tax Act which was completed on November 10, 2010;

(y) "**GLJ**" means GLJ Petroleum Consultants Ltd., independent petroleum consultants of Calgary, Alberta;

(z) "**GLJ Report**" means the independent engineering evaluation of crude oil, natural gas liquids and natural gas reserves of the Corporation prepared by GLJ effective September 30, 2010;

(aa) "**NI 44-101**" means National Instrument 44-101 – *Short Form Prospectus Distributions*, as amended;

(bb) "**Offered Debentures**" means, collectively, the Firm Debentures and the Over-Allotment Debentures;

(cc) "**Offering**" means the offering of the Offered Debentures contemplated herein;

(dd) "**Preliminary Prospectus**" means the English and French language versions of the preliminary short form prospectus of the Corporation and any amendments thereto, including the documents incorporated by reference therein, in respect of the distribution of the Offered Debentures in the Qualifying Provinces;

(ee) "**Preliminary Receipt**" means a receipt for the Preliminary Prospectus issued (or deemed to be issued) by the Securities Commissions in accordance with the Prospectus Review Procedures;

(ff) "**Pro Forma Financial Statements**" means the unaudited pro forma financial statements of the Corporation for the three months ended March 31, 2010 and for the year ended December 31, 2009 giving effect to the acquisition of the Compton Assets by the Corporation, together with the notes thereto;

(gg) "**Prospectus**" means the English and French language versions of the (final) short form prospectus of the Corporation and any amendments thereto, including the documents incorporated by reference therein, in respect of the distribution of the Offered Debentures in the Qualifying Provinces;

(hh) "**Prospectuses**" means collectively, the Preliminary Prospectus and the Prospectus;

(ii) "**Prospectus Review Procedures**" means the procedures of prospectus review in multiple jurisdictions provided for under National Policy 11-202 – *Process for Prospectus Reviews in Multiple Jurisdictions* of the Securities Commissions and Multilateral Instrument 11-102 – *Passport System* of the Securities Commissions (other than Ontario);

(jj) "**Public Record**" means all information filed by or on behalf of the Corporation with the Securities Commissions and accessible on the System for Electronic Document Analysis and Retrieval at www.sedar.com, including without limitation, the Preliminary Prospectus, the Prospectus, Supplementary Material and any other information filed with any Securities Commission in compliance, or intended compliance, with any Canadian Securities Laws;

(kk) "**Qualifying Provinces**" means all of the provinces of Canada;

(ll) "**Responses**" means the written responses delivered by the Chief Executive Officer, President and Chief Operating Officer, Vice President, Finance and Chief Financial Officer, and other officers of the Corporation at the Due Diligence Session (other than any such responses or portion of such responses which are forward-looking or relate to projections or forecasts, excluding those relating to the Corporation's oil and gas reserves);

(mm) "**Securities Commissions**" means the securities commissions or similar regulatory authorities in the Qualifying Provinces;

(nn) "**Selling Dealer Group**" means the dealers and brokers, other than the Underwriters, who participate in the offer and sale of the Offered Debentures pursuant to this Agreement;

(oo) “**Stonefire**” means Stonefire Energy Corp.;

(pp) “**Stonefire Acquisition**” means the acquisition of all of the issued and outstanding class A shares and class B shares of Stonefire on January 12, 2010, pursuant to the Corporation’s offer dated December 4, 2009 for total consideration of $75,000,000, which included the assumption of approximately $28,400,000 of net debt and transaction costs;

(qq) “**subsidiary**” has the meaning ascribed thereto in the *Business Corporations Act* (Alberta);

(rr) “**Supplementary Material**” means, collectively, any amendment to the Preliminary Prospectus or Prospectus, any amended or supplemented Preliminary Prospectus or Prospectus or any ancillary material which are required to be filed by or on behalf of the Corporation under the Canadian Securities Laws in connection with the distribution of the Offered Debentures in the Qualifying Provinces;

(ss) “**Swaps**” means any transaction which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate 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 transactions);

(tt) “**Tax Act**” means the *Income Tax Act* (Canada) together with any and all regulations promulgated thereunder, as amended from time to time;

(uu) “**Trustee**” or “**Valiant**” means Valiant Trust Company, or such other trust company satisfactory to the Underwriters, acting reasonably, in its capacity as trustee in respect of the Debentures;

(vv) “**Underwriters**” means, collectively, BMO, FirstEnergy Capital Corp., National Bank Financial Inc., Cormark Securities Inc., CIBC World Markets Inc., Dundee Securities Corporation and Peters & Co. Limited;

(ww) “**Underwriters’ Counsel**” means Heenan Blaikie LLP, or such other legal counsel as the Underwriters, with the consent of the Corporation, may appoint; and

“**misrepresentation**”, “**material change**” and “**material fact**” shall have the meanings ascribed thereto under Canadian Securities Laws; “**distribution**” means “**distribution**” or “**distribution to the public**”, as the case may be, as defined under Canadian Securities Laws, and “**distribute**” has a corresponding meaning.

In addition, unless otherwise defined herein capitalized terms shall have the meanings ascribed thereto in the Prospectuses.

In this Agreement, “to the best knowledge of the Corporation” or “to the best of the Corporation’s knowledge” means, unless otherwise expressly stated, a statement as to the knowledge of each of the Chief Executive Officer and Chief Financial Officer of the Corporation about the facts or circumstances to which such phrase related, after having made due and applicable inquiries and investigations in connection with such facts and circumstances that would ordinarily be made by officers of intermediate exploration and production firms in the discharge of each such officer's duties, without special inquiry for the purpose of the Offering. For greater certainty, the use of such terms will not create personal liability for the said officers. In this Agreement, "to the knowledge of the Corporation" means a statement as to the actual knowledge of each such officers of the Corporation about the facts or circumstances to which such phrase related.

2. Underwriting Fee

In consideration for their services in underwriting the distribution of the Offered Debentures, the Corporation agrees to pay the Underwriters:

(a) at the Closing Time, a fee of $40.00 per Firm Debenture for each Firm Debenture purchased (being an aggregate amount of $2,400,000); and

(b) at the Additional Closing Time, a fee of $40.00 per Over-Allotment Debenture for each Over-Allotment Debenture purchased (being an aggregate amount of $360,000 if the Over-Allotment Option is exercised in full).

The foregoing fees (collectively, the "**Underwriting Fee**") may, at the sole option of the Underwriters, be deducted from the aggregate gross proceeds of the sale of the Firm Debentures and Over-Allotment Debentures, as the case may be, and withheld for the account of the Underwriters. For greater certainty, the services provided by the Underwriters in connection herewith will not be subject to Goods and Services Tax ("**GST**") provided for in the *Excise Tax Act* (Canada) and taxable supplies will be incidental to the exempt financial services provided. However, in the event that any governmental body determines that the GST provided for in the *Excise Tax Act* (Canada) is exigible on the Underwriting Fee, the Corporation agrees to pay the amount of GST forthwith upon the request of the Underwriters, and hereby indemnifies and saves harmless the Underwriters in respect of such GST and any penalties, fines, claims, costs, expenses or other losses in relation thereto. The Corporation also agrees to pay the Underwriters' expenses as set forth in section 10 hereof.

3. Qualification for Sale

(a) The Corporation represents and warrants to the Underwriters that it is eligible to use the short form prospectus offering qualification system described in NI 44-101 for the distribution of the Offered Debentures.

(b) The Corporation shall elect and comply in all material respects with the Prospectus Review Procedures and shall:

(i) not later than 5:00 p.m. (Calgary time) on December 17, 2010, have:

(A) prepared and filed the Preliminary Prospectus and other documents required under Canadian Securities Laws with the Securities Commissions and designated the ASC as the principal regulator under the Prospectus Review Procedures; and

(B) using reasonable commercial efforts, obtained from the ASC a Preliminary Receipt dated December 17, 2010, evidencing that a receipt for the Preliminary Prospectus has been issued in Alberta and Ontario and has been deemed to have been issued in each of the Qualifying Provinces other than Alberta and Ontario;

(ii) forthwith after any comments with respect to the Preliminary Prospectus have been received from the Securities Commissions (or such later date as may be agreed to in writing by the Corporation and the Underwriters), use reasonable commercial efforts to have:

(A) prepared and filed the Prospectus and other documents required under Canadian Securities Laws with the Securities Commissions by not later than 5:00 p.m. (Calgary time) on December 24, 2010 (or such later date as may be agreed to in writing by the Underwriters and the Corporation); and

(B) obtained from the ASC a Final Receipt dated December 24, 2010, (or such later date as may be agreed to in writing by the Underwriters and the Corporation), evidencing that a receipt for the Prospectus has been issued in Alberta and Ontario and has been deemed to have been issued in each of the Qualifying Provinces other than Alberta and Ontario or otherwise obtained a receipt for the Prospectus from each of the Securities Commissions;

and otherwise fulfilled all legal requirements to enable the Offered Debentures to be offered and sold to the public in each of the Qualifying Provinces through the Underwriters or any other investment dealer or broker registered in the applicable Qualifying Province and who complies with the relevant provisions of Canadian Securities Laws; and

(iii) until the completion of the distribution of the Offered Debentures, promptly take all additional steps and proceedings that from time to time may be required under Canadian Securities Laws to continue to qualify the Offered Debentures for distribution or, in the event that the Offered Debentures have, for any reason, ceased to so qualify, to use reasonable commercial efforts to again qualify the Offered Debentures for distribution in each Qualifying Province.

(c) Prior to the filing of the Prospectuses and, during the period of distribution of the Offered Debentures, prior to the filing with any Securities Commissions of any Supplementary Material or any documents incorporated by reference therein after the date hereof, the Corporation shall have allowed the Underwriters and the Underwriters' Counsel to participate fully in the preparation of, and, acting reasonably, to approve (such approval not to be unreasonably withheld) the form of, such documents and to have reviewed any documents incorporated by reference therein.

(d) During the period from the date hereof until completion of the distribution of the Offered Debentures by the Corporation, the Corporation shall allow the Underwriters to conduct all due diligence which they may reasonably require in order to fulfill their obligations as underwriters and in order to enable the Underwriters responsibly to execute the certificates required to be executed by them in the Prospectuses or in any Supplementary Material. Without limiting the generality of the foregoing, the Corporation shall make available its senior management, and using reasonable commercial efforts to make available 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 Time (collectively, 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 in advance of the Due Diligence Session and shall use all commercially reasonable efforts to have the above-mentioned auditors, independent engineers, legal counsel and other experts provide written responses to such questions in advance of the Due Diligence Session.

(e) The Corporation shall use reasonable commercial efforts to take or cause to be taken all such other steps and proceedings, including fulfilling all legal, regulatory and other requirements, as required under Canadian Securities Laws to qualify the Offered Debentures for distribution to the public in the Qualifying Provinces, to ensure that the Offered Debentures are freely tradeable in Qualifying Provinces, save and except for a trade that is a control distribution.

4. Delivery of Prospectus and Related Documents

The Corporation shall deliver or cause to be delivered without charge to the Underwriters and the Underwriters' Counsel the documents set out below at the respective times indicated:

(a) prior to or contemporaneously, as nearly as practicable, with the filing with the Securities Commissions of each of the Preliminary Prospectus and the Prospectus:

  (i) copies of the Preliminary Prospectus and the Prospectus, respectively, signed as required by Canadian Securities Laws; and

  (ii) copies of any documents incorporated by reference therein, which have not previously been delivered to the Underwriters or are otherwise not available on SEDAR;

(b) as soon as they are available, copies of any Supplementary Material, if required, signed as required by Canadian Securities Laws and including, in each case, copies of any documents incorporated by reference therein, which have not been previously delivered to the Underwriters or are otherwise not available on SEDAR; and

(c) prior to the filing of the Prospectus with the Securities Commissions or such other time as the Underwriters may agree, acting reasonably, a "comfort letter" from the Corporation's Auditors and any other auditors who have audited any of the financial statements included in or incorporated by reference in the Prospectus, dated the date of the Prospectus, addressed to the Underwriters and satisfactory in form and substance to the Underwriters and the Underwriters' Counsel, acting reasonably, to the effect that they have carried out certain procedures performed for the purposes of comparing certain specified financial information and percentages appearing in the Prospectus and the documents incorporated therein by reference with indicated amounts in the financial statements or accounting records of the Corporation or other applicable entity or business and have found such information and percentages to be in agreement, which comfort letter shall be based on the applicable auditors' review having a cut-off date of not more than two Business Days prior to the date of the Prospectus.

Comfort letters similar to the foregoing shall be provided to the Underwriters with respect to any Supplementary Material and any other relevant document at the time the same is presented to the Underwriters for their signature or, if the Underwriters' signature is not required, at the time the same is filed. All such comfort letters shall be in form and substance acceptable to the Underwriters and the Underwriters' Counsel, acting reasonably.

The deliveries referred to in subsections 4(a) and 4(b) shall also constitute the Corporation's consent to the use by the Underwriters and other members of the Selling Dealer Group of the Documents, the Prospectuses and any Supplementary Material in connection with the offering and sale of the Offered Debentures.

5. Commercial Copies

(a) The Corporation shall, as soon as possible but in any event not later than noon (local time at the place of delivery) on the second Business Day following the date of receipt of the Preliminary Receipt or the Final Receipt, as the case may be (or such other date or time as the Underwriters and the Corporation may agree), and no later than noon (local time) on the first Business Day following the execution of any Supplementary Material in connection with the Prospectuses, cause to be delivered to the Underwriters, without charge, commercial copies of the Preliminary Prospectus, the Prospectus or such Supplementary Material, in such numbers and in such cities as the Underwriters may reasonably request by oral or written instructions to the Corporation or the printer thereof given no later than the time when the Corporation authorizes the printing of the commercial copies of such documents.

(b) The Corporation shall cause to be provided to the Underwriters such number of copies of any documents incorporated by reference in the Preliminary Prospectus, the Prospectus or any Supplementary Materials as the Underwriters may reasonably request.

6. Material Change and Certain Other Covenants

(a) During the period of distribution of the Offered Debentures, the Corporation will promptly inform the Underwriters in writing of the full particulars of:

(i) any material change (actual, anticipated or threatened) in or affecting the business, operations, revenues, capital, properties, assets, liabilities (absolute, accrued, contingent or otherwise), condition (financial or otherwise) or results of operations of the Corporation;

(ii) any change in any material fact contained or referred to in the Preliminary Prospectus, the Prospectus or any Supplementary Material (other than any matters relating solely to the Underwriters); and

(iii) the occurrence or discovery of a fact or event which, in any such case, is, or may be, of such a nature as to:

(A) render the Preliminary Prospectus, the Prospectus or any Supplementary Material untrue, false or misleading in any material respect;

(B) result in a misrepresentation in the Preliminary Prospectus, the Prospectus or any Supplementary Material; or

(C) result in the Preliminary Prospectus, the Prospectus or any Supplementary Material not complying in any material respect with Canadian 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 section has occurred or been discovered, 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 prior to making any filing referred to in paragraph 6(c).

(b) During the period of distribution of the Offered Debentures, the Corporation will promptly inform the Underwriters in writing of the full particulars of:

(i) any request of any Securities Commission or similar regulatory authority for any amendment to, or to suspend or prevent the use of, the Preliminary Prospectus, the Prospectus or any other part of the Public Record or for any additional information of a material nature;

(ii) the issuance by any Securities Commission or similar regulatory authority, the Exchange or 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 communication from any Securities Commission or similar regulatory authority, the Exchange or any other competent authority relating to the Preliminary Prospectus, the Prospectus, any part of the Public Record or the distribution of the Offered Debentures.

(c) The Corporation will promptly and in any event, within applicable time limitations, comply to the reasonable satisfaction of the Underwriters and the Underwriters' Counsel with Canadian Securities Laws with respect to any material change, change, occurrence or event of the nature referred to in subsections 6(a) or 6(b) above and the Corporation will prepare and file promptly at the Underwriters' request, acting reasonably, any amendment to the Prospectus or Supplementary Material as may be required under Canadian Securities Laws; provided that the Corporation shall have allowed the Underwriters and the Underwriters' Counsel to participate fully in the preparation of any Supplementary Material, to have reviewed any other documents incorporated by reference therein and to conduct all due diligence investigations which the Underwriters may reasonably require in order to fulfill their obligations as underwriters and in order to enable the Underwriters responsibly to execute the certificate required to be executed by them in, or in connection with, any Supplementary Material, such approval not to be unreasonably withheld and to be provided in a timely manner. The Corporation shall further promptly deliver to each of the Underwriters and the Underwriters Counsel a copy of each Supplementary Material as filed with the Securities Commissions and of comfort letters with respect to each such Supplementary Material substantially similar to those referred to in Section 4 above.

(d) During the period from the date hereof until the day that is 30 days from the Closing Date, subject to the Corporation's obligations under Canadian Securities Laws to make timely disclosure of material information and the Underwriters agree to keep such information confidential until it is disseminated into the marketplace, the Corporation will promptly provide to the Underwriters, for review by the Underwriters and the Underwriters' Counsel, prior to filing or issuance:

(i) any financial statement or management's discussion and analysis of the Corporation;

(ii) any proposed public document, including without limitation any amendment to the AIF, new annual information form, material change report, interim report, or information circular, which may be incorporated, or deemed to be incorporated, by reference in the Prospectus;

(iii) any press release of the Corporation; and

(iv) any amendment to the Preliminary Prospectus, the Prospectus or any Supplementary Material.

7. Representations and Warranties of the Corporation

(a) Each delivery of the Preliminary Prospectus, the Prospectus and any Supplementary Material pursuant to Section 4 above shall constitute a representation and warranty to the Underwriters by the Corporation (and the Corporation hereby acknowledges that each of the Underwriters is relying on such representations and warranties in entering into this Agreement) that:

(i) all of the information and statements (except information and statements furnished in writing by and relating solely to the Underwriters or which are modified or superseded by information or statements contained in the Prospectuses or in any Supplementary Material) contained in the Preliminary Prospectus, the Prospectus or any Supplementary Material, as applicable, including, without limitation, the documents incorporated by reference, as the case may be:

(A) are at the respective dates of such documents, true and correct in all material respects;

(B) contain no misrepresentation; and

(C) constitute full, true and plain disclosure of all material facts relating to the Corporation and the Offered Debentures as required under Canadian Securities Laws;

(ii) the Preliminary Prospectus, the Prospectus, or any Supplementary Material, as applicable, including, without limitation, the documents incorporated by reference, as the case may be, comply in all material respects with the Canadian Securities Laws, including without limitation NI 44-101; and

(iii) except as is disclosed in the Public Record, there has been no intervening material change (actual, proposed or prospective, whether financial or otherwise), from the date of the Preliminary Prospectus, the Prospectus and any Supplementary Material to the time of delivery thereof, in the business, operations, revenues, capital, properties, assets, liabilities (absolute, accrued, contingent or otherwise), condition (financial or otherwise) or results of operations of the Corporation.

(b) the Corporation and each of its subsidiaries has been duly incorporated or formed and organized and is validly subsisting under the laws of the jurisdiction of its incorporation or formation 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, lease and operate its properties and assets;

(c) the Corporation and each of its subsidiaries is duly registered and qualified to carry on business and is validly existing under the laws of each jurisdiction in which it carries on a material portion of its business;

(d) the Corporation has no subsidiaries and is not affiliated with, nor is it a holding corporation of any other body corporate nor is the Corporation a partner in any partnership, other than Angle Resources Inc. and Angle Energy Partnership;

(e) the Corporation is the registered and beneficial owner of 100% of the outstanding shares of Angle Resources Inc. and no person, firm, corporation or other entity holds any securities convertible or exchangeable into securities of any subsidiaries of the Corporation or now 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 any of the subsidiaries of the Corporation;

(f) all of the partnership interests of Angle Energy Partnership are duly and validly created and the Corporation and Angle Resources Inc. are the only partners of Angle Energy Partnership;

(g) the Corporation and each of its subsidiaries has conducted and is conducting its business in compliance in all material respects with all applicable laws, rules and regulations and, in particular, all applicable licensing and environmental legislation, regulations or bylaws or other lawful requirement of any governmental or regulatory bodies applicable to the Corporation and each of its subsidiaries of each jurisdiction in which the Corporation and each of its subsidiaries carries on business and the Corporation and each of its subsidiaries holds all material licences, registrations and qualifications in all jurisdictions in which the Corporation and each of its subsidiaries carries on business which are necessary or desirable to carry on the business of the Corporation and each of its subsidiaries, as now conducted and as presently proposed to be conducted except where the failure to so conduct its business or to hold such licences, registrations or qualifications would not have a material adverse effect on the Corporation (taken as a whole) and all such licenses, registrations and qualifications are valid and existing and in good standing and none of such licenses, registrations or qualifications contains any burdensome term, provision, condition or limitation which has or is likely to have any material adverse effect on the business of the Corporation (taken as a whole) as now conducted or as proposed to be conducted;

(h) the Corporation has full corporate capacity, power and authority to issue the Offered Debentures and to grant the Over-Allotment Option and at the Closing Time and the Additional Closing Time, as applicable, the Offered Debentures will be duly and validly authorized, allotted and reserved for issuance in accordance with the Debenture Indenture and, upon receipt of the purchase price therefor, the Offered Debentures will be duly and validly issued and outstanding;

(i) the Common Shares issuable upon conversion, redemption or maturity of the Offered Debentures in accordance with the Debenture Indenture will, at the time of issue, be duly allotted, validly issued and outstanding as fully paid and non-assessable shares and will be free of all liens, charges and encumbrances, and all statements made in the Prospectus describing the Common Shares will be accurate in all material respects;

(j) no consent or approval of any governmental authority in the province of Alberta, stock exchange or Securities Commission is required to be obtained by the Corporation in connection with the sale and delivery of the Debentures, except such as have been obtained or such as may be required (and shall be obtained prior to the Closing Time) under Canadian Securities Laws or Exchange regulations, except this Agreement and the Debenture Indenture are required to be filed on SEDAR;

(k) the Corporation is not 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 Debenture Indenture 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, (i) any term or provision of the articles or by-laws of the Corporation, as applicable, (ii) and resolutions of shareholders or directors (or any committee thereof) of the Corporation, (iii) any indenture, mortgage, note, contract, agreement (written or oral), instrument, lease or other document to which the Corporation is a party or by which it is bound on the Closing Date (provided (a) the payment of interest, other than by way of issuance of shares, on the Offered Debentures is restricted under the Corporation’s credit facility if there is a borrowing base shortfall, default or event of default thereunder and (b) that the repayment of the Offered Debentures, other than by way of issuance of Common Shares, on maturity, if such credit facility is extended, or redemption or the making of an offer following a Change of Control as may be required, may require consent of the Corporation’s lenders), or (iv) to the knowledge of management of the Corporation, any law, judgment, decree, order, statute, rule or regulation applicable to the Corporation, which default or breach might reasonably be expected to materially adversely affect the business, operations, capital, properties, assets or condition (financial or otherwise) or results of operations of the Corporation (taken as a whole) or would impair the ability of the Corporation to consummate the transactions contemplated hereby or to duly observe and perform any of its covenants or obligations contained in this Agreement or the Debenture Indenture;

(l) the Corporation has full corporate power and authority to enter into this Agreement and the Debenture Indenture and to perform its obligations set out herein and therein (including, without limitation, to issue the Offered Debentures) and this Agreement and the Debenture Indenture will, on the Closing Date, be duly authorized, executed and delivered by the Corporation, and this Agreement and the Debenture Indenture will on the Closing Date be, 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, moratorium, reorganization or other similar laws of general application affecting creditors' rights;

(ii) equitable remedies, including the remedies of specific performance and injunctive relief, are available only in the discretion of the applicable court;

(iii) the equitable or statutory powers of the courts in Canada to stay proceedings before them and the execution of judgments;

(iv) rights to indemnity, contribution and waiver hereunder may be limited or unavailable under applicable law;

(v) the applicable laws regarding limitations of actions;

(vi) the enforceability of provisions which purport to sever any provision which is prohibited or unenforceable under applicable law without affecting the enforceability or validity of the remainder of such document would be determined only in the discretion of the court;

(vii) the enforceability of the provisions exculpating a party from liability or duty otherwise owed by it to another and certain remedial terms and waivers of equitable defences provided for in such agreement or other document may be limited under applicable law;

(viii) the requirement of a court that the discretionary powers expressed to be conferred on any party to such agreement, indenture or other document be exercised reasonably and in good faith notwithstanding any provisions to the contrary and the possibility that such court may decline to accept as conclusive factual or legal determinations described as conclusive therein; and

(ix) the fact that costs of and incidental to all proceedings authorized to be taken in court are in the discretion of the court and that the court has full power to determine by whom and to what extent such costs shall be paid;

(m) the Corporation does not have any outstanding obligations to incur and/or renounce any CEE or "Canadian development expenses" (as defined in the Tax Act) to any purchaser of the shares of the Corporation that have not yet been fully expended and renounced, except for obligations outstanding pursuant to the Flow-Through Financing;

(n) there has not been any material change in the assets, liabilities or obligations (absolute, contingent or otherwise) of the Corporation from the position set forth in the Financial Statements other than as disclosed in the Public Record 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 (taken as a whole) since September 30, 2010; and since that date, other than as a result of the global financial crisis or changes in commodity prices, 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 (taken as a whole) which have not been disclosed in the Public Record;

(o) the Financial Statements fairly present, in accordance with generally accepted accounting principles in Canada, consistently applied, the financial position and condition of the Corporation on a consolidated basis at the dates thereof and the results of the operations of the Corporation on a consolidated basis for the periods then ended and reflect all assets, liabilities and obligations (absolute, accrued, contingent or otherwise) of the Corporation as at the dates thereof which are required to be disclosed in accordance with generally accepted accounting principles;

(p) the Pro Forma Financial Statements have been prepared in accordance with generally accepted accounting principles in Canada, consistently applied, have been prepared and presented in accordance with Canadian Securities Laws, and include all adjustments necessary for a fair presentation; the assumptions contained in the Pro Forma Financial Statements are suitably supported and consistent with the financial results of the Corporation and the Compton Assets and such statements provide a reasonable basis for the compilation of the Pro Forma Financial Statements and the Pro Forma Financial Statements accurately reflect such assumptions;

(q) the books of account and other records of the Corporation and each of its subsidiaries, whether of a financial or accounting nature or otherwise, have been maintained in accordance with prudent business practices;

(r) except as disclosed in the Responses, there are no actions, suits, proceedings or inquiries, including, to the best of the Corporation's knowledge, information and belief, after due inquiry, pending or threatened against or affecting the Corporation or any of its subsidiaries at law or in equity or before or by any federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality which in any way materially adversely affects, or may in any way materially adversely affect, the assets, business, operations or condition (financial or otherwise) of the Corporation (taken as a whole) or which affects or may affect the distribution of the Offered Debentures, and the Corporation is not aware of any existing ground on which such action, suit, proceeding or inquiry might be commenced with any reasonable likelihood of success;

(s) neither the Corporation nor any of its subsidiaries is a party to or bound by any agreement of guarantee, indemnification (other than an indemnification of directors and officers in accordance with the by-laws of the Corporation or any of its subsidiaries and applicable law and other rights of indemnification granted under the registrar and transfer agency agreements, agency or underwriting agreements, confidentiality agreements, to the Corporation's bankers, to subscribers under the Flow-Through Financing, pursuant to the Debenture Indenture or pursuant to operating or similar agreements in the ordinary course of business) or any other like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other person, other than as previously disclosed in the Public Record;

(t) neither the Corporation nor any of its subsidiaries have any loans or other indebtedness outstanding which have been made to or from any of its shareholders, officers, directors or employees or any other person not dealing at arm's length with the Corporation or any of its subsidiaries that are currently outstanding;

(u) the information and statements set forth in the Public Record, as such relate to the Corporation and its subsidiaries, were true, correct and complete in all material respects and did not contain any misrepresentation (as defined under Canadian Securities Laws), as of the respective dates of such information or statements, the Public Record complies with Canadian Securities Laws in all material respects and the Corporation has not filed any confidential material change reports which continue to be confidential;

(v) the authorized capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of preferred shares, of which, as at the date hereof, 71,968,831 Common Shares and nil preferred shares are outstanding as validly issued and fully paid and non-assessable shares of the Corporation;

(w) as at the date hereof, other than pursuant to the provisions of this Agreement and other than options granted to directors, officers, employees and consultants of the Corporation to purchase an aggregate of 6,059,217 Common Shares, no person, firm, corporation or other entity holds any securities convertible or exchangeable into securities of the Corporation or now has any agreement, warrant, option, right or privilege (whether preemptive 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 Corporation;

(x) the definitive form of certificates for the Offered Debentures will, on the Closing Date be, duly approved and adopted by the Corporation and comply with all legal requirements under the laws governing the Corporation, and applicable requirements of the Exchange;

(y) the Corporation and each of its subsidiaries has duly and on a timely basis filed all tax returns required to be filed by it and 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 any of its subsidiaries and, to the best of the Corporation's knowledge, after due inquiry, there are no actions, suits, proceedings, investigations or claims threatened or pending against the Corporation or any of its subsidiaries 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;

(z) all filings made by the Corporation and each of its subsidiaries under which the Corporation or any of its subsidiaries has received or is entitled to 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 any of its subsidiaries or previously accrued on the accounts thereof to be recovered or disallowed;

(aa) except as disclosed in the Responses, the Corporation is not aware of any material contingent tax liability of the Corporation or any of its subsidiaries or any grounds which will prompt a reassessment;

(bb) the issued and outstanding Common Shares are listed and posted for trading on the Exchange and the Offered Debentures, when issued, will be listed and posted for trading on the Exchange upon the Corporation complying with the usual conditions imposed by the Exchange with respect thereto and the Corporation is in compliance with the by-laws, rules and regulations of the Exchange in all material respects;

(cc) the minute books of the Corporation and each of its subsidiaries are true and correct in all material respects and contain the minutes of all meetings and all the resolutions of directors, shareholders and partners, as the case may be, thereof as at the date hereof;

(dd) the Corporation is a "reporting issuer" or equivalent status in each of the Qualifying Provinces within the meaning of Canadian Securities Laws in such provinces and is not in material default of any requirement in relation thereto;

(ee) Valiant, at its principal office in Calgary, Alberta and branch office in Toronto, Ontario, is the duly appointed registrar and transfer agent of the Corporation with respect to its Common Shares and will, on the Closing Date, be appointed trustee and registrar and transfer agent for the Offered Debentures under the Debenture Indenture, at its principal office in Calgary, Alberta and branch office in Toronto, Ontario;

(ff) any and all operations of the Corporation and each of its subsidiaries, 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 its subsidiaries, have been conducted in accordance with good oil and gas industry practice and in material compliance with applicable laws, rules, regulations, orders and directions of government and other competent authorities except where the failure to so conduct the operations would not have a material adverse effect on the Corporation (taken as a whole);

(gg) 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;

(hh) no officer, director, employee or any other person not dealing at arm's length with the Corporation or any of its subsidiaries or, to the knowledge of the Corporation, any "associate" or "affiliate" (as such terms are defined in the *Securities Act* (Alberta)) 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 properties or assets of the Corporation or any of its subsidiaries or any revenue or rights attributed thereto;

(ii) the Corporation maintains a system of internal accounting controls sufficient to provide reasonable assurance that transactions are recorded as necessary to facilitate preparation of financial statements in conformity with Canadian generally accepted accounting principles and to maintain accountability for assets;

(jj) the Corporation is insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which it is engaged; all policies of insurance insuring the Corporation or its businesses, assets, employees, officers and directors are in full force and effect, except where the failure to be in full force and effect would not have a material adverse effect on the business, operations, capital or condition (financial or otherwise) of the Corporation or its assets;

(kk) except to the extent that any violation or other matter referred to in this subparagraph does not have a material adverse effect on the Corporation as a whole, in respect of each of the Corporation and its subsidiaries:

(i) it is not in violation of any applicable federal, provincial, municipal or local laws, regulations, orders, government decrees or ordinances with respect to environmental, health or safety matters (collectively, "**Environmental Laws**");

(ii) it has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws;

(iii) there have been no spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes into the earth, air or into any body of water or any municipal or other sewer or drain water systems by the Corporation that have not been remedied;

(iv) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of the Corporation or any of its subsidiaries;

(v) it has not failed to report to the proper federal, provincial, municipal or other political subdivision, government, department, commission, board, bureau, agency or instrumentality, domestic or foreign, the occurrence of any event which is required to be so reported by any Environmental Law;

(vi) it holds all licenses, permits and approvals required under any Environmental Laws in connection with the operation of its business and the ownership and use of its assets, all such licenses, permits and approvals are in full force and effect, and except for notifications and conditions of general application to assets of reclamation obligations under the *Environmental Protection and Enhancement Act* (Alberta) and similar legislation in any other jurisdiction in which it conducts its business, neither the Corporation nor any of its subsidiaries has received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, or any license, permit or approval issued pursuant thereto, or that any license, permit or approval referred to above is about to be reviewed, made subject to limitations or conditions, revoked, withdrawn or terminated; and

(vii) neither the Corporation nor any of its subsidiaries (including, if applicable, any predecessor companies thereof) has received any notice of, or been prosecuted for an offence alleging, material non-compliance with any Environmental Laws, and neither the Corporation nor any of its subsidiaries (including, if applicable, any predecessor companies) has settled any allegation of material noncompliance short of prosecution;

(ll) other than this Agreement and the Debenture Indenture, there are no material contracts or agreements which contain, create or may create any material obligation to the Corporation or any of its subsidiaries or from which they derive or could derive any material benefit or which are required by the Corporation or any of its subsidiaries to carry on its business as now conducted by it or as is now proposed to be carried on by it. For the purposes of this representation and warranty, contracts shall be deemed to give rise to a material obligation that provide for expenditures by the Corporation or any of its subsidiaries for an aggregate of more than $2,000,000 during any 12 months period;

(mm) except as set forth in Schedule "A" hereto, the Corporation is not a party to any contracts of employment which may not be terminated on one month's notice (other than amounts payable at common law) or less or which provide for payments occurring on a change of control of the Corporation;

(nn) other than as disclosed in the Responses, the Corporation currently has no Swaps outstanding;

(oo) neither the Corporation nor, to its knowledge, any of its shareholders is a party to any unanimous shareholders agreement, pooling agreement, voting trust or other similar type of arrangements in respect of outstanding securities of the Corporation;

(pp) none of the Securities Commissions, the Exchange nor any other securities commission, stock exchange, or similar regulatory authority has issued any order preventing or suspending trading of any securities of the Corporation;

(qq) to the knowledge of the Corporation and other than as disclosed in the Responses, no insider of the Corporation has an immediate intention to sell any securities of the Corporation held by it, other than transfers by an insider to affiliates of such insider, or transfers effected for the purposes of estate planning and internal reorganizations of holding companies of the insider;

(rr) the Corporation made available to GLJ prior to the issuance of the GLJ Report for the purpose of preparing such report, all information requested by GLJ, which information did not contain any material misrepresentation at the time such information was so provided. Other than changes arising as a result of the global financial crisis or changes in commodity prices, the Corporation has no knowledge of a material adverse change in any information provided to GLJ since that date. The Corporation believes that the GLJ Report complies with the requirements of National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* and believes that the GLJ Report reasonably presented the quantity and pre-tax present worth values of estimated oil and gas reserves attributable to the properties evaluated therein as at the date stated therein based upon information available at the time the GLJ Report was prepared and the assumptions as to commodity prices and costs contained therein;

(ss) although it does not warrant title, the Corporation does not have reason to believe that the Corporation or any of its subsidiaries does not have title to or the irrevocable right 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 adverse claims created by, through or under the Corporation, except as disclosed in the Public Record, related to bank financing or those arising in the ordinary course of business, and, to the knowledge of the Corporation after due inquiry, the Corporation and each of its subsidiaries hold their Interests under valid and subsisting leases, licenses, permits, concessions, concession agreements, contracts, subleases, reservations or other agreements except where the failure to so hold the Interest would not have a material adverse effect upon the Corporation (taken as a whole);

(tt) all material bonuses, commissions, salaries and other amounts owing to employees are reflected and have been accrued in the books of account of the Corporation;

(uu) although it does not warrant title and other than as identified in the Responses, the Corporation is not aware of any defects, failures or impairments in the title of the Corporation or any of its subsidiaries to its oil and gas properties, whether or not an action, suit, proceeding or inquiry is pending or threatened and whether or not discovered by any third party, which in aggregate could have a material adverse effect on:

(i) the quantity and pre-tax present worth values of the oil and gas reserves of the Corporation shown in the GLJ Report;

(ii) the current production of the Corporation and its subsidiaries; or

(iii) the current cash flow of the Corporation and its subsidiaries;

(vv) the Corporation is in compliance with the filing and certification requirements of each of National Instrument 51-102 – *Continuous Disclosure Obligations* and National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*;

(ww) the Corporation is eligible to file a short form prospectus under NI 44-101 or the equivalent system in each of the Qualifying Provinces, the Corporation has filed its AIF with the Securities Commissions in each Qualifying Province and the Corporation has not received notice from any Securities Commission in any Qualifying Province that the AIF will be subject to review;

(xx) the Corporation will have the necessary power and authority to execute and deliver the Prospectuses and all necessary action will be taken prior to filing thereof by the Corporation to authorize the execution and delivery by it of the Prospectuses and the filing thereof, as the case may be, in each of the Qualifying Provinces in accordance with the Canadian Securities Laws thereof;

(yy) the attributes of the Offered Debentures shall conform in all material respects with the description thereof contained in the Prospectuses; and

(zz) the Responses shall be true in all material respects as at the time such responses are given and such Responses taken as a whole shall not omit any fact or information necessary to make any of the responses not misleading in light of the circumstances in which the Responses were given and the Corporation and its officers will have responded in a thorough and complete fashion. Where the Responses reflect the opinion or view of the Corporation or its officers (including, Responses or portions of such Responses, which are forward-looking or otherwise related to projections, forecasts or estimates of future performance or results (operating, financial or otherwise)) ("**Forward-looking Responses**"), such opinions or views are subject to the qualifications, assumptions and provisions set forth in the Responses and will be honestly held and believed to be reasonable at the time they are given; provided, however, it shall not constitute a breach of this paragraph solely if the actual results vary or differ from those contained in Forward-looking Responses.

8. Indemnity

(a) The Corporation and its subsidiaries (collectively the "**Indemnitor**") shall jointly and severally indemnify and hold each of the Underwriters and each of the partners, directors, officers, employees, affiliates and agents of the Underwriters (hereinafter referred to collectively as the "**Indemnified Parties**" and individually as an "**Indemnified Party**") harmless from and against any and all expenses, losses (other than loss of profits), claims, actions, damages or liabilities, whether joint or several (including the aggregate amount paid in reasonable settlement of any actions, suits, proceedings or claims), and the reasonable fees and expenses of their counsel actually incurred in advising with respect to and/or defending any claim that may be made against an Underwriter and/or any Indemnified Party to which an Underwriter and/or any Indemnified Party may become subject or otherwise involved in any capacity under any statute or common law or otherwise insofar as such expenses, losses, claims, damages, liabilities or actions arise out of or are based, directly or indirectly, upon the performance of professional services rendered to the Indemnitor by an Underwriter or an Indemnified Party hereunder or otherwise in connection with the matters referred to in this Agreement, and without limiting the generality of the foregoing, which now or any time hereafter are suffered or incurred by reason of any event, act or omission in any way connected, directly or indirectly, with:

(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 in writing 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 to the Underwriters and furnished to the Corporation by the Underwriters in writing expressly for inclusion in the Public Record) contained in the Public Record or any untrue statement or alleged untrue statement of material fact or omission or alleged omission to state a material fact necessary in order to make the statements contained in the Public Record not misleading, in light of the circumstances under which they were made;

(iii) any prohibition or restriction of trading in the securities of the Corporation or any prohibition or restriction affecting the distribution of the Offered Debentures imposed by any competent authority if such prohibition or restriction is based on any misrepresentation or alleged misrepresentation of a kind referred to in paragraph 8(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 their banking or selling group members, if any) relating to or materially affecting the trading or distribution of the Offered Debentures;

(v) the exercise by any subscriber for Offered Debentures of any contractual or statutory right of rescission or damages in connection with the purchase of the

Offered Debentures (other than based on any information or statements relating solely to the Underwriters or based solely upon any act or inaction of the Underwriters); or

(vi) any breach of, default under or non-compliance by the Corporation with any representation, warranty, term or condition of this Agreement, the Debenture Indenture or any requirement of Canadian Securities Laws;

(b) Notwithstanding subsection 8(a), this indemnity shall cease to apply to an Indemnified Party if and to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable or a regulatory authority in a final ruling shall determine that:

(i) such Indemnified Party has been negligent or dishonest or has committed any fraudulent act in the course of such performance (provided that for greater certainty, an Underwriter's failure to conduct such reasonable investigation as to provide reasonable grounds for a belief that the Prospectus contained no misrepresentation (or, colloquially, to permit the Underwriter to sustain a "due diligence defence" under Canadian Securities Laws) shall not constitute "negligence" for purposes of this Section 8 or otherwise disentitle an Indemnified Party from claiming indemnification);

(ii) the expenses, losses, claims, damages or liabilities, as to which indemnification is claimed, were directly caused by the negligence, dishonesty or fraud referred to in paragraph 8(a)(i) above; or

(iii) the Underwriter has breached any material provision of this Agreement.

For greater certainty, the rights of indemnity contained in this Section 8 do not apply in respect of any liability, claim, demand, loss, cost, damage and expense arising as a result of the subscription, holding or disposition of the Offered Debentures by an Underwriter as principal.

(c) If for any reason the foregoing indemnification in subsection 8(a) is unavailable to the Underwriters or insufficient to hold it harmless, then the Indemnitor and Underwriters shall contribute to the aggregate of such losses, claims, costs, damages, expenses or liabilities (except loss of profit or consequential damage) of the nature provided for above such that the Underwriters shall be responsible for that portion represented by the percentage that the portion of the fees bear to the gross proceeds realized by the sale of the Offered Debentures and the Indemnitor shall be responsible for the balance, provided that, in no event, shall the Underwriters be responsible for any amount in excess of the amount of the fees actually received by them. In the event that the Indemnitor may be entitled to contribution from the Underwriters under the provisions of any statute or law, the Indemnitor shall be limited to contribution in any amount not exceeding the lesser of the portion of the amount of losses, claims, costs, damages, expenses and liabilities giving rise to such contribution for which the Underwriters are responsible and the amount of the fees received by the Underwriters.

(d) Notwithstanding the foregoing, no party guilty of fraudulent misrepresentation as determined by a court of competent jurisdiction in a final judgment that has become non-appealable or a regulatory authority in a final ruling shall be entitled to contribution from any party not so determined to be guilty of such fraudulent misrepresentation. Any party entitled to contribution will, promptly after receiving notice of commencement of any claim, action, suit proceeding against the other party under this provision, notify such party from whom contribution may be sought. In no case shall such party, from whom contribution may be sought, be liable under this agreement unless such notice has been provided, but the omission to so notify such party shall not relieve the party from whom contribution may be sought from any other obligation it may have otherwise than under this provision. The right of contribution provided herein shall be in addition and not in derogation of any other right to contribution which the Underwriters may have by statute or otherwise by law.

(e) The Indemnitor agrees that in case any legal proceeding shall be brought against the Indemnitor and/or the Underwriters or any Indemnified Party by any third party or governmental commission or regulatory authority or any stock exchange or other entity having regulatory authority, either domestic or foreign, or any such authority shall investigate the Indemnitor and/or the Underwriters or any Indemnified Party, or the Indemnitor and/or the Underwriters or any Indemnified Party 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 Indemnitor by the Underwriters and/or an Indemnified Party, the Corporation shall pay to the Underwriters reasonable fees at the normal per diem rate for its directors, officers, partners, employees, agents and advisors involved in preparation for and attendance at such proceeding or in so responding, provided that such proceeding is not caused solely by or the result of the negligence, fraud or wilful misconduct of an indemnified party, as determined by a court of competent jurisdiction in a final judgment that has become non-appealable or a regulatory authority in a final ruling. In such event, any other reasonable costs and out-of-pocket expenses incurred by it in connection therewith will be paid by the Corporation as they are incurred.

(f) In addition, the Underwriters and/or any Indemnified Party shall also have the right to employ separate counsel in any such action and participate in the defense thereof, and the fees of such counsel shall be borne by the Underwriters unless:

(i) the employment of separate counsel has been specifically authorized in writing by the Indemnitor;

(ii) the Underwriters and/or any Indemnified Party has been advised by a written opinion of counsel that representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests; or

(iii) the Indemnitor has failed, within a reasonable period of time after receipt of notice, to assume the defense of such action or claim;

provided that the Indemnitor 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 required to assume the fees and expenses of more than one additional counsel on behalf of all Indemnified Parties. Neither party shall effect any settlement of any such action or claim or make any admission of liability without the written consent of the other party, such consent to be properly considered and not to be unreasonably withheld.

(g) If any proceeding is brought, instituted or threatened in respect of any Underwriter and/or Indemnified Party, the Indemnitor shall be entitled but not obligated to participate in or assume the defense thereof; provided however, that the defense shall be through legal counsel acceptable to the Underwriters, acting reasonably.

(h) Promptly after receipt of notice of the commencement of any legal proceeding against the Underwriters or any of the Indemnified Parties or after receipt of notice of the commencement of any investigation, which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Indemnitor, the Underwriters will notify the Indemnitor in writing of the commencement thereof and, throughout the course thereof will provide copies of all relevant documentation to the Indemnitor, will keep the Indemnitor advised of all discussions and significant actions proposed in respect thereof.

(i) The indemnity and contribution obligations of the Indemnitor shall be in addition to any liability which the Indemnitor may otherwise have, shall extend upon the same terms and conditions to any of the Indemnified Parties and shall be binding upon and enure to the benefit of any successors, assigns, heirs and personal representatives of the Indemnitor, the Underwriters and any Indemnified Party. The foregoing provisions shall survive the completion of professional services rendered under this Agreement or any termination of the authorization given by this Agreement.

9. 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 (in whole or in part), 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 (or proceedings in respect thereof) to which they may be subject or which they may suffer or incur:

(i) in such proportion as is appropriate to reflect the relative benefit received by the Corporation on the one hand and by the Underwriters on the other hand from the offering of the Offered Debentures; or

(ii) if the allocation provided by paragraph 9(i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in paragraph 9(i) 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 statement, omission, misrepresentation or alleged misrepresentation, order, inquiry, investigation or other matter or thing 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 of the Offered Debentures received by the Corporation (net of fees but before deducting expenses) bear to the fees received by the Underwriters. 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 referred to in Section 8 hereof 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' relevant intent, knowledge, access to information and opportunity to correct or prevent such misrepresentation or alleged misrepresentation, order, inquiry, investigation or other matter referred to in Section 16 hereof.

The amount paid or payable by the Indemnitor as a result of any proceedings or liabilities shall, without limitation, include any legal or other expenses reasonably incurred by the indemnified party in connection with investigating or defending such liabilities, claims, demands, losses, costs, damages and expenses (or claims, actions, suits or proceedings in respect thereof), whether or not resulting in any action, suit, proceeding or claim.

The Corporation and the Underwriters agree 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.

Any liability of the Underwriters under this Section 9 shall be limited to the amount of the cash fees paid or payable to the Underwriters pursuant to Section 2 hereof.

10. Expenses

Whether or not the transactions contemplated herein shall be completed, all costs and expenses (including applicable GST and Harmonized Sales Tax) of or incidental to the transactions contemplated hereby including, without limitation, those relating to the distribution of the Offered Debentures, shall be borne by the Corporation including, without limitation, all costs and expenses of or incidental to the preparation, filing and reproduction (including the commercial copies thereof) of the Preliminary Prospectus, the Prospectus and any Supplementary Material, and the delivery thereof to the Underwriters, the fees and expenses of the Corporation's Counsel, the fees and expenses of agent counsel retained by the Corporation or the Corporation's Counsel, the fees and expenses of the Corporation's transfer agent, any auditors, engineers and other outside consultants, all stock exchange listing fees, and all other costs and expenses relating to this transaction including, without limitation, the legal fees (to a maximum of $60,000 exclusive of taxes) and disbursements of Underwriters' Counsel, the reasonable out-of-pocket expenses of $10,000 exclusive of taxes, in addition to any regulatory filings and news wire expenses, of the Underwriters, and all taxes incurred by the Underwriters or their Counsel, including GST. All fees and expenses incurred by the Underwriters which are reimbursable hereunder shall be payable by the Corporation immediately upon receiving an invoice therefor from the Underwriters.

11. Termination

(a) In addition to any other rights or remedies available to the Underwriters, the Underwriters, or any of them, may, without liability, terminate their obligations hereunder, by written notice to the Corporation in the event that after the date hereof and at or prior to the Closing Time or the Additional Closing Time, as applicable:

  (i) any order to cease or suspend trading in any securities of the Corporation or prohibiting or restricting the distribution of any of the Offered Debentures is made, or proceedings are announced, commenced or threatened for the making of any such order, by any securities commission or similar regulatory authority, the Exchange or any other competent authority, and such order or proceeding has not been rescinded, revoked or withdrawn;

(ii) any inquiry, action, suit, investigation or other proceeding (whether formal or informal) in relation to the Corporation or any of its directors or senior officers is announced, commenced or threatened by any securities commission or similar regulatory authority, the Exchange or any other competent authority or there is a change in law, regulation or the interpretation or administration thereof, if, in the reasonable opinion of the Underwriters or any one of them, the change, announcement, commencement or threatening thereof materially adversely affects the trading or distribution of the Offered Debentures;

(iii) there shall have occurred or be discovered any adverse change, as determined by the Underwriters or any one of them in their sole discretion, acting reasonably, in the business, operations, capital, condition (financial or otherwise), or business prospects of the Corporation or its properties, assets, liabilities or obligations (absolute, accrued, contingent or otherwise) which in the 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 or marketability of the Offered Debentures;

(iv) there should develop, occur or come into effect or existence any event, action, state, condition of any nature (including without limitation, terrorism or accident) or financial occurrence of national or international consequence or any law or regulation which, in the sole opinion of the Underwriters or any one of them, acting reasonably, seriously adversely affects or involves, or will seriously adversely affect or involve, the financial markets generally or the business, operations or affairs of the Corporation, or the market price or value of the Offered Debentures;

(v) the Underwriters shall become aware of any material adverse change with respect to the Corporation which had not been publicly disclosed or disclosed in writing to the Underwriters at or prior to the date hereof and which in the sole opinion of the Underwriters or any one of them, acting reasonably, could be expected to have a material adverse effect on the market price or value or the marketability of the Offered Debentures or any other securities of the Corporation; or

(vi) the Corporation shall be in breach of, default under or non-compliance with any representation, warranty, covenant, term or condition of this Agreement or the Debenture Indenture in any material respect.

(b) The Underwriters, or any of them, may exercise any or all of the rights provided for in subsection 11(a) or Sections 12 or 16 notwithstanding any material change, change, event or state of facts and (except where the Underwriter purporting to exercise any of such rights is in breach of its obligations under this Agreement) 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 Debentures for sale and any act taken by the Underwriters in connection with any amendment to the Prospectus (including the execution of any amendment or any other Supplementary Material) and an Underwriter shall only be considered to have waived or be estopped from exercising or relying upon any of its rights under or pursuant to subsection 11(a) or Sections 12 or 16 if such waiver or estoppel is in writing and signed by such Underwriter and specifically waives or estops 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 8, 9, 10, 17. The rights of the Underwriters to terminate their obligations hereunder are in addition to, and without prejudice to, any other rights or remedies they may have.

(d) If an Underwriter elects to terminate its obligation to purchase the Offered Debentures as aforesaid, whether the reason for such termination is within or beyond the control of the Corporation, the liability of the Corporation hereunder with respect to such Underwriter shall be limited to the indemnity referred to in Section 8, the contribution rights referred to in Section 9 and the payment of expenses referred to in Section 10.

12. Closing Documents

The obligations of the Underwriters hereunder to purchase the Offered Debentures at the Closing Time, shall be conditional upon all representations and warranties and other statements of the Corporation herein being, at and as of the Closing Time, true and correct in all material respects, the Corporation having performed in all material respects, at the Closing Time, all of its obligations hereunder theretofore to be performed and the Underwriters receiving at the Closing Time, as applicable:

(a) favourable legal opinions of the Corporation's Counsel addressed to the Underwriters, in form and substance reasonably satisfactory to the Underwriters, with respect to such matters as the Underwriters may reasonably request relating to the Corporation, the offering of the Offered Debentures and the transactions contemplated hereby, including, without limitation, that:

    (i) the Corporation and each of its subsidiaries has been duly incorporated or formed, as applicable, and is valid and subsisting under the laws of the Province of Alberta and has all requisite power and capacity to carry on its business as now conducted and as presently proposed to be conducted by it and to own its properties and assets;

    (ii) the Corporation and each of its subsidiaries is duly registered and qualified to carry on business under the laws of each jurisdiction in which it carries on business;

    (iii) the Corporation has full corporate power and authority to enter into this Agreement, the Debenture Indenture and the certificates representing the Firm Debentures, and to perform its obligations set out herein and therein, and this Agreement, the Debenture Indenture and the certificates representing the Firm Debentures have been duly authorized, executed and delivered by the Corporation and each of this Agreement, the Debenture Indenture and the certificates representing the Firm Debentures constitutes a legal, valid and binding obligation of the Corporation enforceable against the Corporation in accordance with its terms, subject to laws relating to creditors' rights generally and except as rights to indemnity may be limited by applicable law;

(iv) the execution and delivery of this Agreement, the Debenture Indenture and the certificates representing the Firm Debentures and the performance of and compliance with the terms of this Agreement, the Debenture Indenture and the certificates representing the Firm Debentures 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: (a) any applicable laws of the Province of Alberta or the federal laws of Canada applicable therein which are material to the Corporation or its operations; (b) any term or provision of the articles or by-laws of the Corporation; (c) of which counsel is aware, any resolutions of the shareholders or directors of the Corporation; (d) of which counsel is aware, any indenture, mortgage, note, contract, agreement (written or oral), instrument, lease or other document to which the Corporation is a party or by which it is bound on the Closing Date (provided (a) the payment of interest, other than by way of issuance of shares, on the Firm Debentures is restricted under the Corporation's credit facility if there is a borrowing base shortfall, default or event of default thereunder, and (b) that the repayment of the Firm Debentures, other than by way of issuance of Common Shares, on maturity, if such credit facility is extended, or redemption or the making of an offer following a Change of Control as may be required, may require consent of the Corporation's lenders); or (e) of which counsel is aware, any judgment, decree or order, of any court, governmental agency or body or regulatory authority having jurisdiction over or binding the Corporation or its properties or assets, which default or breach, in all cases, might reasonably be expected to materially adversely affect the business, operations, capital or condition (financial or otherwise) or assets of the Corporation;

(v) the Corporation is a "reporting issuer" in each of the Qualifying Provinces and is not included in a list of defaulting reporting issuers maintained pursuant to the applicable securities legislation of such provinces, and is eligible to participate in NI 44-101 in each Qualifying Province;

(vi) the Firm Debentures have been duly and validly created, allotted and issued as fully paid and non-assessable securities;

(vii) the attributes of the Firm Debentures and the Debenture Indenture conform in all material respects with the description thereof contained in the Prospectuses;

(viii) the Firm Debentures are eligible investments as set out under the heading "Eligibility for Investment" in the Prospectuses;

(ix) all necessary documents have been filed, all necessary proceedings have been taken and all legal requirements have been fulfilled as required under Canadian Securities Laws in order to qualify the Firm Debentures for distribution and sale to the public in each of the Qualifying Provinces by or through investment dealers and brokers duly registered under the applicable laws of such provinces who have complied with the relevant provisions of such Canadian Securities Laws of the Qualifying Provinces;

(x) the Common Shares issuable upon conversion, redemption or maturity of the Firm Debentures will, upon issuance in accordance with the terms of the Debenture Indenture, be issued as fully paid and non-assessable Common Shares;

(xi) the issuance of Common Shares by the Corporation on conversion, redemption or maturity of the Firm Debentures to holders of the Firm Debentures in accordance with the Debenture Indenture is exempt from the prospectus requirements of the Canadian Securities Laws;

(xii) the first trade in the Common Shares acquired upon conversion, redemption or maturity of the Firm Debentures will not be subject to the prospectus requirements of Canadian Securities Laws and no prospectus or other document is required to be filed by the Corporation, no proceedings are required to be taken by the Corporation and no approvals, permits, consents or authorizations of regulatory authorities are required to be obtained by the Corporation under the Canadian Securities Laws to permit the first trade of such securities by the holder thereof through registrants or dealers registered under the Canadian Securities Laws who have complied with such laws, or in circumstances in which there is an exemption from the registration requirements under Canadian Securities Laws of such provinces, provided that: the trade is not a "control distribution" (as defined in National Instrument 45-102); and the Corporation is a reporting issuer at the time of the trade;

(xiii) the Corporation has the necessary corporate power and authority to execute and deliver the Prospectuses and all necessary corporate action has been taken by the Corporation to authorize the execution and delivery by it of the Prospectuses and the filing thereof, as the case may be, in each of the Qualifying Provinces in accordance with Canadian Securities Laws;

(xiv) the Firm Debentures and Common Shares issuable on conversion of the Firm Debentures in accordance with the terms of the Indenture, as applicable, are conditionally approved for listing and, upon notification to the Exchange of the issuance thereof and fulfillment of the conditions of the Exchange, will be listed and posted for trading on the Exchange;

(xv) the Trustee has been appointed the Trustee for the Offered Dentures pursuant to the Debenture Indenture;

(xvi) Valiant, at its principal office in Calgary, Alberta has been duly appointed the transfer agent and registrar for the Common Shares and the Firm Debentures;

(xvii) the form and terms of the definitive certificates representing the Firm Debentures have been duly approved and adopted by the board of directors of the Corporation and comply with all legal requirements and the requirements of the Exchange relating thereto;

(xviii) subject to the qualifications, limitations, restrictions and assumptions set out therein, the summary of "Certain Canadian Federal Income Tax Considerations" set forth in the Prospectus is a fair and adequate summary of the material Canadian federal income tax considerations; and

(xix) the authorized and issued capital of the Corporation.

It is understood that the respective counsel may rely on the opinions of local counsel acceptable to them as to matters governed by the laws of jurisdictions other than where they are qualified to practice law, and on certificates of officers of the Corporation, the transfer agent and public officials as to relevant matters of fact;

(b) a certificate of the Corporation dated the Closing Date addressed to the Underwriters and signed on behalf of the Corporation by the Chief Executive Officer and the Chief Financial Officer of the Corporation or such other officers of the Corporation satisfactory to the Underwriters, acting reasonably, certifying, on behalf of the Corporation and without personal liability, that:

(i) the Corporation has complied with and satisfied all terms and conditions of this Agreement on its part to be complied with or satisfied at or prior to the Closing Time, except as waived by the Underwriter in writing;

(ii) the representations and warranties of the Corporation set forth in this Agreement are true and correct at the Closing Time, as if made at such time (other than for representations and warranties made as of a specified date which shall remain true and correct as of such date); and

(iii) no event of a nature referred to in subsection 6(a), 6(b), 11(a)(i), 11(a)(ii) or 11(a)(vi) has occurred or to the knowledge of such officer is pending, contemplated or threatened (excluding any requirement to make any determination as to any Underwriter's opinion);

and each such statement shall be true and the Underwriters shall have no knowledge to the contrary;

(c) a comfort letter of the Corporation's auditors and those other auditors required to provide a "comfort letter" pursuant to subsection 4(c) addressed to the Underwriters and dated the Closing Date, satisfactory in form and substance to the Underwriters, acting reasonably, bringing the information contained in the comfort letters referred to in subsection 4(c) hereof up to the Closing Time, or the Additional Closing Time, as applicable, which comfort letters shall be not more than three Business Days prior to the Closing Date or Additional Closing Date, as applicable;

(d) evidence satisfactory to the Underwriters that the Corporation has obtained all necessary third party approvals and all necessary approvals of the Exchange for the issuance and listing of the Firm Debentures and the Common Shares issuable upon the conversion, redemption or maturity of the Firm Debentures, subject only to the filing of the Prospectuses and ancillary documentation in respect of the Firm Debentures and required documents which are in the possession of the Corporation on the Closing Date and payment of applicable fees;

(e) an executed copy of the Debenture Indenture; and

(f) such other certificates and documents as the Underwriters may request, acting reasonably.

13. Deliveries

(a) The sale of the Firm Debentures to be purchased hereunder shall be completed at the Closing Time at the offices of the 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 12, the Underwriters, on the Closing Date, shall deliver to the Corporation, by certified cheque, bank draft or wire transfer or such other manner as the Corporation and the Underwriters may agree, the amount of $1,000.00 per Firm Debenture (being an aggregate amount of $60,000,000), less the Underwriting Fee and the Underwriters' legal and other expenses as contemplated in Sections 2 and 10, respectively, against delivery by the Corporation of:

(i) the opinions, certificates and documents referred to in Section 12; and

(ii) definitive certificates representing, in the aggregate, all of the Firm Debentures which the Underwriters have elected to purchase hereunder registered, subject to subsection 13(b) below, in the name of CDS & Co. or in such name or names as the Underwriters shall notify the Corporation in writing not less than 48 hours prior to the Closing Time.

(b) The sale of the Over-Allotment Debentures, if applicable, shall be completed at the offices of the Corporation's counsel in Calgary, Alberta or at such other place as the Corporation and the Underwriters may agree, on the Additional Closing Date and at the time ("**Additional Closing Time**") specified by the Underwriters in the written notice given by the Underwriters pursuant to their election to purchase such Over-Allotment Debentures (provided that in no event shall such time be earlier than the Closing Time or, unless the Corporation and the Underwriters otherwise agree, earlier than one or later than ten Business Days after the date of the written notice of the Underwriters to the Corporation in respect of the Over-Allotment Debentures), or at such other time and date as the Underwriters and the Corporation may agree upon in writing. Subject to satisfaction of the conditions set forth in Section 12, (with the references therein to the Closing Time changed to the Additional Closing Time), the Underwriters, at the Additional Closing Time, shall deliver to the Corporation, by bank or wire transfer or such other means as the Corporation and the Underwriters may agree, the amount of $1,000 per Over-Allotment Debenture agreed to be purchased by the Underwriters from the Corporation pursuant to the exercise of the Over-Allotment Option, less the Underwriting Fee and the Underwriters' legal and other expenses as contemplated in Sections 2 and 10, respectively, against delivery by the Corporation of:

(i) the opinions, certificates and documents referred to in Section 12 with references to "Closing Time" changed to "Additional Closing Time" and "Firm Debentures" changed to "Over-Allotment Debentures", as applicable; and

(ii) definitive certificates representing, in the aggregate, all of the Over-Allotment Debentures which the Underwriters have elected to purchase hereunder registered, subject to subsection 13(c) below, in the name of CDS & Co. or in such name or names as the Underwriters shall notify the Corporation in writing not less than 48 hours prior to the Additional Closing Time.

Whether or not specifically contemplated in this Agreement, all provisions of this Agreement shall apply in the same manner and upon the same terms and conditions in respect of any Over-Allotment Debentures as would apply to the Firm Debentures issued and sold pursuant to this Agreement, and any steps to be taken or conditions to be satisfied at the Additional Closing Time shall be the same as those steps to be taken or conditions to be satisfied at Closing Time.

(c) If the Corporation determines to issue all of the Debentures as a book-entry only security in accordance with the rules and procedures of The Canadian Depository for Securities Limited ("**CDS**"), then, as an alternative to the Corporation delivering to the Underwriters definitive certificates representing the Debentures in the manner and at the times set forth in this Section 13:

(i) the Underwriters will provide a direction to CDS with respect to the crediting of the Debentures to the accounts of the participants of CDS as shall be designated by the Underwriters in writing in sufficient time prior to the Closing Date to permit such crediting; and

(ii) the Corporation shall cause the Trustee, as registrar and transfer agent of the Debentures or the Underwriters or the Underwriters' Counsel, to deliver to CDS, on behalf of the Underwriters, one fully registered global certificate to make an electronic deposit, if available, for the Debentures to be purchased hereunder, registered in the name of "CDS & Co." as the nominee of CDS, to be held by CDS as a book-entry only security in accordance with the rules and procedures of CDS.

14. Restrictions on Offerings

The Corporation agrees that, from the date hereof and ending on the date that is 90 days following the Closing Date that it will not offer, issue, sell, or exchange Common Shares, including flow-through Common Shares or financial instruments convertible or exchangeable into Common Shares without the prior consent of BMO and FirstEnergy Capital Corp., as co-lead Underwriters, for and on behalf of the Underwriters, not to be unreasonably withheld, provided that notwithstanding the foregoing, the Corporation may, without such consent, (i) grant options to directors, officers, consultants or employees of the Corporation pursuant to the Corporation's board approved stock option plan, and (ii) issue Common Shares to satisfy existing instruments and agreements already issued and executed as of the date hereof.

15. 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 at the above address (Fax No.: (403) 263-4179) and a copy to Osler, Hoskin & Harcourt LLP, Suite 2500, 450 - 1st Street S.W., Calgary, Alberta T2P 5H1, Attention: Noralee Bradley (Fax No.: (403) 260-7024), and, in the case of notice to be given to the Underwriters, be addressed to:

BMO Nesbitt Burns Inc.
2200, 333 – 7th Avenue S.W.
Calgary, AB T2P 2Z1

Attention: Shane K. Abel
Fax: (403) 515-1535

and to:

FirstEnergy Capital Corp.
1100, 311 - 6th Avenue SW
Calgary, Alberta T2P 3H2

Attention: M. Scott Bratt
Fax: (403) 262-0688

and to:

National Bank Financial Inc.
2802, 450 - 1st Street SW
Calgary, Alberta T2P 5H1

Attention: Sandy L. Edmonstone
Fax: (403) 265-0543

and to:

Cormark Securities Inc.
1800, 300 - 5th Avenue SW
Calgary, Alberta T2P 3C4

Attention: Dion D. Degrand
Fax: (403) 266-4222

and to:

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

Attention: John Peltier
Fax: (403) 260-8646

and to:

Dundee Securities Corporation
3600, 350 – 7th Avenue SW
Calgary, Alberta T2P 3N9

Attention: Tim Hart
Fax: (403) 264-6331

and to:

Peters & Co. Limited
2300, 308 - 4th Avenue SW
Calgary, AB T2P 0H7

Attention: J.G. (Jeff) Lawson
Fax: (403) 261-7565

and a copy to:

Heenan Blaikie LLP
1200, 425 1st Street S.W.
Calgary, Alberta T2P 3L8

Attention: Tom Cotter
Fax: (403) 234-7987

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 facsimile transmission to the addressee, and:

(a) a communication which is personally delivered shall, if delivered before 4:00 p.m. (local time at the place of delivery) 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 facsimile transmission shall, if sent on a Business Day before 4:00 p.m. (local time at the place of receipt), 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.

16. Conditions

An Underwriter 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 any of 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 an Underwriter only if the same is in writing and signed by such Underwriter.

17. Survival of Representations and Warranties

All representations, warranties, terms and conditions herein (including, without limitation, those contained in Section 7) 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 Debentures and the distribution of the Offered Debentures pursuant to the Prospectus and shall continue in full force and effect for the benefit of the Underwriters or the Corporation, as applicable, and in the case of the Underwriters regardless of any investigation by or on behalf of the Underwriters with respect thereto.

18. Several Liability of Underwriters

The Underwriters' rights and obligations under this Agreement are several and not joint and several including, without limitation, that:

(a) each of the Underwriters shall be obligated to purchase only the percentage of the total number of Firm Debentures and, if applicable, Over-Allotment Debentures set forth opposite their names set forth in this Section 18;

(b) if at the Closing Time or, if applicable, the Additional Closing Time, any one or more of the Underwriters shall fail or refuse to purchase its respective percentage set forth below of the aggregate number of the Offered Debentures (other than in accordance with Section 11) and the aggregate number of such Offered Debentures which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase is less than 10% of the aggregate number of Offered Debentures to be purchased on such date, the non-defaulting Underwriters shall be obligated severally, in the proportions represented by the respective percentage set forth below opposite the names of all such non-defaulting Underwriters, to purchase the Offered Debentures which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase at such time; and

(c) if any one or more of the Underwriters shall fail or refuse to purchase its applicable percentage of the Offered Debentures at the Closing Time, and the number of such securities which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase is equal to or greater than 10% of the aggregate number of Offered Debentures to be purchased at such time, then the other Underwriters shall have the right, but not the obligation, to purchase all of the Offered Debentures which would otherwise have been purchased by such one or more of the Underwriters; the Underwriters exercising such right shall purchase such Offered Debentures pro rata to their respective percentages aforesaid or in such other proportions as they may otherwise agree. In the event such right is not exercised, the Underwriters which are not in default shall be entitled by written notice to the Corporation to terminate this Agreement without liability.

The applicable percentage of the total number of Offered Debentures which each of the Underwriters shall be separately obligated to purchase is as follows:

BMO	25.0%
FirstEnergy Capital Corp.	25.0%
National Bank Financial Inc.	18.5%
Cormark Securities Inc.	12.5%
CIBC World Markets Inc.	9.0%
Dundee Securities Corporation	5.0%
Peters & Co. Limited	5.0%

Nothing in this Agreement shall obligate the Corporation to sell less than all of the Firm Debentures or shall relieve any Underwriter in default from liability to the Corporation or any non-defaulting Underwriter in respect of the defaulting Underwriter's default hereunder. In the event of a termination by the Corporation of its obligations under this Agreement 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 8, 9 or 10.

19. 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 BMO and FirstEnergy Capital Corp., 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 Section 8 or 9, any matter referred to in Section 11, any waiver or extension referred to in Section 16 or any agreement under Section 18. While not affecting the foregoing, BMO, shall consult with the other Underwriters with respect to any such notice, waiver, extension or other communication.

20. Underwriters' Covenants

Each of the Underwriters covenants and agrees with the Corporation that it will:

(a) offer and sell the Offered Debentures in accordance with Canadian Securities Laws and this Agreement;

(b) conduct activities in connection with the proposed offer and sale of the Offered Debentures in the Qualifying Provinces, directly and through sub-agents, if any, in compliance with all the Canadian Securities Laws and this Agreement, the Prospectuses and any Supplementary Material 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 Debentures;

(c) use reasonable commercial efforts to complete the distribution of Offered Debentures as soon as possible;

(d) not solicit subscriptions for the Offered Debentures, sell or trade in Offered Debentures or otherwise do any act in furtherance of a trade of Offered Debentures or conduct activities so as to require registration of the Offered Debentures or the filing of a prospectus registration statement or other notice or document with respect to the distribution of the Offered Debentures under the laws in any jurisdictions outside of the Qualifying Provinces; and

(e) as soon as reasonably practicable after the Closing Date, or the Additional Closing Date, if applicable (and in any event each case within 30 days thereof) provide the Corporation with a breakdown of the number of Offered Debentures sold in each of the Qualifying Provinces and, upon completion of the distribution of the Offered Debentures, provide to the Corporation and to the Securities Commissions notice to that effect, if required by Canadian Securities Laws.

No Underwriter will be liable to the Corporation under this Section 20 with respect to a default by any of the other Underwriters or any member of any Selling Dealer Group appointed by any other Underwriter but will be liable to the Corporation only for its own default.

21. 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.

22. Obligations as a Registrant

The Corporation: (i) acknowledges and agrees that the Underwriters have certain statutory obligations as registrants under Canadian Securities Laws; and (ii) consents to the Underwriters acting hereunder while continuing to act for their clients. To the extent that the Underwriters' statutory obligations as a registrant under Canadian Securities Laws conflicts with its obligations hereunder, the Underwriters shall be entitled to fulfill their statutory obligations as registrants under Canadian 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 a registrant under Canadian Securities Laws and their duties to their clients.

23. No Fiduciary Relationship

No Underwriter has assumed or will assume a fiduciary responsibility in favour of the Corporation with respect to the offering of the Offered Debentures or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Corporation on other matters) and no Underwriter has any obligation to the Corporation with respect to the offering of the Offered Debentures except the obligations expressly set forth in this Agreement.

24. Stabilizations

In connection with the distribution of the Offered Debentures, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the securities of the Corporation at levels other than those which might otherwise prevail in the open market, but in each case only as permitted by applicable law. Such stabilizing transactions, if any, may be discontinued at any time.

25. 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. Each of the Corporation and the Underwriters hereby attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta.

26. Time of the Essence

Time shall be of the essence of this Agreement.

27. 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. Delivery of counterparts may be effected by facsimile or other electronic transmission.

28. Further Assurances

Each party to this Agreement covenants and agrees that from time to time, it will, at the request of the requesting party, execute and deliver all such documents and do all such other acts and things as any party hereto, acting reasonably, may from time to time request be executed or done in order to better evidence or perfect or effectuate any provision of this Agreement or of any agreement or other document executed pursuant to this Agreement or any of the respective obligations intended to be created hereby or thereby.

29. Use of Proceeds

The Corporation agrees to use the proceeds from the issuance and sale of the Offered Debentures in accordance with the disclosure in the Prospectuses, subject to the qualifications set forth therein.

30. Entire Agreement

It is understood that the terms and conditions of this Agreement supersede any previous verbal or written agreement between the Underwriters and the Corporation.

[*The remainder of this page was intentionally left blank.*]

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 BMO Nesbitt Burns Inc.

BMO NESBITT BURNS INC.

Per: *(Signed) "Shane K. Abel"*

FIRSTENERGY CAPITAL CORP.

Per: *(Signed) "Robyn T. Hemminger"*

NATIONAL BANK FINANCIAL INC.

Per: *(Signed) "Sandy L. Edmonstone"*

CORMARK SECURITIES INC.

Per: *(Signed) "Dion D. Degrand"*

CIBC WORLD MARKETS INC.

Per: *(Signed) "John Peltier"*

DUNDEE SECURITIES CORPORATION

Per: *(Signed) "Tim Hart"*

PETERS & CO. LIMITED

Per: *(Signed)"J.G. (Jeff) Lawson"*

ACCEPTED AND AGREED to as of the date of this Agreement.

ANGLE ENERGY INC.

Per: *(Signed) "Heather Christie-Burns"*

SCHEDULE "A"

EMPLOYMENT AGREEMENTS

Gregg Fischbuch
Heather Christie-Burns
Stuart Symon
Glen Richardson
Elizabeth More
Matthew Mazuryk
Heather Post
Graham Cormack

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