ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2012

Dated as of March 4, 2013

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GLOSSARY OF TERMS

In this annual information form, unless otherwise indicated or the context otherwise requires, the following terms shall have the indicated meanings. Certain other terms used in this annual information form but not defined herein are defined in NI 51-101 and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101, see "Statement of Reserves Data and Other Oil and Gas Information – Notes and Definitions". Words importing the singular include the plural and vice versa and words importing any gender include all genders. A reference to an agreement means the agreement as it may be amended, supplemented or restated from time to time.

"**ABCA**" means the *Business Corporations Act* (Alberta), and the regulations thereunder, as amended from time to time;

"**Adjusted EBITDA**" means earnings before interest, income taxes, depreciation, amortization, other non-cash expenses such as unrealized foreign exchange gains or losses and asset impairment, and any unusual non-operating one-time items such as acquisition costs;

"**Administrative Services Agreement**" means the administrative services agreement dated May 9, 2012 between the Trustee and the Administrator, pursuant to which the Administrator provides administrative services to the Trust and pursuant to which the Administrator has been delegated certain duties in connection with the governance of the Trust;

"**Administrator**" means Argent Energy Ltd., or such other party as may be appointed as administrator from time to time pursuant to the Administrative Services Agreement;

"**Administrator Directors**" means the directors of the Administrator from time to time;

"**Administrator Shareholder**" means Aston Hill Financial Management Ltd., a subsidiary of Aston Hill;

"**affiliate**" or "**associate**" has the meaning ascribed thereto in the *Securities Act* (Alberta), as amended from time to time;

"**Argent**" or the "**Trust**" means Argent Energy Trust, an unincorporated limited purpose open-ended trust established under the laws of the Province of Alberta;

"**Argent Group**" means the Trust and its direct and indirect subsidiaries, including Can Holdco and US Opco;

"**Asset Purchase Agreement**" means the purchase and sale agreement dated effective July 1, 2012 between Denali and a third party relating to the sale of approximately 76,300 net acres of rights below the Buda formation in leases in the Wilson and Atascosa Counties, Texas;

"**Assets**" means, collectively, the assets of US Opco, including the Austin Chalk and Eagle Ford Oil Assets, the Manvel Oil Assets, the Oklahoma Oil Assets, the South Texas Natural Gas Assets, the South Texas Oil Assets, the Denali Reserved Interest and the Deep Rights;

"**Aston Hill**" means Aston Hill Financial Inc., a corporation formed pursuant to the laws of Alberta and the provider of certain technical and administrative services to the Administrator pursuant to the Services Agreement;

"**Austin Chalk and Eagle Ford Oil Assets**" means the 100% working interests in various oil leases primarily located in South Texas, acquired by the Trust on August 10, 2012 with the net proceeds received by the Trust in connection with the IPO and an advance under the Credit Facility;

"**Board**" means all of the Administrator Directors;

"**Bridge Facility**" means the US$7,500,000 term credit facility established on August 10, 2012 in favour of US Opco, which was subsequently repaid in full and terminated on August 28, 2012;

"**business day**" means a day other than a Saturday, Sunday or a day on which the principal chartered banks located at Calgary, Alberta are not open for business;

"**Can Holdco**" means Argent Energy (Canada) Holdings Inc., a corporation formed pursuant to the laws of Alberta and a wholly-owned subsidiary of the Trust;

"**Can Holdco Shares**" means the common shares in the capital of Can Holdco;

"**CDS**" means CDS Clearing and Depository Services Inc.

"**Code**" means the United States *Internal Revenue Code of 1986*, as amended;

"**Cooperation Agreements**" means the agreements entered into upon closing of the acquisition of the South Texas Oil Assets between each of WOG and Wapiti Energy, on the one hand, and US Opco, on the other hand, setting forth the relative rights and responsibilities of the parties with respect to the access to and operations of zones included within the South Texas Oil Assets acquired by US Opco and the deeper underlying zones in the leases relating to the South Texas Oil Assets, which zones were retained by each of WOG and Wapiti Energy and do not form part of the South Texas Oil Assets;

"**CRA**" means the Canada Revenue Agency or any successor agency thereto;

"**Credit Facility**" means the US$93,000,000 extendible revolving term credit facility and US$2,000,000 extendible revolving operating facility, subject to a borrowing base of US$95,000,000 established in favour of US Opco, as amended from time to time;

"**Deep Rights**" means the oil and natural gas leasehold rights below the Austin Chalk oil formation in specified undeveloped leases covering approximately 22,220 net acres in Fayette and Gonzales Counties, Texas;

"**Deep Rights ORRI**" means the overriding royalty interest in respect of the Deep Rights retained by Denali, being (i) 25% of revenue from all oil, natural gas and associated hydrocarbons produced, saved and sold from the Deep Rights by US Opco less (ii) the amount of any burdens, including royalties, taxes and downstream costs, affecting the Deep Rights;

"**Denali**" means, collectively, Denali Oil & Gas Partners II, LP and Denali Oil & Gas Partners III, LLC;

"**Denali Deep Rights Interests**" means, collectively, the Deep Rights ORRI and, after certain well costs have been recovered by US Opco, either (i) an additional 7.5% net working interest in each well drilled by US Opco in the Deep Rights, on a well by well basis, or (ii) an additional 3.0% overriding royalty interest with respect to any such well;

"**Denali Reserved Interest**" means, collectively, the production payment and overriding royalty interest reserved by Denali in respect of certain leases covering approximately 80,000 net acres in the Wilson and Gonzales Counties, Texas, which was acquired by the Trust on August 28, 2012 with a portion of the net proceeds received by the Trust in connection with the closing of the over-allotment option granted to the underwriters in connection with the IPO;

"**DRIP**" means the Premium Distribution™[1] and Distribution Reinvestment Plan adopted by the Trust on February 15, 2013;

"**EQ**" means EnergyQuest II, LLC, a Texas limited liability corporation;

"**GLJ**" means GLJ Petroleum Consultants Ltd., an independent firm of professional petroleum engineers based in Calgary, Alberta;

"**GLJ Reserve Report**" means the independent engineering evaluations of oil, natural gas and NGL reserves relating to certain of the Assets prepared on February 13, 2013, with an effective date of December 31, 2012;

"**gross**" means:

(a) in relation to US Opco's interest in production or reserves, its "gross reserves", which are US Opco's working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of US Opco;

(b) in relation to US Opco's interest in wells, the total number of wells in which US Opco has an interest; and

(c) in relation to US Opco's interest in properties, the total area of properties in which US Opco has an interest;

"**hydrocarbons**" means organic compounds containing a mixture of carbon and hydrogen;

"**IFRS**" means International Financial Reporting Standards, as adopted by the Canadian Accounting Standards Board;

"**Initial Private Placements**" means the issuance by the Trust, on a private placement basis, of an aggregate of 600,000 Units to the Administrator Directors, Management and certain other investors, including Aston Hill, at a price of $5.00 per Unit, for aggregate gross proceeds of $3,000,000;

"**IPO**" means the initial public offering of the Trust which was completed on August 10, 2012;

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[1] ™ denotes trademark of Canaccord Genuity Corp.

"**IRS**" means the U.S. Internal Revenue Service;

"**LIBOR**" means the London Interbank Offered Rate;

"**Management**" means the management of the Trust, being the officers of the Administrator;

"**Manvel Oil Assets**" means the working interests in various oil and natural gas leases located in the Manvel Field in Brazoria County, Texas, acquired by the Trust on October 25, 2012 with the net proceeds received by the Trust in connection with the Trust EQ Offering, an advance under the Credit Facility and working capital;

"**net**" means:

(a) in relation to US Opco's interest in production or reserves, US Opco's working interest (operating or non-operating) share after deduction of royalty obligations, plus US Opco's royalty interests in production or reserves;

(b) in relation to US Opco's interest in wells, the number of wells obtained by aggregating US Opco's working interest in each of its gross wells; and

(c) in relation to US Opco's interest in a property, the total area in which US Opco has an interest multiplied by the working interest owned by US Opco;

"**NGL**" or "**NGLs**" means natural gas liquids, consisting of any one of ethane, propane, butane, pentanes plus, condensate and other liquefied hydrocarbons or a combination thereof;

"**NI 51-101**" means Canadian Securities Administrators' National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities*;

"**NYMEX**" means the New York Mercantile Exchange;

"**Oklahoma Oil Assets**" means the working interests in various oil and natural gas leases located in the NE Davis, SW Mayville and Payne Fields in Southern Oklahoma, acquired by the Trust on October 25, 2012 with the net proceeds received by the Trust in connection with the Trust EQ Offering, an advance under the Credit Facility and working capital;

"Ordinary Resolution" means a resolution passed by more than 50% of the votes cast by those Unitholders entitled to vote on such resolution, whether cast in person or by proxy at a meeting of Unitholders at which a quorum was present, called (at least in part) for the purpose of approving such resolution, or a resolution approved in writing, in one or more counterparts, by holders of more than 50% of the votes represented by those Units entitled to be voted on such resolution;

"**Other Trust Securities**" means any type of securities of the Trust, other than Units, including notes (including Redemption Notes), options, rights, warrants or other securities convertible into or exercisable for Units or other securities of the Trust (including convertible debt securities, subscription receipts and installment receipts);

"**person**" means and includes individuals, companies, corporations, limited partnerships, general partnerships, joint stock companies, limited liability companies, joint ventures, associations, trusts, banks, trust companies, pension funds, and other organizations, whether or not legal entities, and governments and agencies and political subdivisions thereof;

"**Put Option**" means the put option in respect of the Deep Rights;

"**Redemption Notes**" means subordinated unsecured promissory notes of the Trust that may be issued by the Trust in accordance with the Trust Indenture on a redemption of Units;

"**Redemption Price**" means the redemption price applicable to any redemption of Units by Unitholders;

"**Registered Plans**" means, collectively, trusts governed by registered retirement savings plans, registered education savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans and tax-free savings accounts;

"**Reserve Life Index**" is a metric commonly used to estimate the useful life of producing oil and gas assets, which is calculated by dividing the proved plus probable reserves by the current annualized production;

"**Reserve Reports**" means, collectively, the Sproule Reserve Report and the GLJ Reserve Report;

"**RRC**" means the Texas Railroad Commission;

"**RTU**" means a restricted trust unit of the Trust;

"**RTUP**" means the Restricted Trust Unit Plan of the Trust;

"**Services Agreement**" means the services agreement entered into between the Trust, the Administrator and Aston Hill, pursuant to which Aston Hill provides certain technical and administrative services to the Trust and the Administrator;

"**SIFT trust**" means a specified investment flow-through trust as defined in subsection 122.1(1) of the Tax Act;

"**South Texas Natural Gas Assets**" means the 100% working interests in various natural gas leases primarily located in South Texas, acquired by the Trust on August 10, 2012 with the net proceeds received by the Trust in connection with the IPO and an advance under the Credit Facility;

"**South Texas Oil Assets"** means the working interest in certain zones in the Newton, Livingston, Double A Wells North, Baffin Bay and Peeler Ranch fields in South and East Texas and associated properties and facilities, acquired by the Trust on December 28, 2012 with the net proceeds received by the Trust in connection with the Trust Wapiti Offering, and an advance under the Credit Facility;

"Special Resolution" means a resolution passed by more than $66^{2}/_{3}$% of the votes cast by those Unitholders, entitled to vote on such resolution, whether cast in person or by proxy, at a meeting of Unitholders, at which a quorum was present, called (at least in part) for the purpose of approving such resolution, or a resolution approved in writing, in one or more counterparts, by holders of more than $66^{2}/_{3}$ % of the votes represented by those Units, entitled to be voted on such resolution;

"**Sproule**" means Sproule Associates Limited, an independent firm of professional petroleum engineers, geologists, geophysicists and petrophysicists providing services within North America and internationally;

"**Sproule Reserve Report**" means the independent engineering evaluation of the oil, natural gas and NGL reserves relating to certain of the Assets, prepared on February 26, 2013, with an effective date of December 31, 2012;

"**subsidiary**" has the meaning ascribed thereto in the ABCA;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time;

"**Taxation Certification**" means a properly completed and duly executed U.S. Internal Revenue Service Form W-8BEN or W-9, as applicable, or such successor form to such forms as the IRS shall adopt;

"**Treaty**" means the Convention between the United States of America and Canada with Respect to Taxes on Income and on Capital, signed September 26, 1980, as amended;

"**Trust EQ Offering**" means the offering of 12,650,000 Units (including 1,650,000 Units issued on the exercise in full of the over-allotment option granted to the underwriters) which was completed on October 25, 2012 pursuant to a final short form prospectus of the Trust dated October 16, 2012;

"**Trust Indenture**" means the trust indenture establishing the Trust made as of January 31, 2012 as amended and restated on May 9, 2012;

"**Trust Property**" means, at any time, all of the money, properties and other assets of any nature or kind whatsoever as are, at such time, held by the Trust or by the Trustee on behalf of the Trust;

"**Trust Wapiti Offering**" means the offering of 10,755,000 Units which was completed on December 28, 2012 pursuant to a final short form prospectus of the Trust dated December 18, 2012;

"**Trustee**" means the trustee of Argent Energy Trust under the Trust Indenture, which is Computershare Trust Company of Canada;

"**TSX**" means the Toronto Stock Exchange;

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

"**Unitholder**" means a registered holder of Units;

"**Units**" means the trust units of the Trust, each Unit representing an equal undivided beneficial interest in the Trust;

"**US Opco**" means Argent Energy (US) Holdings Inc., a corporation formed pursuant to the laws of Delaware and a wholly-owned subsidiary of Can Holdco;

"**US Opco Notes**" means the subordinated unsecured promissory notes issued by US Opco from time to time;

"**US Opco Shares**" means shares in the common stock of US Opco;

"**U.S. Securities Act**" means the *United States Securities Act of 1933*, as amended from time to time;

"**Voting Agreement**" means the voting agreement dated May 9, 2012 among the Administrator Shareholder, the Trustee and the Administrator, with regard to, among other matters, the election of the Administrator Directors (as directed by the Trustee as agent for the Unitholders);

"**Wapiti**" means, collectively, WOG and Wapiti Energy;

"**Wapiti Energy**" means Wapiti Energy, LLC, a limited liability company incorporated under the laws of Texas;

"**WOG**" means Wapiti Oil & Gas, L.L.C., a limited liability company incorporated under the laws of Delaware; and

"**WTI**" means West Texas Intermediate light sweet crude oil at a reference sales point in Cushing, Oklahoma, a common benchmark for crude oil.

NOTICE TO READER

All production, reserves and well information with respect to the Assets included in this annual information form, unless otherwise stated, represent the gross interest (operated and non-operated) in respect of such production, reserves or wells, as applicable, before deduction of royalties and without including any royalty interests received from third parties, in accordance with NI 51-101. See "Statement of Reserves Data and Other Oil and Gas Information" in this annual information form for additional information.

In this annual information form, unless otherwise indicated, all dollar amounts are expressed in Canadian dollars. References to "$" or "C$" are to Canadian dollars and references to "US$" or "U.S. dollars" are to United States dollars.

Forward Looking Statements and Risk Factors

Certain statements and information contained in this annual information form constitute forward-looking statements and forward-looking information (collectively, "**forward-looking statements**") and the Trust cautions investors about important factors that could cause the Trust's actual results to differ materially from those projected in any forward-looking statements included in this annual information form. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will likely result", "are expected to", "expects", "will continue", "is anticipated", "anticipates", "believes", "estimated", "intends", "plans", "forecast", "projection" and "outlook") are not historical facts and may be forward-looking statements and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in such forward-looking statements. No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this annual information form should not be unduly relied upon. In addition, this annual information form may contain forward-looking statements attributed to third party industry sources. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the information and factors discussed throughout this annual information form.

In particular and without limitation, this annual information form contains forward-looking statements pertaining to the following:

- oil, natural gas and NGLs production volumes, including expectations regarding the ability to increase certain existing production based on development drilling and potential production from the Assets;
- projections of market prices for oil, natural gas and NGLs as well as exploration, development and production costs;
- supply and demand fundamentals for oil, natural gas and NGLs;
- expectations regarding the ability to raise capital and to continually add reserves through acquisitions, exploration and development;
- realization of anticipated benefits of acquisitions or dispositions;
- plans for, and results of, exploration, exploitation and development activities;
- growth strategy and opportunities, including future acquisitions;
- treatment under governmental regulatory regimes and tax laws;
- capital expenditure programs and sources of funding;
- plans for, and results of, the implementation of a rolling hedging program;
- estimated well parameters, well economics and total drilling opportunities;
- the intentions of the Trust to maintain a prudent debt to EBITDA ratio;
- the timing for and cost of additional development drilling and the timing for, and levels of, increases to production and reserves;
- the location of future drilling opportunities;
- the implementation of the Trust's development plan and the anticipated results associated therewith;
- anticipated general and administrative costs, operating expenses, and expected drilling and completion costs;
- the Reserve Life Index of assets and properties acquired by the Trust's subsidiaries, and the development risk and exploitation potential of assets and properties acquired by the Trust's subsidiaries;
- estimates of abandonment, disconnection and reclamation costs;
- status of the Trust as a "mutual fund trust" and not as a "SIFT trust" for purposes of the Tax Act, and the taxability of the Trust and its subsidiaries;
- the payment and stability of cash distributions by the Trust, including the amount and timing of payment of cash distributions;
- the character and taxation of distributions received by Unitholders that are resident in Canada for purposes of the Tax Act;

- the impact of Canadian and U.S. federal income taxation on the availability of cash for distribution by the Trust;
- the exercise of the Put Option by Denali in respect of the Deep Rights;
- access to credit facilities, including the Credit Facility, related borrowing base capacity including expected increases thereto and interest costs;
- the provision of certain technical and administrative services by Aston Hill; and
- executive compensation arrangements.

With respect to forward-looking statements contained in this annual information form, assumptions have been made regarding, among other things:

- future prices for oil, natural gas and NGLs;
- future currency exchange rates;
- the ability of the Trust's subsidiaries to obtain qualified staff and equipment in a timely and cost-efficient manner;
- the ability of Aston Hill to provide necessary technical and administrative services to the Trust and the Administrator pursuant to the Services Agreement;
- the regulatory framework governing taxes and environmental matters in the U.S.;
- the ability of the Trust's subsidiaries to successfully market future oil, natural gas and NGLs production;
- the Trust's subsidiaries' future production levels;
- the applicability of technologies for recovery and production of the Trust's subsidiaries' oil, natural gas and NGLs reserves;
- geological and engineering estimates in respect of the Assets and the Trust's subsidiaries' reserves and production;
- the recoverability of the Trust's subsidiaries' reserves;
- future capital expenditures to be made by the Trust's subsidiaries and the Trust's ability to obtain financing on acceptable terms for capital projects and future acquisitions;
- future sources of funding for the capital programs of and future acquisitions by the Trust's subsidiaries;
- the impact of competition on the Trust;
- the deductibility of interest payments on the US Opco Notes;
- the impact of Canadian and U.S. federal income taxes on cash available for distribution by the Trust and its subsidiaries;
- the willingness of Unitholders resident in the United States to provide certifications with regard to qualification for exemptions from withholding tax; and
- the Trust's status as a "mutual fund trust" and not as a "SIFT trust" for purposes of the Tax Act.

The Trust's actual results could differ materially from those anticipated in forward looking statements as a result of the risk factors set forth below and included elsewhere in this annual information form:

- failure to realize the anticipated benefits from the acquisition of the Assets and future acquisitions;
- incorrect assessments of the value of acquisitions, including the acquisition of the Assets, and the likelihood of success of exploitation and development programs;
- unforeseen difficulties in integrating the Assets into the Trust's subsidiaries' operations;
- failure to achieve the anticipated benefits of the planned drilling program;
- volatility of market prices for oil, natural gas and NGLs and marketing and hedging activities related thereto;
- risks related to the exploration, development and production of oil, natural gas and NGLs reserves;
- volatility of costs of development, operations and maintenance of properties;
- risks which may create liabilities to the Trust or its subsidiaries in excess of the Trust's insurance coverage;
- general economic, market and business conditions;
- current global financial conditions, including fluctuations in interest rates, foreign exchange rates, inflation and commodity prices and stock market volatility;
- uncertainties associated with estimating oil, natural gas and NGLs reserves;
- competition for, among other things, capital, acquisitions of reserves, undeveloped or underdeveloped lands and skilled personnel;
- geological, technical, drilling and processing problems, including the availability of equipment and access to properties;
- environmental risks and hazards;
- changes in tax laws and incentive programs relating to the oil and natural gas industry;
- certain financing transactions among the Trust and its subsidiaries being treated as equity rather than debt for U.S. federal income tax purposes;
- changes in government regulations or increased scrutiny by governmental agencies;

- failure to obtain regulatory, industry partner and third party consents and approvals where required;
- failure to engage or retain key personnel;
- conflicts of interest involving directors and officers of the Administrator;
- conflicts of interest involving Aston Hill and the Trust as a result of the Services Agreement;
- claims made in respect of the properties or assets of the Trust and its subsidiaries;
- potential losses which would stem from any disruptions in production or infrastructure performance, including work stoppages or other labour difficulties, or disruptions in the transportation network on which the Trust's subsidiaries will be reliant;
- failure of the Trust's subsidiaries to meet specific requirements of their leases or agreements;
- failure to accurately estimate abandonment and reclamation costs;
- the inability to obtain financing on acceptable terms;
- failure of third parties' reviews, reports and projections to be accurate;
- reliance on Aston Hill for the provision of certain technical and administrative services pursuant to the Services Agreement;
- failure by US Opco to maintain or achieve increased production and the resulting adverse effect on cash flow to US Opco;
- title defects in the properties in which the Trust invests and/or undisclosed liabilities, including environmental liabilities, associated with such properties, including the Assets; and
- other factors discussed under "Risk Factors" herein.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements made by or on behalf of the Trust, investors should not place undue reliance on any such forward-looking statements. Statements relating to "reserves" are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future. Readers are cautioned that the foregoing lists of factors are not exhaustive. Further, any forward-looking statement is made only as of the date of this annual information form, and the Trust undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by applicable securities laws. New factors emerge from time to time, and it is not possible for Management to predict all of these factors or to assess in advance the impact of each such factor on the Trust's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. **The forward-looking statements contained in this annual information form are expressly qualified by the foregoing cautionary statements.**

International Financial Reporting Standards

The Canadian Accounting Standards Board requires that all Canadian publicly accountable enterprises transition from Canadian generally accepted accounting principles in effect prior to January 1, 2011 to Canadian generally accepted accounting principles for publicly accountable enterprises (being International Financial Reporting Standards as adopted by the Canadian Accounting Standards Board) ("**IFRS**") for interim and annual reporting periods for fiscal years beginning on or after January 1, 2011. Accordingly, the Trust prepares its consolidated financial statements in accordance with IFRS.

Non-IFRS Financial Measures

In addition to using financial measures prescribed by IFRS, references are made in this annual information form to "distributable cash", "cash flow available for distribution", "netback", "Sustainability Ratio" and "debt to Adjusted EBITDA", which are measures that do not have any standardized meaning as prescribed by IFRS and are not presented in the financial statements of the Trust. Accordingly, the Trust's use of such terms may not be comparable to similarly defined measures presented by other entities.

References to "distributable cash" and "cash flow available for distribution" are to distributable cash and cash flow available for distribution to Unitholders in accordance with the distribution policies of the Trust described in this annual information form. Distributable cash and cash flow available for distribution are measures commonly used by the trust sector as indicators of financial performance and Management believes that investors may consider the cash distributed by the Trust relative to the price of the Units when assessing an investment in Units.

"Netback" is equal to oil, natural gas and NGLs sales revenue less royalties, transportation costs, production taxes and operating expenses. Management considers netback important as it is a measure of profitability and reflects the quality of production. Management uses this non-IFRS measurement for its own performance measures and to provide Unitholders and investors with a measurement of the Trust's efficiency and its ability to fund a portion of its future growth expenditures.

"Sustainability Ratio" is equal to the sum of cash distributions and capital expenditures divided by cash flow from operations. Management believes the sustainability ratio provides Unitholders and investors with a measurement of the sustainability of the Trust's distributions to Unitholders.

References to "debt to Adjusted EBITDA" refer to net debt as a proportion of annualized Adjusted EBITDA of the Trust. Net debt is defined as bank debt plus any other long-term debt of the Trust, adjusted for working capital but excluding from working capital derivative contracts and future income tax balances. Adjusted EBITDA is defined as earnings before interest, income taxes, depreciation, amortization, other non-cash expenses such as unrealized foreign exchange gains or losses and asset impairment, and any unusual non-operating one-time items such as acquisition costs. The debt to Adjusted EBITDA ratio is used by Management to assess the Trust's leverage and the continuing appropriateness of its distribution and capital investment levels in light of its ability to generate cash to finance its operations.

Market and Industry Data

Certain market and industry data contained in this annual information form is based upon information from government or other independent industry publications and reports or based on estimates derived from such publications and reports. Government and industry publications and reports do not guarantee the accuracy or completeness of their information. While Management believes this data to be reliable, market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey.

Abbreviations and Conversions

In this annual information form, the following abbreviations have the meanings set forth below:

API	American Petroleum Institute	Mcf	thousand cubic feet
bbl and bbls	barrel and barrels, each barrel representing 34.972 Imperial gallons or 42 U.S. gallons	Mcf/d	thousand cubic feet per day
		Mcfe	thousand cubic feet of natural gas equivalent
bbls/d	barrels per day	Mcfe/d	thousand cubic feet of natural gas equivalent per day
Bboe	billions of barrels of oil equivalent	MMbbls	millions of barrels
Bcf	billion cubic feet	MMboe	millions of barrels of oil equivalent
Bcfe	billion cubic feet equivalent	MMBtu	million British thermal units
boe	barrels of oil equivalent	MMcf	million cubic feet
boe/d	barrels of oil equivalent per day	MMcf/d	million cubic feet per day
Btu	British thermal unit	psi	pounds per square inch
gpm	gallons per minute	Tcf	trillion cubic feet
kW	thousand watts	Tcfe	trillion cubic feet of natural gas equivalent
Mbbls	thousands of barrels	M	thousand
Mboe	thousands of barrels of oil equivalent	MM	million

The following table sets forth certain standard conversions between Standard Imperial Units and the International System of Units (or metric units).

To Convert From	To	Multiply By
Mcf	cubic metres	28.174
cubic metres	cubic feet	35.315
bbls	cubic metres	0.159
cubic metres	bbls	6.293
feet	metres	0.305
metres	feet	3.281
miles	kilometers	1.609
kilometers	miles	0.621
acres	hectares	0.405
hectares	acres	2.471

Disclosure provided in this annual information form for barrels of oil equivalent (boe) and thousand cubic feet of gas equivalent (Mcfe) may be misleading, particularly if used in isolation. A boe conversion ratio of six Mcf to one bbl and a Mcfe conversion ratio of one bbl to six Mcf are based on an energy equivalency conversion method primarily applicable at the burner tip and do not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of oil as compared to natural gas is significantly different from the energy equivalency conversion ratio of six to one, utilizing a boe conversion ratio of six Mcf to one bbl and a Mcfe conversion ratio of one bbl to six Mcf may be misleading as an indication of value.

Exchange Rate Data

The following table sets forth, for the periods indicated, the high, low, average and period-end noon spot rates of exchange for one U.S. dollar, expressed in Canadian dollars, as published by the Bank of Canada.

	Year Ended December 31		
	2012	2011	2010
	(C$)	(C$)	(C$)
Highest rate during the period	1.0418	1.0604	1.0778
Lowest rate during the period	0.9710	0.9449	0.9946
Average noon spot rate for the period	0.9996	0.9891	1.0299
Rate at the end of the period	0.9949	1.0170	0.9946

THE TRUST AND ITS SUBSIDIARIES

The Trust

Argent Energy Trust, the Trust, is an unincorporated limited purpose open-ended trust established under the laws of the Province of Alberta on January 31, 2012 by the Trust Indenture. See "Description of the Trust".

The Administrator

Argent Energy Ltd., the Administrator, is a corporation formed under the laws of the Province of Alberta on June 9, 2011 and is the administrator of the Trust. The sole shareholder of the Administrator is the Administrator Shareholder. See "Administration of the Trust – Administrative Services Agreement" and "Voting Agreement".

Can Holdco

Argent Energy (Canada) Holdings Inc., Can Holdco, is a corporation formed under the laws of the Province of Alberta on May 4, 2012 and is a direct wholly-owned subsidiary of the Trust. See "Description of Can Holdco".

US Opco

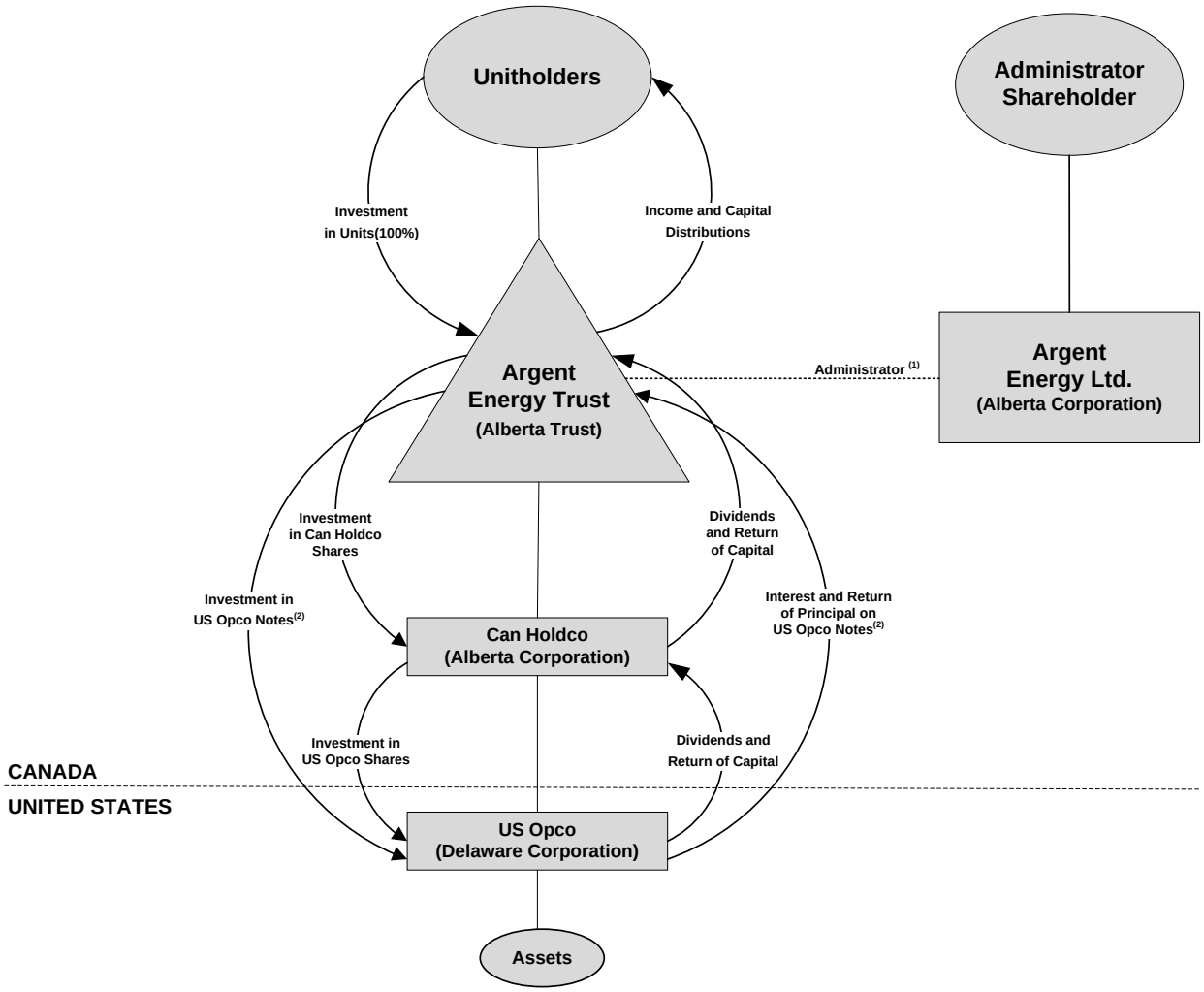
Argent Energy (US) Holdings Inc., the US Opco, is a corporation formed under the laws of the State of Delaware on May 4, 2012. US Opco is an indirect wholly-owned subsidiary of the Trust. See "Description of US Opco".

Offices

The principal and head office of the Trust, the Administrator and Can Holdco are located at Suite 500, 321 – 6th Avenue S.W., Calgary, Alberta T2P 3H3. The principal office of US Opco is located at 650 N. Sam Houston Parkway, Suite 500, Houston, Texas 77060. The registered office of the Administrator and Can Holdco is located at 4500 Bankers Hall East, 855 – 2nd Street S.W., Calgary, Alberta, T2P 4K7. The registered office of US Opco is located at The Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware, 19801.

Organization and Structure

The following chart illustrates the structure of the Trust and its subsidiaries and affiliates. All subsidiaries of the Trust are directly or indirectly wholly-owned by the Trust. All of the shares of the Administrator are owned by the Administrator Shareholder and are subject to the terms of the Voting Agreement. See "Voting Agreement".



Notes:

(1) Pursuant to the terms of the Administrative Services Agreement, the Administrator performs all administrative, operational and investment services that are or may be required or advisable, from time to time, for the Trust. The Administrator and the Trust also entered into the Services Agreement with Aston Hill, pursuant to which Aston Hill provides certain technical and administrative services that are or may be required or advisable, from time to time, for the Administrator on behalf of the Trust.

(2) The US Opco Notes are initially issued to Can Holdco and distributed by Can Holdco to the Trust concurrently with or immediately following each issuance. As a result, interest and principal on the US Opco Notes is paid by US Opco directly to the Trust instead of to Can Holdco.

GENERAL DEVELOPMENT OF OUR BUSINESS

Overview

The Trust is a publicly traded energy trust created to provide investors with an oil and natural gas focused, distribution-producing investment, with favourable Canadian income tax treatment relative to taxable Canadian corporations. The strategy of the Trust is to acquire, exploit and develop, indirectly through US Opco, long-life crude oil and natural gas reserves in established producing basins located primarily in the U.S. The Trust's focus is the ownership and development, indirectly through US Opco, of producing crude oil and natural gas properties with low-risk exploitation potential. The Trust does not intend to engage in high-risk exploration activities. The Trust intends to make monthly distributions of a portion of its available cash to Unitholders and US Opco intends to use the remainder of available cash (which is not ultimately distributed to the Trust) to fund growth through additional acquisitions and capital expenditures.

Three Year History

Premium Distribution™ Reinvestment Plan

On February 15, 2013, the Trust added a Premium Distribution™ component to its existing distribution reinvestment plan (the "**Prior Plan**"). The amended and restated plan is called the Premium Distribution™ and Distribution Reinvestment Plan (the "**DRIP**").

The DRIP provides eligible Unitholders with the opportunity to reinvest their distributions in new Units at either: (i) a current three percent discount to the average trading price (as calculated pursuant to the DRIP) for participants in the Trust's regular distribution component of the DRIP, such discount to be determined from time to time by the Board of Directors, or (ii) a five percent discount to the average trading price (as calculated pursuant to the DRIP) for participants in the Premium Distribution™ component of the DRIP, on the applicable distribution payment date, which new Units will, at the participant's election, either be:

- credited to the participant's account under the distribution reinvestment component of the DRIP, or
- disposed of through the designated plan broker in exchange for a premium cash payment to the participant equal to 102% of the reinvested distributions under the Premium Distribution™ component of the DRIP.

Average trading price is defined in the DRIP as the volume weighted average price of the Units on the TSX for the five trading days preceding the applicable distribution payment date.

Trust Wapiti Offering and Acquisition of the South Texas Oil Assets

On December 28, 2012, the Trust issued 10,755,000 Units for aggregate gross proceeds of approximately $100 million in connection with the closing of the Trust Wapiti Offering. Concurrently with the closing of the Trust Wapiti Offering, the Trust, through US Opco, acquired the South Texas Oil Assets for a purchase price of approximately $114.4 million, after preliminary closing adjustments. The acquisition of the South Texas Oil Assets was funded by the net proceeds of the Trust Wapiti Offering and an advance of approximately US$20 million under the Credit Facility.

Cooperation Agreements

The South Texas Oil Assets comprise interests in certain zones within 19,703 (14,989 net) acres in East and South Texas. The South Texas Oil Assets include the right to explore, drill for and produce oil, natural gas and NGLs. Wapiti retained rights in certain leases relating to certain deep zones in the Newton field and in respect of certain leases near the Livingston field.

In order to contractually define their relative rights and responsibilities in respect of the shallow zones to be acquired by US Opco and the deeper zones being retained by Wapiti, the parties entered into the Cooperation Agreements. The Cooperation Agreements provide surface access rights to the leases relating to the South Texas Oil Assets in order to allow the parties the ability to explore for, produce and develop their respective interests in the underlying zones within the leases relating to the South Texas Oil Assets. The Cooperation Agreements also define the respective obligations of the parties with respect to delay, rental and shut-in payments, option payments to extend or renew leases, royalty payments, taxes, use of existing facilities and construction of new facilities, relating to the leases comprising the South Texas Oil Assets. The Cooperation Agreements also define certain obligations of each of WOG and Wapiti Energy, on the one hand, and US Opco,

on the other hand, to maintain insurance for operations conducted on the leases relating to the South Texas Oil Assets and to indemnify the other in respect of all losses incurred by the other party as a result of the first party's operations on such leases.

Trust EQ Offering and Acquisition of the Manvel Oil Assets and the Oklahoma Oil Assets

On October 25, 2012, the Trust issued 12,650,000 Units (which includes 1,650,000 Units issued on the exercise in full of the over-allotment option granted to the underwriters) for aggregate gross proceeds of $126.5 million in connection with the closing of the Trust EQ Offering,. Concurrently with the closing of the Trust EQ Offering, the Trust, through US Opco, acquired the Manvel Oil Assets and the Oklahoma Oil Assets for a purchase price of approximately US$130.9 million, after preliminary closing adjustments. The acquisition of the Manvel Oil Assets and the Oklahoma Oil Assets was funded by the net proceeds of the Trust EQ Offering, an advance of approximately US$6.1 million under the Credit Facility and approximately US$6.6 million of working capital.

Asset Disposition

On September 27, 2012, US Opco received approximately US$7.9 million from the sale of approximately 76,300 net acres of rights below the Buda formation in leases in the Wilson and Atascosa Counties, Texas to an arm's length third party. US Opco was entitled to the proceeds of the sale pursuant to the terms of the Asset Purchase Agreement and related documentation.

Initial Public Offering and Acquisition of the Austin Chalk and Eagle Ford Oil Assets, the South Texas Natural Gas Assets, the Deep Rights and the Denali Reserved Interest

On August 10, 2012, the Trust issued 21,230,000 Units for aggregate gross proceeds of $212.3 million in connection with the closing of the IPO and, through US Opco, acquired the Austin Chalk and Eagle Ford Oil Assets and the South Texas Natural Gas Assets for US$166.8 million, net of US$36.6 million held in escrow that was applied to the Trust's capital expenditures and general and administrative expenses for the 24 month period following the closing of the IPO. The Trust also acquired the Deep Rights from Denali for an aggregate purchase price of US$18 million over a three year period of which US$5 million was paid January 1, 2013, and with US$6 million and US$7 million payable on January 1, 2014 and January 1, 2015 respectively.

On August 28, 2012, the Trust issued an additional 3,184,500 Units on the exercise of the over-allotment option granted to the underwriters in connection with the IPO for total gross proceeds of $31.845 million. A portion of the net proceeds of the over-allotment option were used by the Trust to acquire the Denali Reserved Interest for approximately US$18.5 million (after closing adjustments), and the remainder of the proceeds were used to reduce the amount outstanding under the Credit Facility, repay the Bridge Facility in full and for general corporate purposes.

Denali Deep Rights Interests

Pursuant to the purchase and sale agreement between US Opco and Denali dated May 23, 2012, as amended on June 11, 2012 and July 12, 2012, Denali has the right to require US Opco to acquire 100% of the Denali Deep Rights Interests for US$30 million if, among other events, the Trust completes an acquisition for an aggregate purchase consideration of greater than $125 million. The acquisition of the Manvel Oil Assets and the Oklahoma Oil Assets triggered such right and as a result, commencing August 10, 2013, US Opco may be required to purchase the Denali Deep Rights Interests.

Objective and Strategies of the Trust

The objective of the Trust is to create stable, consistent returns for investors through the acquisition and development of oil and natural gas reserves and production with low-risk exploitation potential, located primarily in the U.S., and to pay out a portion of available cash to Unitholders on a monthly basis. The Trust believes it can achieve this objective through:

• ***Prudent and Disciplined Capital Investment*** – The Trust will maintain a focus on full cycle economics expected to be generated by all of its capital investments, without reliance upon the expectation of increased commodity prices. US Opco will pursue a prudent capital program in respect of the Denali Assets in order to provide cost-effective production growth having regard to commodity prices and other operational considerations. US Opco intends to allocate its capital prudently over all of US Opco's properties, balancing the need for production maintenance and cash flow generation with new production growth and reserves additions for long term value enhancement. The Trust will focus on increasing net asset value per Unit when making development and exploitation capital investments and acquisitions. All projects will undergo a

capital ranking exercise by Management that, in combination with US Opco's overall objectives and strategies, will determine the optimal investment, development and drilling plans.

• ***Accretive Growth*** – The Trust will focus on prudent growth through a combination of internally generated opportunities (with disciplined capital ranking) and accretive acquisitions. At times in the oil and natural gas business it is more cost effective to access new reserves through exploitation of internal opportunities, while at other times it is more cost effective to acquire production and reserves from third parties. The Trust intends to invest its capital in a manner it believes will generate the highest full cycle returns to Unitholders over time. In all cases, the objective of the investments will be to focus on growth which is accretive to Unitholders. Management is experienced in both exploitation and acquisitions of reserves.

• ***Financially Conservative*** – Management believes that prudent utilization of debt can contribute to distribution stability and increased returns to Unitholders. Leverage will generally be maintained at a level appropriate for projected commodity prices and the ability of the Trust (through US Opco) to repay indebtedness without negatively impacting returns to Unitholders. The Trust intends to maintain a prudent debt to EBITDA ratio that will generally not exceed 1.5 times debt to EBITDA. The Trust may temporarily exceed this parameter, particularly in the case of acquisitions, provided that Management has a plan to return this ratio to the preferred range in the short term. The Trust will utilize a number of strategies intended to achieve its objective, including, in particular:

• ***Asset Location*** – The Trust targets its investments on assets primarily located on-shore in the U.S. near its initial operating properties, being the Assets. Management believes that oil and natural gas assets located in the U.S. have certain favourable characteristics compared to Canada, including:

- There are more discrete oil and natural gas assets in the U.S., a significant percentage of which are held by private or non-industry participants. As a result, Management believes that there are more opportunities for the acquisition of suitably sized assets in the U.S. than in Canada.

- Operating costs of oil and natural gas assets in the U.S. are generally lower than operating costs for comparable oil and natural gas assets in Canada for a variety of reasons. Firstly, there is year-round access to properties in many parts of the U.S., while in Canada many assets can only be accessed during one of the winter or summer seasons. Secondly, there is generally more competition among service providers in the U.S. as compared to Canada, often resulting in lower service costs. Thirdly, oil and natural gas production in the U.S. tends to be closer to markets, often resulting in lower transportation costs and higher netbacks.

• ***Investment In Long-Life Assets*** – The Trust focuses on long-life oil and natural gas assets. These types of assets typically have lower risk development and exploitation potential and a longer reserve life which provides a natural hedge against short term commodity price cycles.

• ***Control Over Capital Expenditures*** – The Trust focuses its investments on properties where it has a material degree of control over the pace and degree of capital spending. The Trust will manage its assets as one portfolio, regardless of location and will prioritize its capital investment opportunities accordingly.

• ***Development and Exploitation*** – The Trust focuses on the development and exploitation of its properties. Although the Trust may undertake other activities which may technically qualify as exploration, the Trust does not intend to engage in high-risk exploration activities.

• ***Commodity Balance*** – The Trust does not expect to favour oil over natural gas or vice versa in the long-term. However, in the current context of historically low natural gas prices, the current development plan is to defer drilling all but one of the natural gas wells until at least 2014. On balance, the Trust will invest in those opportunities which meet its disciplined investment criteria, having regard to various factors including commodity prices, quality of assets in terms of reserves, production and operating costs, availability of operatorship, and associated operational risks and opportunities.

• ***Hedging Strategy*** – As part of the Trust's risk management strategy, Management uses financial instruments to reduce its commodity price exposure. Management is implementing a rolling hedging program that aims to reduce the Trust's exposure to changes in commodity prices for up to 36 months. The Trust expects to hedge: (i) up to 70% of US Opco's after royalty forecasted production 12 months forward; (ii) up to 60% of US Opco's after royalty forecasted production 24 months forward; and (iii) up to 50% of US Opco's after royalty forecasted production 36 months forward. The amount and types of hedges will be dependent on, among other things, the Trust's debt level, anticipated capital expenditures, anticipated distributions and market conditions. The purpose of the hedging program is to reduce volatility in cash flows, protect

acquisition economics, and to maintain stability of cash distributions to Unitholders. Currently, approximately 60% of US Opco's 2013 forecast oil production is hedged and approximately 40% of its 2014 forecast oil production is hedged. The Trust has also hedged some of its foreign exchange exposure (currently US$1 million per month through 2013) and may hedge its interest rate exposure.

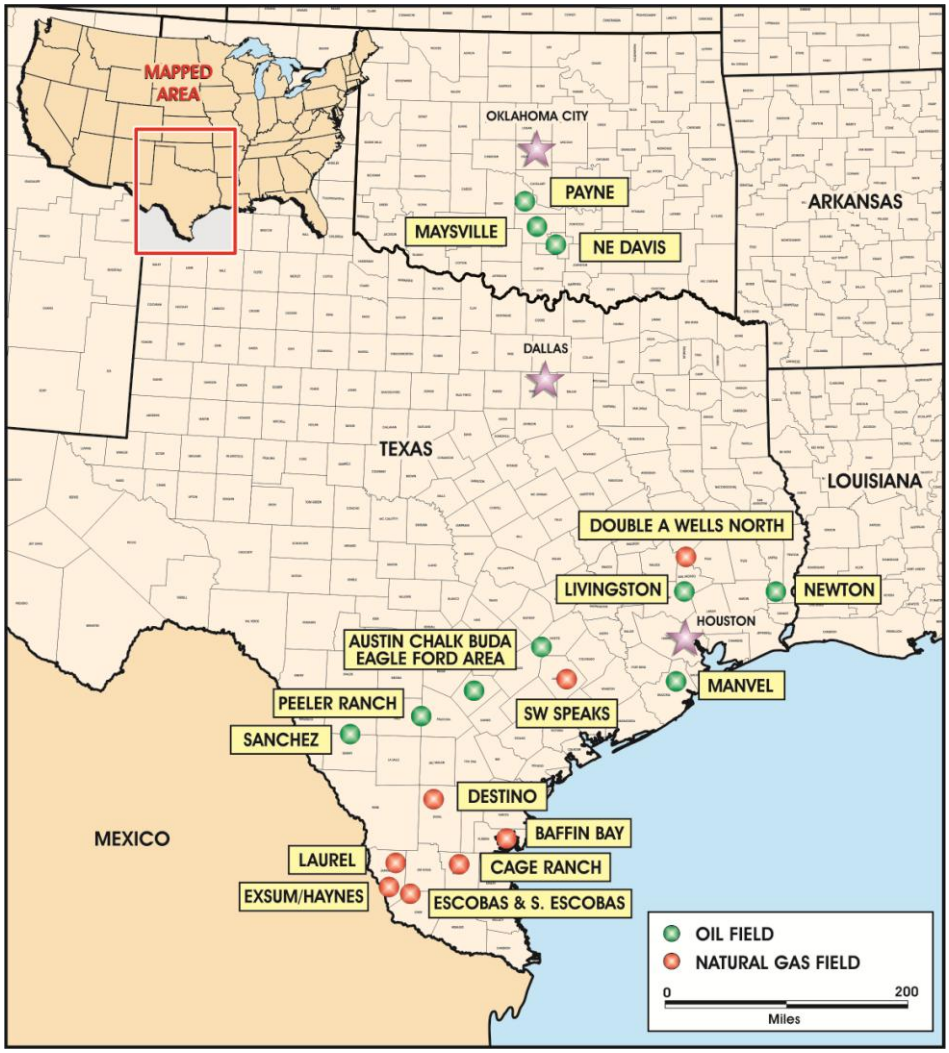
PRINCIPAL PROPERTIES

Summary of Properties

The Assets held by the Trust as at December 31, 2012 include primarily long-life crude oil and natural gas reserves in established producing basins. All of the Assets are located in the U.S., within the states of Texas, Mississippi and Oklahoma.

The Assets consist of varying working interests in oil and natural gas leases covering approximately 75,777 gross (58,283 net) acres. The Assets include the Austin Chalk and Eagle Ford Shale Oil Assets, the Manvel Oil Assets, the Oklahoma Oil Assets, the South Texas Natural Gas Assets, the South Texas Oil Assets, and the Deep Rights. According to the Reserve Reports, the Assets have a proved plus probable Reserve Life Index of 14.9 years and a proved Reserve Life Index of 8.2 years. Production volumes before royalties at December 31, 2012 in respect of the Assets were approximately 3,700 boe/d and were weighted approximately 62% to oil and NGLs and 38% to natural gas. The total proved plus probable reserves volumes of the Assets as set forth in the Reserve Reports are weighted approximately 53.7% to oil, 6.5% to NGLs and 39.8% to natural gas, resulting in reserves values weighted approximately 83% to oil, 3% to NGLs and 14% to natural gas. The Assets also include approximately 2,337 net acres in Warren County, Mississippi, which Management has no current intention of developing.

The Assets are shown on the map below.



Austin Chalk and Eagle Ford Shale Oil Assets

The Austin Chalk and Eagle Ford Shale Oil Assets include interests in approximately 33,038 gross (26,410 net) acres in the Austin Chalk and Eagle Ford Shale oil formation in Texas, which target primarily oil, mainly in Fayette and Gonzales Counties. Proved plus probable reserves attributed to the Austin Chalk and Eagle Ford Shale Oil Assets in the Sproule Reserve Report totaled 8,490 Mboe.

The Austin Chalk and Eagle Ford Shale Oil Assets provide drilling opportunities in the Austin Chalk oil formation as well as in the rapidly developing Eagle Ford Shale oil formation. There are numerous other potential drilling targets included in the Austin Chalk and Eagle Ford Shale Oil Assets, including the Buda, Edwards and Pearsall Shale formations. All of these drilling targets will be subject to future evaluation across Argent's leasehold.

Geology of the Austin Chalk and Eagle Ford Shale Formations

The Austin Chalk formation is an upper cretaceous geologic formation which runs from the border of Mexico across South Texas and into Louisiana. Its geology consists of a finely grained limestone comprised of recrystalized, fossiliferous, interbedded chalks and marls. The depths of the deposition of the Austin Chalk formation occurred in approximately 250 metres or 820 feet of water. Volcanic ash layers present in the Austin Chalk formation result in there being several different reservoir targets within the formation. In the specific area of Argent's acreage in Fayette and Gonzales Counties, there are two distinct targets within the Austin Chalk formation which are designated as the Upper Austin Chalk and the Lower Austin Chalk.

The Eagle Ford Shale is a formation of cretaceous sediment resting between the Austin Chalk and the Buda Lime formations at a depth of approximately 5,500 to 11,000 feet. It is considered to be the "source rock", or the original source of hydrocarbons that are contained in the Austin Chalk formation above it. As a hydrocarbon producing formation, the Eagle Ford Shale formation is of significant importance due to its capability of producing not only natural gas but more oil than is typically identified in other traditional shale plays. It contains a high carbonate shale percentage, upwards of 70% in South Texas, which makes it more brittle and amenable to hydraulic fracturing. The shale play trends across Texas from the Mexican border up into East Texas, is roughly 50 miles wide and 400 miles long, with an average thickness of 250 feet.

In Management's view, the pervasive areal extent of both the Austin Chalk and the Eagle Ford Shale formations make them attractive resource plays. The porosity of the Austin Chalk formation provides an ample reservoir for oil. The unique fracture swarms provide the required permeability within the Austin Chalk formation and are ideally suited to horizontal drilling which can access these multiple fracture zones. The Eagle Ford Shale oil formation is a tighter and lower permeability formation than the Austin Chalk oil formation and until recently had been overlooked due to the difficulty in exploiting this type of reservoir. However, by virtue of horizontal drilling combined with high pressure, multi-fracturing completion techniques, the Eagle Ford Shale oil formation has recently become a valuable and profitable resource play.

Production and Operations

Production from the Austin Chalk and Eagle Ford Shale Oil Assets in December 2012 averaged approximately 1,800 boe/d to Argent's working interest before royalties. The majority of this production was from horizontal wells operated by Argent in the Austin Chalk oil formation.

Argent operates 13 (net 12.5) producing horizontal oil wells in the Austin Chalk oil formation, all of which have been drilled since 2010, including one in 2013. Argent operates three (net 3) producing horizontal oil wells in the Eagle Ford Shale oil formation, all of which have been drilled since the acquisition of the Denali Assets, including one in 2013. 15 of these wells are located on Argent's large acreage block in Fayette and Gonzales Counties and one is located in Wilson County. Argent has a 100% working interest in 13 of the wells and between 72% and 99% working interest in the remaining three Austin Chalk wells. In addition, Argent has a non-operated interest in two horizontal wells in the Austin Chalk oil formation and one horizontal well in the Eagle Ford Shale formation on acreage in Zavala County, operated by Sanchez Oil & Gas Corp.

Manvel Oil Assets

The Manvel Field is located in Southeast Texas in Brazoria County. The Manvel Oil Assets include interests in 2,064 gross (1,935 net) acres in the Manvel Field. All of the leases are held by production, with Argent having a 100% working interest in the leases. All of the wells located on these leases are operated by Argent. Proved plus probable reserves attributed to the Manvel Field Oil Assets in the Sproule Reserve Report totaled 2,794 Mboe.

Geology of the Manvel Field

The Manvel Field is a Gulf Coast salt supported faulted domal structure, with four-way closure and production from multiple stacked pay sands. Over 15 reservoirs have been productive across the field, which extends 2.5 miles long and two miles wide. Oil and natural gas production is primarily from the Miocene and Frio formations at a depth range from 3,000 feet to 9,000 feet. Reservoir lithology in sandstone is characteristically of good quality having porosity of 25% to 30% and average permeability of 500 millidarcies.

The high porosity and high permeability of the Manvel Field combined with the multiple stacked sands within the field provide ongoing recompletion and further potential infill drilling locations. Additionally, the conventional nature of the reservoirs included in the Manvel Field require relatively simple vertical wells and standard completion techniques, thereby allowing cost efficient development. The structure and the oil wet nature of the Frio formation also lends itself to miscible flood potential.

Production and Operations

Argent operates and has a 100% working interest in 36 (net 36) active oil wells in the Manvel Field. Production from the Manvel Field Assets in December 2012 averaged approximately 400 bbls/d to Argent's working interest before royalties. The Manvel Field is a mature field and over the last ten years had an oil production decline rate that averaged approximately 5% per year, with no new wells drilled over this time frame.

Oklahoma Oil Assets

The Oklahoma Oil Assets are comprised of the NE Davis, SW Mayville and Payne Fields in Southern Oklahoma. The Oklahoma Oil Assets include operated interests in 2,580 gross (2,095 net) acres. All of the leases are held by production with working interest for US Opco varying between 50% and 100% in respect of these leases. Proved plus probable reserves attributed to the Oklahoma Oil Assets in the Sproule Reserve Report totaled 2,407 Mboe.

Geology of the Oklahoma Oil Assets

The NE Davis Field is comprised of two fault closed and fault bifurcated anticlinal structures that have axis trending north-south. The field is 1.5 miles in the northeast-southwest direction and 0.75 miles in a northwest-southeast direction. Oil and natural gas production from NE Davis is primarily from the Ordovician Upper Basal Oil Creek Sand at a depth of 2,000 feet. The overlying McLish Sand also is a proven oil reservoir and contributes to field production. The Basal Oil Creek Sand lithology is a loosely consolidated sandstone that reaches a thickness in excess of 120 feet and characteristically has an average porosity of 18% to 30% and permeability ranging from 50 millidarcies to 6,000 millidarcies.

The Payne Field is a raised fault block bounded by north-south trending normal faults (horst). The horst is additionally disrupted by a set of associated relief faults that in general do not entirely seal and prevent the migration of hydrocarbons, and as such, may enhance the transmissibility of hydrocarbons to the wellbore. The Payne Field extends 2.25 miles north-south and 0.75 miles east-west. Oil and natural gas production is primarily from the Ordovician Bromide Sand at a depth of 9,900 feet. Reservoir lithology is fine to medium grain sandstone that reaches a thickness in excess of 120 feet and characteristically has porosity of 8% to 15% and average permeability of 100 millidarcies.

Production and Operations

US Opco has interests in 32 (net 27.4) producing wells in Oklahoma, all of which are active and operated by US Opco. In December 2012, average gross production attributable to Argent's working interest before royalties averaged approximately 430 boe/d. The oil production decline rate has averaged less than 7% per year over the last ten years with only one new well drilled over this time frame, demonstrating the low declines of these fields.

South Texas Natural Gas Assets

The South Texas Natural Gas Assets include interests in 9,061 gross (5,858 net) acres located in South Texas. These assets are primarily natural gas weighted and are anchored by the South Escobas Field in Zapata County, Texas. Proved plus probable reserves attributed to the South Texas Natural Gas Assets in the Sproule Reserve Report totaled 10,224 Mboe.

South Escobas Geology

The South Escobas Field produces from the Wilcox formation in the southern portion of the downdip Wilcox trend of South Texas. The South Escobas Field is one of a number of large natural gas fields in the Zapata delta area which is an

ancestral depocenter of the Rio Grande River. Geologically, these type of depocenters can be viewed as mini-basins in which sediments pile up on the upper slope and eventually fail gravitationally, resulting in bedding slippage faults which move large sediment blocks downdip. Individual listric fault systems are favored as sites of optimum sand concentration. These listric growth faults with counter-regionally dipping fault blocks are recognized as the most effective traps of growth fault systems in this region.

Specifically, in the South Escobas Field, the Wilcox formation consists of a series of sands of the Eocene era that were deposited along the South Texas Gulf Coast and constitute the oldest of the thick sandstone/shale sequences within the Gulf Coast system. Sediments within the updip section were deposited primarily by fluvial processes. Downdip sediments were transported across the Wilcox fluvial plain and were deposited in huge deltaic systems. Some deltaic sediments were reworked and transported along the shore by marine processes and then redeposited on barrier bars and strand plains. Growth faults developed near the shorelines of several of the larger deltaic lobes where thick layers of sand were redeposited on previous sediments.

In terms of reservoir characteristics, the Wilcox formation is a tight, low permeability, consolidated, fine grained sandstone that requires fracture stimulation to yield commercial production rates. The reservoirs are over pressured allowing for a high amount of natural gas in place per acre. Further, it is common for reservoir quality to be best in the highest portion of each fault block as early natural gas migration helps preserve porosity and permeability.

Production and Operations

The South Texas Natural Gas Assets consist of 53 (net 39.3) operated and five (net 1.6) non-operated wells. 41 (net 29.6) wells are operated by Argent in the South Escobas Field. Argent's remaining South Texas natural gas assets, being those not located in the South Escobas Field, consist of 12 (net 9.7) operated and five (net 1.6) non-operated wells. Most of these assets produce from the Wilcox/Lobo formations with some of the production from the Frio/Vicksburg formation.

Production from the South Escobas Field in December 2012 averaged approximately 850 boe/d to Argent's working interest before royalties. Production from the other South Texas natural gas assets in December 2012 was approximately 250 boe/d to Argent's working interest before royalties.

South Texas Oil Assets

The South Texas Oil Assets are comprised of the Newton, Livingston, Double A Wells North, Baffin Bay and Peeler Ranch Fields in southern Texas. The South Texas Oil Assets include operated interests in 19,703 gross (14,989 net) acres. All of the leases are held by production with an average working interest for US Opco of between 90% and 100% in Newton and Livingston, 57% in Double A Wells North and between 13% and 25% for Baffin Bay and Peeler Ranch. Proved plus probable reserves to Argent’s gross working interest attributed to the South Texas Oil Assets in the GLJ Reserve Report totaled 8,439 Mboe.

Geology of the South Texas Oil Assets

The Newton Field reservoir is comprised of near-shore deltaic marine sandstones that have an average porosity of 17% and a water saturation of 45% that can be accessed through conventional drilling. Moreover, the Wilcox formation has a series of stacked intervals, productive from at least 12 porous zones spanning almost 2,000 feet to a depth of 11,600 feet, maximizing potential completion opportunities.

The Livingston Field basin is a down-thrown anticlinal closure of a deep-seated salt feature with oil and gas production predominantly from the Yegua, Wilcox and McElroy formations. The sands were deposited in a near-shore marine fluvial deltaic environment creating a high-quality reservoir with an average porosity of 26% and a water saturation of 35%.

The Double A Wells North Field is comprised of a naturally-fractured, lower permeability, unconventional reservoir, which makes it ideally suited to horizontal development, with an effective lateral length of approximately 4,500 feet at an average vertical depth of 13,500 feet. The wells are then completed by installing slotted liners in the horizontal section. Due to the naturally-fractured, lower permeability reservoir, completions do not require any fracture stimulation or acid treatment.

Production and Operations

There are 94 (net 83.6) producing wells in the South Texas Oil Assets, and 5 (net 5) active water disposal wells. In December 2012, the average production which would have been attributable to Argent's working interest before royalties, if Argent had owned these assets for that period, would have been approximately 1,400 boe/d.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

Disclosure of Reserves Data

In accordance with NI 51-101, the reserves data of the Assets set forth below (the "**Reserves Data**") is a combined summary of information from evaluations by Sproule and GLJ using Sproule's December 31, 2012 price forecast (collectively, the "**Reserve Reports**"). The effective date of the Reserve Reports is December 31, 2012 and the preparation date of the Sproule Reserve Report was February 26, 2013 while the preparation date for the GLJ Reserve report was February 13, 2013. The Reserve Reports evaluated the oil, natural gas and NGLs reserves associated with the Trust's assets. The tables below summarize the reserves and the net present value of future net revenue attributable to the reserves as evaluated in the Reserve Reports based on Sproule's December 31, 2012 forecast price, cost assumptions and supplied operating expenses. The tables summarize the data contained in the Reserve Reports and, as a result, may contain slightly different numbers than the Reserve Reports due to rounding. Also due to rounding, certain columns may not add exactly.

Estimates of after-tax future net revenue are not presented in the following tables because Management does not expect the Trust to be subject to any material income taxes in the U.S. or Canada. Management does not expect taxes to be payable by the Trust in Canada because the Trust intends to distribute its full taxable income each year to Unitholders. The Trust is a "mutual fund trust" and will not be a "SIFT trust" (each as defined in the Tax Act), provided that the Trust complies at all times with the investment restrictions set forth in the Trust Indenture, which preclude the Trust from holding any "non-portfolio property" (as defined in the Tax Act).

The net present value of future net revenue attributable to the reserves is stated without provision for interest costs, income taxes and general and administrative costs, but after providing for estimated royalties, production costs, capital, production taxes (which in the U.S. consist of severance and *ad valorem*), development costs, other income, future capital expenditures, and well abandonment costs for only those wells assigned reserves by Sproule and GLJ. It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to the reserves estimated by Sproule and GLJ represents the fair market value of the reserves. Other assumptions and qualifications relating to costs, prices for future production and other matters are summarized herein. The recovery estimates of the reserves provided herein are estimates only and there is no guarantee that the reserves, as estimated, will be recovered. Actual reserves may be greater than or less than the estimates provided herein. See "Risk Factors".

The Report on Reserves Data by both Sproule and GLJ in Form 51-101F2 and the Report of Management and Directors on Oil and Gas Disclosure in Form 51-101F3 are attached to this annual information form as Schedule A and Schedule B, respectively. There can be no assurance that such price and cost assumptions will be attained and variances could be material. The recovery and reserve estimates of oil, natural gas and NGLs reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered.

Sproule and GLJ were engaged by the Administrator to provide an evaluation of proved plus probable reserves. All of the reserves associated with the Trust's assets are located in the U.S.

Reserves Data – Forecast Prices and Costs

Summary of Reserves

	Light and Medium Oil		Shale Oil		Natural Gas		NGLs		Total Oil Equivalent	
	Gross[(1)]	Net[(1)]	Gross[(1)]	Net[(1)]	Gross[(1)]	Net[(1)]	Gross[(1)]	Net[(1)]	Gross[(1)]	Net[(1)]
	(Mbbls)	(Mbbls)	(Mbbls)	(Mbbls)	(MMcf)	(MMcf)	(Mbbls)	(Mbbls)	(Mboe)	(Mboe)
Reserves Category										
Proved										
Developed Producing	5,554	4,561	328	328	14,289	10,971	659	505	8,922	7,222
Developed Non-Producing	765	598	-	-	83	69	33	24	811	634
Undeveloped	2,167	1,742	1,088	859	26,836	19,068	345	276	7,998	6,054
Total Proved	8,485	6,901	1,416	1,187	40,758	30,108	1,037	805	17,731	13,910
Total Probable	6,239	5,069	1,226	1,105	36,463	27,436	1,061	840	14,603	11,587
Total Proved Plus Probable	14,723	11,970	2,641	2,292	77,221	57,545	2,099	1,645	32,333	25,497

Notes:

(1) Gross reserves represent the working interest share before deduction of any royalty obligations and without including any royalty interests. Net reserves represent the working interest share after deduction of royalty obligations, plus royalty interests in production or reserves.

Summary of Net Present Value of Future Net Revenue of Reserves

	Net Present Value of Future Net Revenue Before Income Taxes Discounted at (%/year)[2][3]					Unit Value Before Income Tax Discounted at 10%/year	
Reserves Category	**0% (US$M)**	**5% (US$M)**	**10% (US$M)**	**15% (US$M)**	**20% (US$M)**	**Gross Reserves[1] (US$/boe)**	**Net Reserves[1] (US$/boe)**
Proved							
Developed Producing	327,536	257,408	214,597	185,715	164,899	24.05	29.71
Developed Non-Producing	38,193	28,692	22,096	17,581	14,385	27.25	34.87
Undeveloped	139,750	86,014	54,483	34,651	21,508	6.81	9.00
Total Proved	505,479	372,113	291,175	237,946	200,793	16.42	20.93
Total Probable	499,794	316,045	223,991	170,136	135,293	15.34	19.33
Total Proved Plus Probable	1,005,272	688,159	515,166	408,081	336,086	15.93	20.21

Notes:

(1) Gross reserves represent the working interest share before deduction of any royalty obligations and without including any royalty interests. Net reserves represent the working interest share after deduction of royalty obligations, plus royalty interests in production or reserves.

(2) Estimates of after-tax future net revenue are not presented because the Trust is not expected to be subject to any material income taxes in the U.S. or Canada.

(3) Reclamation costs were not deducted in estimating US Opco's future net revenue in this table. For a discussion on abandonment and reclamation costs see "Statement of Reserves Data and Other Oil and Gas Information – Abandonment and Reclamation Costs".

Additional Information Concerning Future Net Revenue (Undiscounted)

Reserves Category	**Revenue (US$M)**	**Royalties (US$M)**	**Ad Valorem and Severance (US$M)**	**Operating Costs (US$M)**	**Development Costs (US$M)**	**Abandonment and Disconnection Costs[2][3] (US$M)**	**Future Net Revenue Before Income Tax Expenses[1][3] (US$M)**
Proved							
Developed Producing	726,748	135,237	41,031	213,961	686	8,297	327,536
Developed Non-Producing	82,630	18,245	4,288	14,841	6,660	404	38,192
Undeveloped	491,663	109,036	27,956	74,025	138,767	2,128	139,751
Total Proved	1,301,042	262,518	73,275	302,828	146,112	10,829	505,479
Total Probable	1,117,724	222,933	63,887	224,184	104,007	2,921	499,792
Total Proved Plus Probable	2,418,766	485,450	137,162	527,012	250,119	13,750	1,005,271

Notes:

(1) Estimates of future income tax expenses and after-tax future net revenue are not presented because the Trust is not expected to be subject to any material income taxes in the U.S. or Canada.

(2) Abandonment and disconnection costs include estimates of abandonment and disconnection services only for those wells to which reserves were assigned. Additional abandonment and disconnection costs for wells to which no reserves were assigned, as well as costs associated with abandonment of facilities, injectors, pipelines and reclamation of any well, satellite, battery or other facility are not included in this estimate.

(3) Reclamation costs were not deducted in estimating US Opco's future net revenue in this table. For a discussion on abandonment and reclamation costs see "Statement of Reserves Data and Other Oil and Gas Information – Abandonment and Reclamation Costs".

Future Net Revenue by Production Group

Reserves Category	Future Net Revenue Before Income Taxes (Discounted at 10%/year)[3]	Unit Value	
	(US$M)	(US$/boe)	(US$/Mcfe)
Proved			
Light and Medium Oil[1]	211,805	29.63	4.94
Shale Oil[1]	25,838	18.49	3.08
Natural Gas[1]	53,533	9.98	1.66
Total Proved[2]	291,176	20.93	3.49
Proved Plus Probable			
Light and Medium Oil[1]	369,111	28.89	4.82
Shale Oil[1]	59,128	21.99	3.66
Natural Gas[1]	86,928	8.66	1.44
Total Proved Plus Probable[2]	515,166	20.21	3.37

Notes:

(1) Light and medium oil and shale oil includes solution gas and other by-products. Natural gas includes by-products but excludes solution gas.

(2) Other revenue and costs not related to a specific production group have been allocated proportionately to production groups. Unit values are based on the Trust's net reserves.

(3) Reclamation costs were not deducted in estimating US Opco future net revenue in this table. For a discussion on abandonment and reclamation costs see "Statement of Reserves Data and Other Oil and Gas Information – Abandonment and Reclamation Costs".

For future revenue of the total proved reserves, discounted at 10%, approximately 84.0% of the revenue is from light, medium and shale oil, 12.8% is from natural gas and 3.2% is from NGLs. For the total proved plus probable reserves, approximately 82.8% of the revenue is from light, medium and shale oil, 13.4% is from natural gas and 3.8% is from NGLs.

Revenue and Expense Forecast

The following table provides a detailed cash flow analysis for proved plus probable reserves from the Reserve Reports.

	Working Interest Revenue (US$M)									Before Tax Cash Flow		
Year	Oil(1)	Natural Gas	NGLs	Total	Royalties (US$M)	Ad Valorem and Severance Taxes (US$M)	Operating Expenses (US$M)	Net Capital Investments (US$M)	Abandonment and Disconnection Costs (US$M)	Annual (US$M)	Cumulative (US$M)	10.0% Discounted (US$M)
2013	159,495	11,011	8,653	179,159	34,873	9,647	18,801	48,670	284	66,884	66,884	63,069
2014	159,789	9,537	7,329	176,655	34,423	9,548	20,537	46,743	292	65,111	131,995	55,822
2015	167,521	12,897	6,886	187,303	37,320	10,241	24,022	55,832	19	59,869	191,864	46,543
2016	148,650	29,242	6,856	184,748	37,026	10,447	23,759	27,942	209	85,366	277,230	60,708
2017	145,687	41,089	6,902	193,678	39,365	11,062	23,779	37,326	172	81,973	359,204	52,769
2018	127,878	37,536	6,203	171,617	35,424	9,774	22,696	22,326	232	81,165	440,368	47,761
2019	110,861	33,379	5,347	149,587	31,270	8,508	22,198	11,279	217	76,115	516,483	40,824
2020	90,776	24,947	4,287	120,010	25,037	6,819	21,224	-	415	66,515	582,998	32,601
2021	78,362	19,653	3,688	101,703	21,068	5,778	20,201	-	362	54,295	637,293	24,150
2022	69,411	16,320	3,262	88,993	18,262	5,060	19,368	-	274	46,030	683,323	18,614
2023	62,225	14,170	2,948	79,344	16,187	4,517	18,719	-	256	39,665	722,988	14,581
Remainder	599,295	161,178	25,496	785,969	155,197	45,762	291,708	-	11,017	282,285	1,005,273	57,724
Total	1,919,951	410,959	87,857	2,418,766	485,450	137,163	527,012	250,119	13,750	1,005,273	-	515,166

Note:

(1) Oil revenues include revenues from royalty income on oil wells.

Notes and Definitions

In the tables set forth above and elsewhere in this annual information form, the following notes and other definitions are applicable.

Reserve Categories

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

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

"**Reserves**" are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on:

(a) analysis of drilling, geological, geophysical and engineering data;

(b) the use of established technology; and

(c) specified economic conditions, which are generally accepted as being reasonable, and shall be disclosed.

Reserves are classified according to the degree of certainty associated with the estimates.

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

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

Each of the reserves categories may be divided into developed and undeveloped categories.

"**Developed reserves**" are those reserves that are expected to be recovered from existing wells and installed facilities, or, if facilities have not been installed, that would involve a low expenditure (e.g. when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.

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

"**Developed non-producing reserves**" are those reserves that either have not been on production, or have previously been on production but are shut-in and the date of resumption of production is unknown.

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

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

Levels of Certainty for Reported Reserves

The qualitative certainty levels referred to in the definitions above are applicable to "individual reserves entities", which refers to the lowest level at which reserves calculations are performed, and to "reported reserves", which refers to the highest level sum of individual entity estimates for which reserves estimates are presented. Reported reserves should target the following levels of certainty under a specific set of economic conditions:

(a) at least a 90% probability that the quantities actually recovered will equal or exceed the estimated proved reserves;

(b) at least a 50% probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves; and

(c) at least a 10% probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable plus possible reserves.

A quantitative measure of the certainty levels pertaining to estimates prepared for the various reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of reserves estimates are prepared using deterministic methods that do not provide a mathematically derived quantitative measure of

probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Pricing Assumptions – Forecast Prices and Costs

Sproule and GLJ employed the following pricing, inflation rate and exchange rate assumptions as of December 31, 2012 in estimating reserves data using forecast prices and costs.

	Natural Gas	Oil	NGLs	Forecast Factors
Year	Henry Hub Price	WTI – Cushing Oklahoma[1]	NGL Mix Field Gate[1]	Inflation Rate
	(US$/MMBtu)	(US$/bbl)	(US$/bbl)	(%/yr)
Historical				
2012	2.79	94.19	32.86	1.3
Forecast				
2013	3.65	89.63	31.27	1.5
2014	4.06	89.93	32.06	1.5
2015	4.24	88.29	30.67	1.5
2016	5.04	95.52	37.43	1.5
2017	5.66	96.96	39.37	1.5
2018	5.74	98.41	40.87	1.5
2019	5.83	99.89	42.32	1.5
2020	5.91	101.38	43.73	1.5
2021	6.00	102.91	45.22	1.5
2022	6.09	104.45	46.66	1.5
2023	6.18	106.02	48.20	1.5
2024+	Calculated at 1.5% per annum thereafter			

Note:

(1) NGLs pricing is based on a percentage of WTI on a property by property basis. The NGL Mix presented here is the average derived from the Reserve Reports.

Reconciliation of Changes in Reserves

The following table sets forth the reconciliation of the changes in the Trust's gross working interest reserves as at December 31, 2012 against such reserves as at December 31, 2011 (as outlined in the Trust's prospectus related to its initial public offering) using forecast price and cost estimates derived from the Reserve Reports.

Reconciliation of Gross Reserves
By Principal Product Type
Forecast Prices and Costs

	Light and Medium Oil			Shale Oil		
Factors	Proved (Mbbl)	Probable (Mbbl)	Proved Plus Probable (Mbbl)	Proved (Mbbl)	Probable (Mbbl)	Proved Plus Probable (Mbbl)
December 31, 2011[1]	1,343	1,862	3,204	-	1,637	1,637
Infill Drilling	331	231	562	160	55	215
Extensions and Improved Recovery	115	354	469	320	407	727
Technical Revisions	37	53	90	950	(883)	67
Acquisitions [2]	6,923	3,739	10,662	15	10	25
Dispositions	-	-	-	-	-	-
Economic Factors	-	-	-	-	-	-
Production [3]	(263)	-	(263)	(30)	-	(30)
December 31, 2012	8,485	6,238	14,723	1,416	1,226	2,641

Reconciliation of Gross Reserves
By Principal Product Type
Forecast Prices and Costs
(continued)

Factors	Natural Gas			NGLs			BOE		
	Proved (MMcf)	Probable (MMcf)	Proved Plus Probable (MMcf)	Proved (Mbbl)	Probable (Mbbl)	Proved Plus Probable (Mbbl)	Proved (Mbbl)	Probable (Mbbl)	Proved Plus Probable (Mbbl)
December 31, 2011 [1]	32,034	30,960	62,994	233	371	605	6,915	9,030	15,945
Infill Drilling	149	81	229	62	36	98	577	335	913
Extensions and Improved Recovery	159	254	413	54	95	150	516	899	1,414
Technical Revisions	(1,998)	534	(1,465)	173	244	416	827	(498)	329
Acquisitions [2]	14,758	12,242	27,000	548	315	863	9,946	6,105	16,050
Dispositions	-	-	-	-	-	-	-	-	-
Economic Factors	(1,690)	(7,608)	(9,298)	-	-	-	(282)	(1,268)	(1,550)
Production [3]	(2,653)	-	(2,653)	(33)	-	(33)	(768)	-	(768)
December 31, 2012	40,758	36,463	77,221	1,038	1,061	2,099	17,731	14,602	32,333

Notes:

(1) Represents reserve volumes as reported in the Final Prospectus of the Trust dated August 1, 2012 in connection with the Trust's IPO. Represents the working interest in the Austin Chalk and Eagle Ford Assets, and the South Texas Gas Assets that were purchased by the Trust on August 10, 2012, and is consistent with the Sproule evaluation effective December 31, 2011.

(2) Represents reserve volumes as at September 1, 2012 (being the effective date of acquisition) of the working interests in the Manvel Field and Oklahoma Assets that were purchased by the Trust on October 25, 2012, and the reserve volumes as at December 31, 2012 of the working interest in the South Texas Oil Assets that were purchased by the Trust on December 28, 2012.

(3) Represents production for the period from January 1, 2012 on the Austin Chalk and Eagle Ford Assets, and the South Texas Gas Assets and from September 1, 2012 on the Manvel Field and Oklahoma Assets.

Undeveloped Reserves

The following discussion generally describes the basis on which proved and probable undeveloped reserves were attributed.

Proved Undeveloped Reserves

Proved undeveloped reserves are those reserves expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. In addition, such reserves may relate to planned infill drilling locations. The majority of these reserves are planned to be on stream within a seven year timeframe. The following table provides the timing of the initial reserve assignments for the proved undeveloped gross reserves of the Assets as contained in the Reserve Reports. The Trust plans to allocate capital expenditures in a manner that: (i) reflects the Trust's objective of providing stable and consistent distributions to Unitholders; and (ii) maximizes the economic value of certain projects that require a higher commodity price.

Period	Light & Medium Oil *(Mbbls)*		Shale Oil *(Mbbls)*		Natural Gas *(MMcf)*		NGLs *(Mbbls)*		Oil Equivalent *(Mboe)*	
	First Attributed	Total at Year-End	First Attributed	Total at Year-End	First Attributed	Total at Year-End	First Attributed	Total at Year-End	First Attributed	Total at Year-End
Prior	1,013	1,013	-	-	22,639	22,639	209	209	4,995	4,995
December 31, 2012.....	1,508	2,167	480	1,088	6,921	26,386	134	346	3,275	7,998

Probable Undeveloped Reserves

Probable undeveloped reserves are generally those reserves tested or indicated by analogy to be productive, infill drilling locations and lands contiguous to production. The majority of these reserves are planned to be on stream within a seven year timeframe. The following table provides the timing of the initial reserve assignments for the probable undeveloped gross reserves of the Assets included in the Reserve Reports.

For the probable undeveloped reserves, the Trust plans to allocate capital expenditures in a manner that: (i) reflects the Trust's objective of providing stable and consistent distributions to Unitholders; and (ii) maximizes the economic value of certain projects that require a higher commodity price.

Period	Light & Medium Oil (Mbbls)		Shale Oil (Mbbls)		Natural Gas (MMcf)		NGLs (Mbbls)		Oil Equivalent (Mboe)	
	First Attributed	Total at Year-End	First Attributed	Total at Year-End	First Attributed	Total at Year-End	First Attributed	Total at Year-End	First Attributed	Total at Year-End
Prior	1,760	1,760	1,637	1,637	27,324	27,324	363	363	8,314	8,314
December 31, 2012	1,856	3,410	462	1,103	6,321	27,436	290	686	3,661	9,772

Significant Factors or Uncertainties

The process of estimating reserves is complex. It requires significant judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and natural gas prices and costs change. The reserve estimates disclosed herein as contained in the Reserve Reports are based on production forecasts, prices and economic conditions at the time of preparation of such reports. The reserves are evaluated by Sproule, except in respect of the South Texas Oil Assets which were evaluated by GLJ. Both Sproule and GLJ are independent qualified reserves evaluators.

As circumstances change and additional data becomes available, reserve estimates also change. Estimates made are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and governmental restrictions.

Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. As a result, the subjective decisions, new geological or production information and a changing economic or regulatory environment as well as fluctuations in product pricing, capital expenditures, operating costs, royalty regimes and well performance that are beyond the control of the Trust and its subsidiaries may impact these estimates. Revisions to reserve estimates can arise from changes in year-end oil and natural gas prices and reservoir performance. Such revisions can be either positive or negative. See "Risk Factors".

Future Development Costs

The table below sets out the development costs deducted in the estimation of future net revenue attributable to proved reserves and proved plus probable reserves (using forecast prices and costs) in the Reserve Reports.

Year	Annual Development Costs[(1)]	
	Total Proved	Total Proved Plus Probable
	(US$MM)	(US$MM)
2013	34.0	48.7
2014	26.8	46.7
2015	32.6	55.8
2016	16.0	27.9
2017	23.7	37.3
Thereafter	13.0	33.6
Total Undiscounted	146.1	250.1
10% Discounted	117.8	198.2

Note:

(1) Abandonment and reclamation costs not included above. See "Statement of Reserves Data and Other Oil and Gas Information – Abandonment and Reclamation Costs".

The Trust expects to have available three sources of funding to finance the capital expenditure program of US Opco: (i) internally generated cash flow from operations in excess of cash distributions to Unitholders; (ii) external debt financing when appropriate, including borrowing under the Credit Facility; and (iii) new capital through the issuance of additional Units, if available on favourable terms. Management anticipates that debt financing will be available pursuant to the Credit Facility at market rates plus margins subject to a pricing grid based on the then applicable ratio of consolidated debt to consolidated cash flow. The costs of funding are not expected to materially affect the Trust's estimated proved and probable reserves or related future net revenue as disclosed herein. The Trust may in the future consider alternative sources of financing in light of new or changing circumstances.

Cash flow generated by the Assets in excess of cash distributions to Unitholders, plus advances under the Credit Facility, if required, will be used to fund capital program expenditures in respect of such assets during 2013. The Trust intends to maintain a prudent debt to Adjusted EBITDA ratio that will generally not exceed 1.5 times debt to Adjusted EBITDA. The

Trust may temporarily exceed this parameter, particularly in the case of acquisitions, provided that Management has a plan to return this ratio to the preferred range of 1.0 to 1.5 in the short-term. Management expects the debt to Adjusted EBITDA ratio to average approximately 0.7 times for 2013.

Abandonment and Reclamation Costs

Well abandonment costs in respect of the Trust's assets within the calculation of future net revenue in the Reserve Reports are estimated without deduction of reclamation costs or salvage values and are costs for only those wells that have been assigned reserves. In the Reserve Reports, the total well abandonment costs are estimated at US$13.7 million undiscounted (US$3.0 million discounted at 10%) for only those wells that have been assigned reserves. US Opco's estimated asset retirement obligation includes 133 net wells to which no reserves have been assigned. US Opco's estimated asset retirement obligation is US$15.2 million undiscounted, representing an accrual for 311.6 net locations. US Opco anticipates incurring approximately US$2.5 million (2013 – US$0.8 million; 2014 – US$1.1 million; 2015 – US$0.6 million) of those identified abandonment and reclamation costs during the next three years.

Oil and Natural Gas Properties and Wells

The following tables summarize the number of producing and non-producing wells as at December 31, 2012.

	Producing Wells			
Area	**Oil**		**Natural Gas**	
	Gross	Net	Gross	Net
Texas	133	126.7	42	24.5
Oklahoma	32	27.4	-	-
Totals	165	154.1	42	24.5

	Non-Producing Wells			
Area	**Oil**		**Natural Gas**	
	Gross	Net	Gross	Net
Texas	61	60.6	33	24.5
Oklahoma	58	47.9	-	-
Totals	119	108.5	33	24.5

Properties With No Attributed Reserves

As at December 31, 2012, the Assets included 22,204 gross (16,295 net) acres of undeveloped land in Texas (including lands covered by the undeveloped leases comprising the Deep Rights), 2,337 gross (2,337 net) acres of undeveloped land in Mississippi and 50 (50 net) acres of undeveloped land in Oklahoma. The Trust expects its rights to explore, develop and exploit approximately 15,590 gross (10,751 net) acres of its unproved properties in Texas and approximately 2,337 gross (2,337 net) acres of its unproved properties in Mississippi to expire within the next year. The expiring lands are located primarily in Fayette and Houston Counties, Texas and Warren County, Mississippi.

Management expects that US Opco's planned operations will extend its rights to explore, develop and exploit approximately 62% of this expiring acreage, primarily in Fayette County, Texas. None of the planned operations are subject to any work commitments.

Significant Factors or Uncertainties Relevant to Properties With No Attributed Reserves

There are several economic factors and significant uncertainties that affect the Trust's anticipated development of US Opco's properties to which no reserves are attributed. The Trust, through US Opco, will be required to make substantial capital expenditures in order to prove, exploit, develop and produce oil and natural gas from these properties in the future. If cash flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or, if available, on terms acceptable to the Trust. Failure to obtain such financing on a timely basis could cause US Opco to forfeit its interest in certain properties, miss certain opportunities and reduce or terminate its operations on such properties. The inability of the Trust to access sufficient capital for its exploration and development purposes could have a material adverse effect on the Trust's ability to execute the Trust's business strategy to develop these prospects. See also "Risk Factors".

The primary economic factors that affect the development of these lands to which no reserves have been attributed are future commodity prices for crude oil and natural gas (and the Trust's outlook relating to such prices) and the future costs of drilling, completing, tying in and operating wells at the time that such activities are considered.

The primary uncertainties that affect the development of such lands are the future drilling and completion results achieved in the development activities, drilling and completion results achieved by others on lands in close proximity to these lands, and future changes to applicable regulatory or royalty regimes that affect timing or economics of proposed development activities. All of these uncertainties have the potential to delay the development of such lands. Conversely, uncertainty as to the timing and nature of the evolution or development of better exploration, drilling, completion and production technologies have the potential to accelerate development activities and enhance the economics relating to such lands.

Drilling Activity

The following table summarizes the gross and net exploration and development wells comprising the Assets that were completed in 2012 since the Trust assumed direct ownership of the Assets.

	Development Wells		**Exploration Wells**		**Total Wells**	
	Gross	*Net*	*Gross*	*Net*	*Gross*	*Net*
Oil Wells	8	7.8	-	-	8	7.8
Natural gas wells	-	-	-	-	-	-
Service wells	-	-	-	-	-	-
Stratigraphic wells	-	-	-	-	-	-
Dry holes	-	-	-	-	-	-
Total	8	7.8	-	-	8	7.8

Tax Horizon

The tax horizon as determined from a full cycle corporate model developed by Management and incorporating all applicable U.S. deductions, indicates that no material U.S. federal income taxes are expected to be payable in respect of income attributable to the Assets until at least 2021. Management expects to maintain this situation through continued capital investments and acquisitions primarily in the U.S. No income taxes are expected to be payable by the Trust in Canada as the Trust intends to distribute all of its taxable income each year to Unitholders and will not be a SIFT trust provided that the Trust does not hold any "non-portfolio property", as defined in the Tax Act. No material income taxes are expected to be paid by Can Holdco based on the activities and location of central management and control of US Opco.

Costs Incurred

The following table summarizes property acquisition costs, exploration costs and development costs on the Assets during the year ended December 31, 2012, since the commencement of direct ownership of the Assets by the Trust. The gross total capital costs incurred by the Trust for the period were approximately $548.1 million, including $495.4 million on the acquisition of the Assets**.**

Acquisition Costs			
Proved Properties	**Unproved Properties**	**Exploration Costs**	**Development Costs**
($MM)	($MM)	($MM)	($MM)
421.6	73.8	-	52.7

Production Estimates

The following table discloses for each product type the gross volume of production evaluated and estimated in aggregate by Sproule and GLJ for the year ended December 31, 2013 in the estimates of gross proved and gross probable reserves disclosed above under the heading " Statement of Reserves Data and Other Oil and Gas Information – Disclosure of Reserves Data".

Reserve Category	Oil	Natural Gas	NGLs	Total	Percent of Total
	(bbls/d)	(Mcf/d)	(bbls/d)	(boe/d)	
Total Proved	3,353	8,142	468	5,179	78.0
Total Probable	1,010	986	290	1,464	22.0
Total Proved Plus Probable	4,364	9,127	758	6,643	100.0

The following represents the forecast gross production volumes in 2013 by field on a total proved plus probable basis.

Field	Total Proved	%	Total Proved plus Probable	%
	Boe/d)		Boe/d)	
Austin Chalk and Eagle Ford Shale Oil Assets	1,946	37.6	3,205	48.3
Manvel Oil Assets	427	8.2	434	6.5
Oklahoma Oil Assets	391	7.6	398	6.0
South Texas Natural Gas Assets	866	16.7	984	14.8
South Texas Oil Assets	1,548	29.9	1,622	24.4
Total	5,178	100.0	6,643	100.0

The following table discloses for each reserve classification the gross daily volume production forecast for the years indicated in the Reserve Reports.

	Reserve Classification		
Year	Proved Producing	Total Proved	Proved Plus Probable
	(boe/d)	(boe/d)	(boe/d)
2013	4,318	5,178	6,643
2014	3,018	4,356	6,205
2015	2,419	4,100	6,747
2016	2,022	4,156	7,247
2017	1,695	4,802	8,093
2018	1,440	4,198	7,200
2019	1,230	3,669	6,232
2020	1,066	2,790	4,778
2021	935	2,230	3,892
2022	821	1,842	3,296
2023	728	1,571	2,867
2024	639	1,352	2,519

Production History

The following tables disclose, on a quarterly basis year, the Trust's share of the average daily production volume from the Assets, before royalties and production taxes, and the prices received, royalties paid and production taxes and operating expenses incurred and resulting netbacks on a per unit of volume basis for each product type. The figures represent the amounts during the period from commencement of oil and gas operations on August 10, 2012 until December 31, 2012, the period of direct ownership by the Trust.

Average Daily Sales Volumes

	Three Months Ended			
	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012
Oil (bbls/d)	1,657	461	-	-
Natural Gas (Mcf/d)	8,096	6,258	-	-
NGLs (bbls/d)	163	115	-	-
Total (boe/d)	3,169	1,618	-	-

Prices Received, Royalties and Production Taxes and Operating Expenses Incurred

	Three Months Ended			
	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012
	(US$ per boe)			
Total Sales (excluding hedging)	59.51	39.51	-	-
Royalties and Production Taxes	14.83	9.67	-	-
Operating Expenses	10.42	6.95	-	-
Netback	34.26	22.89	-	-

The following table sets forth the average daily production volume, by the principal fields and by product type, for the period from commencement of oil and gas operations on August 10, 2012 until December 31, 2012, together with the percentage of total production for each principal field.

Field	Light and Medium Oil (bbls/d)	Natural Gas (Mcf/d)	NGLs (bbls/d)	Total Boe/d)	%
Austin Chalk and Eagle Ford Shale Oil Assets	875	426	139	1,085	41.6
Manvel Oil Assets	190	2	-	190	7.3
Oklahoma Oil Assets	155	263	-	199	7.6
South Texas Natural Gas Assets	5	6,742	6	1.135	43.5
South Texas Oil Assets	-	-	-	-	-
Total	1,225	7,432	145	2,609	100

DISTRIBUTIONS TO UNITHOLDERS

Cash distributions are made on the 23rd day (or if such date is not a business day, on the immediately preceding business day) following the end of each calendar month to Unitholders of record on the last business day of the preceding calendar month or such other date as determined from time to time by the Board.

The amount of cash to be distributed per month per Unit is regularly monitored by the Administrator Directors, taking into consideration the overall distribution policy of the Trust and after consideration of the Trust's net monthly cash receipts less estimated amounts required for the payment of expenses and other obligations of the Trust, cash redemptions of Units and the satisfaction of any tax liability. The Trust's current monthly distribution rate is $0.0875 per Unit.

Since the closing of the IPO to the date of this annual information form, the following monthly distributions have been declared and/or paid by the Trust, as applicable, in cash:

For the Month Ended	Distributions per Unit	Payment Date
August 31, 2012[(1)]	0.0621 (equates to 0.0875 per month)	September 24, 2012
September 30, 2012	0.0875	October 23, 2012
October 31, 2012	0.0875	November 23,2012
November 30, 2012	0.0875	December 24, 2012
December 31, 2012	0.0875	January 23, 2013
January 31, 2013	0.0875	February 25, 2013
February 28, 2013	0.0875	March 25, 2013

Note:

(1) The initial cash distribution was for the period from and including the closing date of the IPO, being August 10, 2012, to August 31, 2012.

The historical distributions described above may not be reflective of future distributions, which are subject to review by the directors of the Administrator, taking into account the prevailing circumstances at the relevant time. See "Risk Factors" herein. The terms of the documents governing the Credit Facility contain provisions that in effect ensure that the lenders have priority as to payment over the Unitholders in respect to the assets and income of the Trust and its subsidiaries. Distributions are not permitted unless amounts outstanding under the Credit Facility are less than 90% of the commitment amounts both before and after giving effect to any distribution. See "Credit Facility".

DESCRIPTION OF THE TRUST

The following is a summary of certain terms of the Trust Indenture which is qualified in its entirety by reference to the text of the Trust Indenture. Reference is made to the Trust Indenture for a complete description of the Units and the full text of its provisions. See "Material Contracts". A copy of the Trust Indenture is available under the Trust's issuer profile on www.sedar.com.

General

The Trust is an unincorporated limited purpose open-ended trust established under the laws of the Province of Alberta on January 31, 2012 by the Trust Indenture. The Trust has been established to indirectly acquire an interest in US Opco through its acquisition of Can Holdco Shares. Although it is intended that the Trust qualify as a "mutual fund trust" under the Tax Act, the Trust will not be a mutual fund under applicable securities laws.

The Trust is a limited purpose trust and the undertaking of the Trust is restricted to investing its funds in property (other than real property or an interest in real property or an immovable or a real right in an immovable).

Subject to the investment restrictions contained in the Trust Indenture, including those noted above, the Trustee has the authority to deal with the Trust's property on behalf of the Trustee as if it were the beneficial owner of such property, and in particular, may:

(a) temporarily hold cash and other investments in connection with, and for the purposes of, the Trust's activities, including paying liabilities of the Trust (including administration and trust expenses), paying any amounts required in connection with the redemption of Units and making distributions to Unitholders;

(b) give a guarantee on behalf of the Trust to secure performance of an obligation of another person;

(c) mortgage, hypothecate, pledge or otherwise create a security interest in all or any movable or immovable, personal or real or other property of the Trust, owned or subsequently acquired, to secure any obligation of the Trust;

(d) lend, including loans to subsidiaries;

(e) invest, hold shares, securities, units, beneficial interests, partnership interests, joint venture interests or other interests in any person necessary or useful to carry out the purpose of the Trust;

(f) issue or provide for the issuance of debt or equity securities of the Trust, including Units and Other Trust Securities, on such terms and conditions and at such time or times as the Trustee may determine, provided recourse shall be limited to the property of the Trust;

(g) redeem or repurchase Units in accordance with the terms set forth in the Trust Indenture;

(h) make or cause to be made application for the listing or quotation on any stock exchange or market of any Units or Other Trust Securities, and to do all things which in the opinion of the Trustee may be necessary or desirable to effect or maintain such listing or listings or quotation;

(i) possess and exercise all the rights, powers and privileges pertaining to the ownership of any securities held by the Trust;

(j) to the extent not prohibited by applicable law, to delegate any of the powers and duties of the Trustee to any one or more agents, representatives, officers, employees, independent contractors, subcontractors or other persons (including to the Administrator pursuant to the terms of the Administrative Services Agreement or otherwise) without liability to the Trustee except as provided in the Trust Indenture; and

(k) do all such other acts and things as are necessary, useful, incidental or ancillary to the foregoing and to exercise all powers and authorities which are necessary, useful, incidental or ancillary to carry on the affairs of the Trust, to promote any purpose for which the Trust is formed and to carry out the provisions of the Trust Indenture, including, without limitation, the negotiation and execution of the Administrative Services Agreement.

Units of the Trust

The beneficial interests in the Trust are represented and constituted by one class of units described and designated as "Units". An unlimited number of the Units may be issued pursuant to the Trust Indenture. The Trust may also issue an

unlimited number of Other Trust Securities. As of December 31, 2012, there were 48,437,986 Units outstanding and as of the date of this annual information form, the Trust has 48,470,603 Units outstanding.

Each Unit represents an equal, undivided beneficial interest in the Trust Property and all Units shall rank equally and rateably with all of the other Units without discrimination, preference or priority. Each Unit entitles the holder to one vote at all meetings of Unitholders or in respect of written resolutions of the Unitholders.

Unitholders are entitled to receive non-cumulative distributions from the Trust if, as and when declared by the Trust. Units are redeemable on demand by the holders thereof, and may be purchased for cancellation by the Trust through offers made to, and accepted by, such holders. See "Description of the Trust – Redemption at the Option of Unitholders" and "Description of the Trust – Repurchase of Securities". There are no other conversion, retraction, redemption or pre-emptive rights for Unitholders.

Issuance of Units

Units are to be issued by the Trustee only when fully paid in money, property or past services, provided that: (a) Units may be issued for consideration payable in installments if the Trust takes security over any such Units for unpaid installments; and (b) the consideration for any Unit issued by the Trust shall be paid in money or in property or in past services that are not less in value than the fair equivalent of the money that the Trust would have received if the Unit had been issued for money, provided that property may include a promissory note or promise to pay given by the allottee. In determining whether property or past services are the fair equivalent of monetary consideration, the Trustee or the Administrator may take into account reasonable charges and expenses of organization and reorganization and payments for property and past services reasonably expected to benefit the Trust, and the resolution of the Administrator allotting and issuing those Units shall express the fair equivalent in money of the non-cash consideration received.

The Trust Indenture provides that any Units or Other Trust Securities may be created, issued, sold and/or delivered at such times, to the persons (subject to certain non-resident restrictions in the Trust Indenture), in the jurisdictions, for the consideration and on the terms and conditions that the Trustee determines, including pursuant to a Unitholder rights plan, distribution reinvestment plan, or any compensation plan established by the Trust. The authority to determine the timing and terms of future offerings of Units has been delegated by the Trustee to the Administrator. See "Description of the Trust – Delegation to the Administrator". Units may be issued in satisfaction of any non-cash distribution by the Trust to Unitholders on a *pro rata* basis. The Trust Indenture also provides that immediately after any *pro rata* distribution of Units to Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be automatically consolidated such that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the distribution of such additional Units, subject to reduction for payment of applicable withholding taxes. In this case, each certificate representing a number of Units prior to the distribution of additional Units is deemed to represent the same number of Units after the distribution of such additional Units and the consolidation.

Limitation on Non-Resident Ownership

A mutual fund trust may lose its status under the Tax Act as a "mutual fund trust" if it can reasonably be considered that the trust was established or is maintained primarily for the benefit of non-residents of Canada. However, this requirement will not apply if all or substantially all of the mutual fund trust's property is not "taxable Canadian property", as defined by the Tax Act. The Trust anticipates that its property will not be taxable Canadian property. In the event that the Trust determines that such non-resident ownership restrictions nevertheless apply, the Administrator has various powers that can be used for the purpose of monitoring and controlling the extent of non-resident ownership of the Units.

U.S. Resident Restriction

The Trust is a "foreign private issuer" as such term is defined in the U.S. Securities Act. The Trust Indenture provides that at no time may more than 50% of the outstanding voting securities of the Trust be directly or indirectly owned of record by U.S. Residents (as such term is defined in the Trust Indenture), and it shall be the responsibility solely of the Administrator to monitor compliance by the Trust with this U.S. residency restriction, and to take all such actions as may reasonably be undertaken on behalf of the Trust to cause the Trust to maintain its status as a "foreign private issuer". The Administrator has various powers that can be used for the purpose of monitoring and controlling the extent of U.S. resident ownership of the Units at all times prior to the Trust filing a registration statement in accordance with the U.S. Securities Act or registering a class of securities under the United States *Securities Exchange Act of 1934*, as amended, other than, in either case, in compliance with the Multijurisdictional Disclosure System between Canada and the United States.

Book Entry Only System

Except as otherwise provided below, the Units will be issued in "book entry only" form and must be purchased or transferred through participants ("**Participants**") in the depositary service of CDS, which include securities brokers and dealers, banks and trust companies. Except as described below, no Unitholder will be entitled to a certificate or other instrument from the Trust or CDS evidencing that holder's ownership thereof, and no Unitholders will be shown on the records maintained by CDS except through a book entry account of a Participant acting on behalf of such holder. Each purchaser acquiring a beneficial interest in the Units (a "**Beneficial Owner**") will receive a customer confirmation of purchase from the registered dealer from which the Unit is purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS will be responsible for establishing and maintaining book entry accounts for its Participants having interests in the Units.

Neither the Trust or its subsidiaries will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Units held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Units; or (c) any statement made with respect to CDS and contained in this annual information form and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its Participants. The rules governing CDS provide that it acts as the agent and depositary for the Participants. As a result, Participants must look solely to CDS and Beneficial Owners must look solely to Participants for the payment of the distributions on the Units paid by or on behalf of the Trust to CDS.

As indirect holders of Units, investors should be aware that they (subject to the situations described below): (a) may not have Units registered in their name; (b) may not have physical certificates representing their interest in the Units; (c) may not be able to sell the Units to institutions required by law to hold physical certificates for securities they own; and (d) may be unable to pledge Units as security.

If: (i) CDS resigns or is removed from its responsibilities as depositary with respect to the Units and the Trust is unable or does not wish to locate a qualified successor, or (ii) the Administrator or the Trust, at their option (including to ensure compliance with the Trust's limitations on non-resident ownership) elects, or is required by law, to terminate the book entry system, or (iii) Unitholders representing more than $66^{2}/_{3}\%$ of the aggregate votes entitled to be voted at a meeting of Unitholders determine that the continuation of the book entry system is no longer in the best interests of the Unitholders, then Units will be issued in fully registered form to Unitholders or their nominees.

Transfer of Units

Units are transferable at any time and from time to time. Transfers of ownership in the Units will be affected only through records maintained by CDS or its nominee for such Units with respect to interests of Participants, and on the records of Participants with respect to interests of persons other than Participants. Unitholders who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the Units, may do so only through Participants.

Repurchase of Securities

The Trust is entitled, from time to time, to offer to purchase Units or Other Trust Securities for cancellation at a price per security and on a basis determined by the Trustee in its discretion, but in compliance with applicable securities legislation and the rules prescribed under applicable stock exchange or regulatory policies. The authority to determine the timing and terms of any such repurchase of Units has been delegated by the Trustee to the Administrator. Any such purchase will constitute an "issuer bid" under Canadian provincial securities legislation and, if not exempt, must be conducted in accordance with the applicable requirements thereof. Units purchased by the Trust will be cancelled.

Take-over Bids

If there is a take-over bid for all of the outstanding Units and within 120 days after the date of a take-over bid for the Units (which, depending on the terms of the take-over bid, may also include Units issuable upon conversion, exercise or exchange of Other Trust Securities), the bid is accepted by the holders of not less than 90% of the Units and, as applicable, the Units issuable upon the conversion, exercise or exchange of any relevant Other Trust Securities, taken together (collectively, the "**Bid Units**"), other than Bid Units held by or on behalf of, or issuable to, the offeror or an affiliate or associate of the offeror, then the offeror is entitled to acquire the Bid Units held by persons who did not accept the take-over bid, with such acquisition to occur on the same terms on which the offeror acquired Bid Units from persons who accepted the

take-over bid. The Trust Indenture does not provide a mechanism for Unitholders who do not tender their Units to a take-over bid to apply to a court to fix the fair value of their Units.

Investments and Investment Restrictions

Monies or other property received by the Trust or the Trustee on behalf of the Trust, including the net proceeds of any offering, may be used at any time and from time to time, for any purpose not inconsistent with the Trust Indenture (including making distributions and redemptions). See "Description of the Trust – General".

The Trust Indenture contains investment restrictions to ensure that the Trust:

(a) complies at all times with the requirements for a "mutual fund trust", as defined in the Tax Act;

(b) does not take any action, or acquire or retain any investment, that would result in the Trust not being considered a "mutual fund trust" for purposes of the Tax Act;

(c) does not take any action, or acquire, retain or hold any investment in any entity or other property that would result in the Trust being a "SIFT trust"; and

(d) does not hold any "non-portfolio property", as defined in the Tax Act.

Distributions

The Trust intends to make monthly distributions to Unitholders of record as of the close of business on the last business day of each month which are expected to be paid to Unitholders on or about the 23rd day of the following month or if not a business day, the next business day thereafter. The amount of cash to be distributed on a *pro rata* basis per month per Unit will be determined in the discretion of the Trust. The Trust's current monthly distribution rate is $0.0875 per Unit. As results of operations may vary, the distribution of cash is not guaranteed.

The Administrator anticipates that approximately 30% to 40% of the distributable cash for 2012 will be included in the income of Unitholders for income tax purposes. The balance will not be taxable and will be deducted from the adjusted cost base of their Units.

Where the Administrator determines that the Trust does not have cash in an amount sufficient to make payment of the full amount of any distribution which has been declared to be payable, payment of such distribution may, at the option of the Administrator, include the issuance of additional Units, if necessary, having an aggregate value equal to the difference between the amount of such declared distribution and the amount of cash which has been determined by the Administrator to be available for the payment of such distribution. The value of each Unit which is to be issued in payment of distributions shall be the "market price" (as determined in accordance with the provisions of the Trust Indenture). See "Description of the Trust – Issuance of Units". Such additional Units will be issued pursuant to applicable exemptions under applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or a prospectus or similar filing.

Payments of distributions on each Unit issued in "book entry only" form will be made by the Trust to CDS or its nominee, as the case may be, as the registered owner of Units, and the Trust understands that such payments will be forwarded by CDS or its nominee, as the case may be, to Participants. As long as CDS or its nominee is the registered owner of Units, CDS or its nominee, as the case may be, will be considered the sole owner of those Units for the purposes of receiving payments on those Units. The responsibility and liability of the Trust in respect of the payment of distributions in respect of the Units is limited to making payment of any income or capital in respect of those Units to CDS or its nominee.

The Trust's ability to pay distributions to Unitholders is dependent upon the ability of US Opco and Can Holdco to meet their interest, principal and other distribution obligations. US Opco's income will be derived from the production of oil and natural gas primarily from its U.S. resource properties and is susceptible to the risks and uncertainties associated with the oil and natural gas industry generally, and particularly in the U.S. See "Risk Factors".

US Opco will be required to comply with covenants under the documentation for the Credit Facility. In the event that it does not comply with such covenants, the ability to make distributions to Unitholders may be restricted. See "Risk Factors".

Distribution Reinvestment Plan

The Trust has adopted the DRIP which provides eligible Unitholders with the opportunity to reinvest their distributions in new Units at either: (i) a current three percent discount to the average trading price (as calculated pursuant to the DRIP) for participants in the Trust's regular distribution component of the DRIP, such discount to be determined from time to time by

the Board of Directors, or (ii) a five percent discount to the average trading price (as calculated pursuant to the DRIP) for participants in the Premium Distribution™ component of the DRIP, on the applicable distribution payment date, which new Units will, at the participant's election, either be:

- credited to the participant's account under the distribution reinvestment component of the DRIP, or
- disposed of through the designated plan broker in exchange for a premium cash payment to the participant equal to 102% of the reinvested distributions under the Premium Distribution™ component of the DRIP.

Participation in the DRIP is voluntary and is only available to eligible Unitholders. Eligibility to participate in the DRIP depends on certain Unitholder residency criteria. Unitholders who are resident in Canada may participate in either the distribution reinvestment component or the Premium Distribution™ component of the DRIP. Unless otherwise announced by the Trust, a Unitholder who is a resident of the United States or is otherwise a "U.S. person" (as defined in the DRIP) may not participate in either the distribution reinvestment component or the Premium Distribution™ component of the DRIP. Unitholders who are resident in any jurisdiction outside of Canada (other than the United States) may participate in the distribution reinvestment component of the DRIP only if their participation is permitted by the laws of the jurisdiction in which they reside and provided that the Trust is satisfied, in its sole discretion, that such laws do not subject the DRIP or any of the Trust, the plan agent or the plan broker to additional legal or regulatory requirements. Unless otherwise announced by the Trust, unitholders who are not resident in Canada may not participate in the Premium Distribution™ component of the DRIP. The amount of any distributions to be reinvested under the DRIP on behalf of Unitholders who are not residents of Canada will be reduced by the amount of any applicable non-resident withholding taxes.

The Trust reserves the right to limit the amount of new equity available under the DRIP on any particular distribution payment date. No assurances can be made that new Units will be made available under the DRIP on a monthly basis, or at all. Accordingly, participation may be prorated in certain circumstances. If on any distribution payment date the Trust determines not to issue any equity under the DRIP, or the availability of new Units is prorated in accordance with the terms of the DRIP, then participants will be entitled to receive from the Trust the full amount of the regular distribution for each Unit in respect of which the distribution is payable but cannot be reinvested under the DRIP in accordance with the applicable election.

No commissions, service charges or similar fees are payable in connection with the purchase of Units from treasury under any component of the DRIP. All administrative costs of the DRIP will be paid by the Trust. Participation in the DRIP does not relieve unitholders of any liability for taxes that may be payable in respect of distributions that are reinvested in Units under the DRIP.

Redemption at the Option of Unitholders

Units are redeemable at any time and from time to time on demand by the Unitholders thereof upon delivery to the Trust at its head office and to CDS (if a global unit certificate has been issued by the Trust) of a duly completed and properly executed notice, in a form reasonably acceptable to the Trustee, requesting redemption, together with written instructions as to the number of Units to be redeemed and together with the certificates, if any, representing Units to be redeemed (if a global unit certificate has not been issued by the Trust). Upon tender of Units by a Unitholder for redemption, all rights to and under the Units tendered for redemption shall immediately cease, provided that the Unitholder thereof shall retain the right to receive distributions thereon which have been declared payable to Unitholders of record prior to the date of tender for redemption (the "**Redemption Date**") and the right to receive a price per Unit (the "**Redemption Price**") in cash equal to the lesser of: (i) 90% of the volume weighted average trading price of the Units for the last ten consecutive trading days ended immediately prior to the Redemption Date; and (ii) 100% of the volume weighted average trading price of the Units on the Redemption Date.

The aggregate Redemption Price payable by the Trust in respect of any Units tendered for redemption during any month shall be paid by cheque drawn on a Canadian chartered bank or trust company in lawful money of Canada payable to, or to the order of, the Unitholder who exercised the right of redemption, on or before the fifth business day after the end of the calendar month following the calendar month in which the Units were tendered for redemption; provided that Unitholders shall not be entitled to receive cash upon the redemption of their Units if: (i) the total amount payable by the Trust in respect of such Units and all other Units tendered for redemption in the same month exceeds $100,000 (provided that such limitation may be waived at the discretion of the Trustee); (ii) at the time such Units are tendered for redemption, the outstanding Units are not listed for trading on the TSX and are not traded or quoted on any other stock exchange or market which the Trustee considers, in its discretion, provides representative fair market value prices for the Units; (iii) the normal trading of Units is suspended or halted on any stock exchange on which the Units are listed for trading (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the Redemption Date or for more than five trading days during the

ten consecutive trading-day period immediately prior to the Redemption Date; or (iv) the Trust or any affiliate of the Trust (including US Opco) is, or after such redemption would be, in default under the Credit Facility or any other agreements entered into by the Trust or any of its affiliates, from time to time, which set forth the terms and conditions of any debt financing obtained by the Trust, or by any one of its affiliates (as the case may be), from any person or persons not affiliated with the Trust (and for further certainty, shall include all agreements pertaining to issuances of debentures or other debt securities to the public).

If a Unitholder is not entitled to receive cash upon the redemption of Units as a result of the limitations set forth in the immediately preceding paragraph, then the Redemption Price for each Unit tendered for redemption shall be equal to the fair market value of a Unit as determined by the Trustee, in its discretion, and shall, subject to all necessary regulatory approvals, be paid and satisfied by way of a distribution *in specie* of Trust Property (other than Can Holdco Shares, US Opco Notes or other securities or property of US Opco except as made in compliance with applicable U.S. federal and state securities laws), as determined by the Trustee in its discretion. To the extent that the Trust does not hold Trust Property (other than Can Holdco Shares, US Opco Notes or other securities or property of US Opco) having a sufficient amount outstanding to effect payment in full of the *in specie* Redemption Price, the Trust may effect such payment by issuing Redemption Notes, being unsecured subordinated promissory notes.

It is anticipated that the redemption right will not be the primary mechanism for Unitholders to dispose of their Units. The assets of the Trust which may be distributed *in specie* to Unitholders in connection with a redemption will not be listed on any stock exchange and no market is expected to develop in the assets of the Trust. Any Trust Property so distributed is expected to be subject to resale restrictions under applicable securities laws and are not expected to be qualified investments for Registered Plans.

Redemption by the Trustee for Non-Compliance

The Trustee or Administrator may require any Unitholder, following a request by the Trustee or the Administrator, to furnish an executed U.S. Internal Revenue Service Form W-8BEN or W-9, as applicable (a "**Taxation Certification**"), and to use reasonable efforts to obtain a Taxation Certification from each beneficial unitholder holding Units in such Unitholder's name. If any Unitholder fails to furnish a Taxation Certification within 30 days following such a request or fails to use reasonable efforts to obtain a Taxation Certification from beneficial holders of Units, the Administrator may notify the Trustee, and upon notice by the Trustee to the non-complying Unitholder, redeem the Units held by any non-complying Unitholders at the Redemption Price in accordance with the terms of the Indenture.

Trustee

Computershare is the Trustee and the transfer agent and registrar for the Units. Subject to the express limitations contained in the Trust Indenture and any grant of certain powers to the Administrator, as administrator of the Trust, the Trustee has full, absolute and exclusive power, control and authority over the Trust Property and over the affairs of the Trust to the same extent as if the Trustee were the sole and absolute beneficial owner of the Trust Property in its own right, and to do all such acts and things as in its discretion are necessary or incidental to, or desirable for, the carrying out of the duties of the Trust created pursuant to the Trust Indenture. The Trustee has no obligation to Unitholders beyond the obligations set out in the Trust Indenture, except as may be mandated by law.

The Trust Indenture provides that the Trustee must discharge its duties honestly, in good faith and in the best interests of the Trust and the Unitholders and in connection therewith, exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

Except as expressly prohibited by law and by the terms of the Trust Indenture, the Trustee may in its discretion delegate the execution of certain of its authority and powers to the Administrator, as the administrator of the Trust, pursuant to the terms of the Administrative Services Agreement. The Trustee may in its discretion also delegate the execution of certain of its authority and powers to such other persons as is necessary or desirable to carry out and effect the actual management and administration of the duties of the Trustee under the Trust Indenture without regard to whether such authority is normally delegated by trustees. See "Description of the Trust – Delegation to the Administrator".

The Trustee shall be entitled to make any reasonable decisions, designations or determinations not contrary to the Trust Indenture which it may determine are necessary or desirable in interpreting, applying or administering the Trust Indenture, or in administering, managing or operating the Trust. Any Trustee's decisions, designations or determinations made pursuant to the Trust Indenture shall be conclusive and binding upon the Trust and the Unitholders.

The Trustee may resign as Trustee by giving to the Administrator, in its capacity as administrator of the Trust, not less than 90 days' prior written notice, unless the Administrator agrees to a shorter period of notice. The Trustee may be removed at any time with or without cause by Ordinary Resolution. The Trustee may also be removed at any time by the Administrator, in its capacity as administrator of the Trust, by notice in writing to the Trustee upon the occurrence of certain events, including where the Trustee is declared bankrupt or insolvent or enters into liquidation to wind up its affairs, all of its assets (or a substantial part thereof) are subject to seizure or confiscation, it becomes incapable or refuses to perform its responsibilities under the Trust Indenture, or the Trustee at any time ceases (i) to be incorporated under the laws of Canada or a province thereof, (ii) to be resident in Canada for the purposes of the Tax Act, or (iii) to be authorized and registered under the laws of the Province of Alberta to carry on the business of a trust company.

Any resignation or removal of the Trustee will take effect on the date upon which the last of the following occurs: (i) a successor Trustee is appointed or elected pursuant to the Trust Indenture; and (ii) the new successor Trustee has accepted such election or appointment and has legally and validly assumed all obligations of the Trustee under the Trust Indenture. If no successor Trustee has been appointed or elected within 60 days of notice being given by the Trustee of its resignation, approval of an Ordinary Resolution to remove the Trustee, or the giving of notice by the Administrator to remove the Trustee, as the case may be, any Unitholder, the Trustee, the Administrator or any other interested person may apply to a court of competent jurisdiction for the appointment of a successor trustee.

Upon the taking effect of any resignation or removal of the Trustee under the terms of the Trust Indenture, the Trustee shall cease to be a party to the Administrative Services Agreement and the Voting Agreement.

The Trust Indenture provides that the Trustee shall be entitled to rely on and shall have no liability to any Unitholder, holder of Other Trust Securities, or any person for acting or failing to act, in good faith, in relation to any matter relating to the Trust where such action or failure is based upon, statements from, the opinion or advice of, or information from auditors, counsel or any valuator, engineer, surveyor or appraiser where it is reasonable to conclude that the matter in respect of which such statements are made, or opinion or advice given, ought to be within the expertise of such advisor or expert, provided that with respect to advisors and experts, the Trustee has satisfied its standard of care in selecting such advisors and experts. The Trustee shall have no liability whatsoever to any Unitholder or holder of Other Trust Securities for any obligation, liability or claim arising in connection with, directly or indirectly, the Trust Property or the conduct and undertaking of the affairs of the Trust, including (i) any action or failure to act by the Trustee in respect to its duties, responsibilities, powers, authorities and discretion under the Trust Indenture (including failure to compel in any way any trustee to redress any breach of trust or any failure of the Administrator to perform its duties under, or delegated to it under, the Trust Indenture, the Administrative Services Agreement or any other contract), (ii) any error in judgment, (iii) any matters pertaining to the administration or termination of the Trust, (iv) any environmental liabilities, (v) any action or failure to act by the Administrator or any other person to whom the Trustee has, as permitted by the Trust Indenture, delegated any of its duties, and (vi) any depreciation of, or loss to, the Trust incurred by reason of the retention or sale of any Trust Property; unless such liabilities arise from or out of the willful misconduct, fraud or gross negligence of the Trustee or the breach by the Trustee of its standard of care under the Trust Indenture. Where the Trustee is held liable to any person in circumstances or its property or assets are subject to levy, execution or other enforcement resulting in personal loss to the Trustee where there is to be no liability on the Trustee on the basis just described, the Trustee shall be indemnified out of the Trust Property to the full extent of such liability and the costs of any action, suit or proceeding or threatened action, suit or proceeding, including without limitation, reasonable legal fees and disbursements. The Trust Indenture also contains other customary provisions limiting the liability of the Trustee..

Certain Restrictions on Trustee's Powers

The Trust Indenture provides that: (i) a change to the Administrative Services Agreement, the Voting Agreement or any extension thereof (which includes any increase in fees or other amounts payable by the Trust or its affiliates thereunder); (ii) any amendment to the terms of a constating document of a subsidiary of the Trust; and (iii) the terms of any agreement entered into by the Trust or its affiliates with the Administrator or any affiliate of the Administrator, must be approved by a majority of the Administrator Directors.

The Trust Indenture further provides that the Trustee shall not, without approval of Unitholders by Ordinary Resolution: (i) vote or instruct on the voting of any share of the Administrator pursuant to the Voting Agreement for the appointment of Administrator Directors by the Unitholders; or (ii) appoint or change the auditors of the Trust, except in the event of a voluntary resignation of such auditors.

In addition, the Trust Indenture provides that the Trustee shall not, without approval of Unitholders by Special Resolution: (i) amend the Trust Indenture, except as permitted by the Trust Indenture (as described under "Amendments to the Trust Indenture" below); (ii) sell, lease or exchange all or substantially all of the Trust Property, other than: (a) pursuant

to *in specie* redemptions permitted under the Trust Indenture; (b) in order to acquire Can Holdco Shares in connection with pursuing the purpose of the Trust and completing the transactions described herein; or (c) in conjunction with an internal reorganization involving the sale, lease, exchange or other transfer of the Trust Property (whether or not involving all or substantially all of the Trust Property) as a result of which the Trust has substantially the same interest, whether directly or indirectly, in the Trust Property that it had prior to the reorganization and, for greater certainty, such reorganization includes an amalgamation, arrangement or merger of the Trust and its affiliates with any entities; or (iii) authorize the termination, liquidation or winding up of the Trust, other than at the end of the term of the Trust.

Amendments to the Trust Indenture

Except where otherwise specifically provided therein, the Trust Indenture may only be amended or altered by Special Resolution. The Trustee will be entitled, at its discretion (which discretion has been delegated to the Administrator) and without the approval of the Unitholders, to make amendments to the Trust Indenture at any time for any of the following purposes: (i) ensuring the Trust continues to comply with applicable laws, regulations, requirements or policies of any governmental or regulatory authority having jurisdiction over the Trustee or the Trust; (ii) providing, in the opinion of the Trustee, additional protection for the Unitholders or to obtain, preserve or clarify the provision of desirable tax treatment to Unitholders; (iii) making amendments which, in the opinion of the Trustee, are necessary or desirable in the interests of the Unitholders as a result of changes in taxation laws or in their interpretation or administration; (iv) making corrections, or removing or curing any conflicts or inconsistencies between the provisions of the Trust Indenture or any supplemental indenture, and any other agreement to which the Trust is a party, or any applicable law or regulation of any jurisdiction, or any prospectus filed with any governmental or regulatory authority with respect to the Trust, provided that, in the opinion of the Trustee, based on the advice of counsel, in each case, the rights of the Unitholders are not materially prejudiced thereby; (v) providing for the electronic delivery by the Trust to Unitholders of documents relating to the Trust (including annual and quarterly reports, including financial statements, notice of Unitholder's meetings and information circulars and proxy related materials) at such time as applicable securities laws have been amended to permit such electronic delivery in place of normal delivery procedures, provided that such amendments are not contrary to or do not conflict with such laws; (vi) curing, correcting or rectifying any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions, provided that, in the opinion of the Trustee, based on the advice of counsel, the rights of the Unitholders are not materially prejudiced thereby; (vii) making amendments as are required to undertake an internal reorganization involving the sale, lease, exchange or other transfer of the Trust as a result of which the Trust has substantially the same interest, whether direct or indirect, in the Trust Property that it had prior to the reorganization and, for greater certainty, includes an amalgamation, arrangement or merger of the Trust and its affiliates with any entities provided that in the opinion of the Trustee, based on the advice of counsel, the rights of Unitholders are not materially prejudiced thereby; and (viii) making amendments for any purpose provided that in the opinion of the Trustee, based on the advice of counsel, the rights of Unitholders are not materially prejudiced thereby.

No amendment may be made to modify the voting rights attributable to Units or to reduce the fractional undivided beneficial interest in the Trust Property represented by any Unit without obtaining the consent of the holder of such Units.

Rights of Unitholders

The rights of the Unitholders are established by the Trust Indenture. A Unitholder of the Trust has all of the material protections, rights and remedies a shareholder of a corporation would have under the ABCA, except as described below.

Many of the provisions of the ABCA respecting the governance and management of a corporation have been incorporated in the Trust Indenture. For example, Unitholders are entitled to exercise voting rights in respect of their holdings of Units in a manner comparable to shareholders of an ABCA corporation, including to elect Administrator Directors and to appoint auditors. The Trust Indenture also includes provisions modeled after comparable provisions of the ABCA dealing with the calling and holding of meetings of Unitholders, the quorum for and procedures at such meetings and the right of Unitholders to participate in the decision-making process where certain fundamental actions are proposed to be undertaken. Unlike shareholders of an ABCA corporation, Unitholders do not have a comparable right to make a unitholder proposal at a general meeting of the Trust. The matters in respect of which Unitholder approval is required under the Trust Indenture are generally less extensive than the rights conferred on the shareholders of an ABCA corporation, but effectively extend to certain fundamental actions that may be undertaken by the Trust and its subsidiary entities. These Unitholder approval rights are supplemented by provisions of applicable securities laws that are generally applicable to issuers (whether corporations, trusts or other entities) that are "reporting issuers" or the equivalent or listed on the TSX.

Unitholders do not have recourse to a dissent right under which shareholders of an ABCA corporation are entitled to receive the fair value of their shares where certain fundamental changes affecting the corporation are undertaken (such as an amalgamation, a continuance under the laws of another jurisdiction, the sale of all or substantially all of its property, a going

private transaction or the addition, change or removal of provisions restricting: (i) the business or businesses that the corporation can carry on; or (ii) the issue, transfer or ownership of shares). As an alternative, Unitholders seeking to terminate their investment in the Trust are entitled to redeem their Units, as described under "Description of the Trust – Redemption at the Option of Unitholders". Unitholders similarly do not have recourse to the statutory oppression remedy that is available to shareholders of an ABCA corporation where the corporation undertakes actions that are oppressive, unfairly prejudicial or disregarding the interests of securityholders and certain other parties.

Shareholders of an ABCA corporation may apply to a court to order the liquidation and dissolution of the corporation in those circumstances, whereas Unitholders can rely only on the general provisions of the Trust Indenture which permit the winding up of the Trust with the approval of a Special Resolution of the Unitholders. Shareholders of an ABCA corporation may also apply to a court for the appointment of an inspector, subject to court oversight and other investigative procedures, to investigate the manner in which the business of the corporation and its affiliates is being carried on where there is reason to believe that fraudulent, dishonest or oppressive conduct has occurred. By virtue of the right to requisition a meeting of Unitholders, the Trust Indenture allows Unitholders to call meetings to consider the appointment or removal of the Trustee and the Administrator Directors, but does not specifically contemplate the appointment of an inspector. The ABCA also permits shareholders to bring or intervene in derivative actions in the name of the corporation or any of its subsidiaries, with the leave of a court. The Trust Indenture does not include a comparable right of the Unitholders to commence or participate in legal proceedings with respect to the Trust. The protections, rights and remedies available to a Unitholder are described in the Trust Indenture. See "Risk Factors – Risks Relating to the Trust's Structure and Ownership of Units". The above-mentioned protections, rights and remedies are contained in the Trust Indenture, a copy of which is available at www.sedar.com.

Meetings of Unitholders

The Trust Indenture provides that there shall be an annual meeting of the Unitholders for the purpose of: (i) presentation of the financial statements of the Trust for the immediately preceding fiscal year; (ii) appointing the auditors of the Trust for the ensuing year; (iii) directing and instructing the Trustee as to the manner in which the Trustee shall vote (or how to compel the voting for) as agent for the Unitholders pursuant to the Voting Agreement for the election of the Administrator Directors; and (iv) transacting such other business as the Trustee may determine or as may be properly brought before the meeting. Pursuant to the Voting Agreement, the Administrator Shareholder will agree to vote its shares in the Administrator at the direction of the Unitholders, as communicated by the Trustee as agent for the Unitholders, with regard to, among other things, the election or removal of the Administrator Directors and the appointment of an auditor of the Administrator from time to time. See "Voting Agreement".

The Trust Indenture provides that special meetings of Unitholders may be convened at any time and for any purpose by the Trustee or the Administrator and must be convened, except in certain circumstances, if requisitioned in writing by the Unitholders representing not less than 20% of all votes entitled to be voted at a meeting of Unitholders. A requisition will be required to state in reasonable detail the business proposed to be transacted at the meeting.

Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy. A proxyholder will not be required to be a Unitholder. Two or more persons present in person and being Unitholders or representing, by proxy, Unitholders who hold in the aggregate not less than 10% of all votes entitled to be voted at a meeting of Unitholders shall constitute a quorum for the transaction of business at all such meetings. At any meeting at which a quorum is not present within 30 minutes after the time fixed for the holding of such meeting, the meeting, if convened upon the requisition of the Unitholders, shall be terminated, but in any other case, the meeting will stand adjourned to a day not less than 14 days later and to a place and time as determined by the chairman of the meeting and if at such adjourned meeting a quorum is not present, the Unitholders present either in person or by proxy shall be deemed to constitute a quorum.

Every question submitted to a meeting, other than questions to be decided by Special Resolution, shall, unless a poll vote is demanded, be decided by a show of hands on which every person present and entitled to vote shall be entitled to one vote. On a poll vote at any meeting of Unitholders, each Unit shall entitle the holder thereof to one vote.

The Trust Indenture contains provisions as to the notice required and other procedures with respect to the calling and holding of meetings of Unitholders.

Information and Reports

The Administrator, will furnish to Unitholders, in accordance with applicable securities laws, all financial statements of the Trust (including quarterly and annual financial statements and certifications) and other reports as are from time to time

required by applicable law, including prescribed forms needed for the completion of Unitholder's tax returns under the Tax Act and equivalent provincial legislation.

Each voting Unitholder has the right to obtain, on demand and without fee, from the head office of the Trust a copy of the Trust Indenture and any amendments thereto, and will be entitled to examine a list of Unitholders, subject to providing an affidavit to the Administrator, as administrator of the Trust, similar to the affidavit required under the ABCA for a shareholder to obtain a list of shareholders.

Prior to each meeting of Unitholders, the Administrator, as administrator of the Trust, will provide to the Unitholders (along with notice of the meeting) all information, together with such certifications, as are required by applicable law and by the Trust Indenture to be provided to Unitholders.

Term of the Trust

The Trust has been established for a term ending 21 years after the date of death of the last surviving issue of Her Majesty, Queen Elizabeth II, alive on January 31, 2012. The termination or winding-up of the Trust may also be effected by passage of a Special Resolution authorizing the same.

Delegation to the Administrator

Under the terms of the Trust Indenture, the Trustee is authorized to delegate any of the powers and duties granted to it (to the extent not expressly prohibited by law or by the Trust Indenture) to any person as the Trustee may deem necessary or desirable. The Trustee has delegated many of its powers and duties to the Administrator, as administrator of the Trust, pursuant to the terms of the Administrative Services Agreement. Among other things, the Administrative Services Agreement will set forth all of the rights, restrictions and limitations (including, without limitation, limitations of liability and indemnification rights) which pertain to the performance by the Administrator of the duties delegated to it by the Trustee. Pursuant to the terms of the Trust Indenture, those rights, restrictions and limitations also apply in all respects to the Administrator, as administrator of the Trust, in the exercise and performance by it of all powers, duties and authorities conferred upon or delegated to the Administrator under the terms of the Trust Indenture. In the event of a termination of the Administrative Services Agreement, the Trustee will, until a successor administrator is appointed, perform the duties otherwise to have been performed by the Administrator under the Administrative Services Agreement and the Trust Indenture on the same terms and conditions as they were performed by the Administrator. See "Administrative Services Agreement". The Trust Indenture provides that the Trustee shall have no liability to any Unitholder as a result of the delegation by the Trustee of its powers and duties to the Administrator.

In performing the duties delegated to it, the Administrator must exercise its power and carry out its function honestly, in good faith and in the best interests of the Trust and will also be obligated to exercise that degree of care, diligence and skill as would be exercised, in Canada, by a reasonably prudent person having responsibilities of a similar nature to those under the Administrative Services Agreement in comparable circumstances. The Administrator Directors will be indemnified by the Trust in respect of their activities on behalf of the Trust, as referred to above, unless the Administrator Directors act in a manner which is fraudulent, grossly negligent or in willful default of their duties or have breached the terms and conditions of the Administrative Services Agreement.

Power of Attorney

Upon becoming a Unitholder, each Unitholder, pursuant to the terms of the Trust Indenture, grants to the Trustee, its successors and assigns, a power of attorney constituting the Trustee, with full power of substitution, as the true and lawful attorney of such Unitholder to act on his behalf, with full power and authority in his name, place and stead, to execute, swear to, acknowledge, deliver, make, file or record (and to take all requisite action in connection with such matters), when, as and where required: (i) the Trust Indenture and any other instrument required or desirable to qualify, continue and keep in good standing the Trust as a "mutual fund trust" under the Tax Act in all jurisdictions that the Trustee deems appropriate and to ensure that the Trust is not a "SIFT trust" under the Tax Act in all jurisdictions that the Trustee deems appropriate; (ii) any instrument, deed, agreement or document in connection with carrying on the affairs of the Trust as authorized in the Trust Indenture, including all conveyances, transfers and other documents required to facilitate any sale of Units or in connection with any disposition of Units required by the Trust Indenture; (iii) all conveyances, transfers and other documents required in connection with the dissolution, liquidation or termination of the Trust; (iv) any and all elections, determinations or designations whether jointly with third parties or otherwise, under the Tax Act or any other taxation or other legislation or similar laws of Canada or of any other jurisdiction in respect of the affairs of the Trust or of a Unitholder's interest in the Trust; (v) any instrument, certificate and other documents necessary or appropriate to reflect and give effect to any duly

authorized amendment to the Trust Indenture; and (vi) all transfers, conveyances and other documents required to facilitate the acquisition of Units or Other Trust Securities of non-tendering offerees in the event of a take-over bid.

Each Unitholder is agreeing that the power of attorney is, to the extent permitted by applicable law, irrevocable, is a power coupled with an interest, and shall survive the death, mental incompetence, disability and any subsequent legal incapacity of the Unitholder and shall survive the assignment by the Unitholder of all or part of the Unitholder's interest in the Trust and will extend to and bind the heirs, executors, administrators and other legal representatives and successors and assigns of the Unitholder. Each Unitholder agrees to be bound by any representations or actions made or taken by the Trustee pursuant to the power of attorney and waive any and all defenses which may be available to contest, negate or disaffirm any actions taken by the Trustee in good faith under the power of attorney.

DESCRIPTION OF CAN HOLDCO

General

Can Holdco is a corporation formed under the laws of the Province of Alberta on May 4, 2012. The sole shareholder of Can Holdco is the Trust. Can Holdco was created to form, acquire and hold all of the issued and outstanding US Opco Shares and to pass distributions from US Opco through to the Trust, to the extent possible.

Governance

The directors of Can Holdco are Eric Tremblay and Brian Prokop and the executive officers of Can Holdco are the same as the executive officers of the Administrator. See "Trustee, Directors and Management – Directors and Executive Officers of the Administrator".

Distributions

The dividends or return of capital of Can Holdco are amounts determined in the discretion of the Can Holdco board of directors, subject to applicable corporate law. The board of Can Holdco intends to make monthly cash distributions to the Trust so as to facilitate the Trust's monthly cash distributions to Unitholders.

DESCRIPTION OF US OPCO

General

US Opco is a corporation formed under the laws of the State of Delaware on May 4, 2012. The sole shareholder of US Opco is Can Holdco. US Opco was created to acquire, operate and manage long-life petroleum properties in the United States and to issue the US Opco Notes and pay interest thereon.

Governance

The directors of US Opco are John Elzner, Richard Louden and Brian Prokop and the executive officers of US Opco are John Elzner, Richard Louden, Brian Prokop and Sean Bovingdon. See "Trustee, Directors and Management – Directors and Executive Officers of the Administrator".

Distributions

The cash required to fund distributions to Unitholders will be funded from two sources: (i) distributions on US Opco Shares held by Can Holdco and then distributed to the Trust and; (ii) interest payments on the US Opco Notes. The dividends or return of capital of US Opco are amounts determined in the discretion of the US Opco board of directors, subject to applicable corporate law. The board of US Opco intends to make monthly cash distributions to Can Holdco so as to facilitate the Trust's monthly cash distributions to Unitholders.

The US Opco Notes

Following is a summary of the material attributes and characteristics of the US Opco Notes. This summary is qualified in its entirety by reference to the provisions of the US Opco Notes.

The US Opco Notes are initially issued to Can Holdco and are distributed by Can Holdco to the Trust concurrently with or immediately following such issuance.

Interest and Maturity

Except as described below, the US Opco Notes bear interest at the rate of 9.50%, payable monthly, in arrears, with such payment to be made within 23 days of the end of each month or such earlier date as the principal balance outstanding and all accrued and unpaid interest is payable by US Opco to the holder(s) of the US Opco Notes. The US Opco Notes mature ten years after issuance with principal payments amortized over ten years starting in the first year during which the US Opco Notes are outstanding. During the 10 year term of the US Opco Notes, US Opco will be permitted to repay all or any portion of the principal amount outstanding under the US Opco Notes at any time, together with accrued and unpaid interest and a make-whole amount calculated in accordance with the terms of the US Opco Notes.

Additional Covenant

The US Opco Notes shall require US Opco to ensure that the consolidated indebtedness of US Opco (including amounts outstanding under the Credit Facility) shall not exceed approximately 65% of the consolidated capitalization of US Opco. The terms of the US Opco Notes prohibit them from being distributed to the public.

Subordination/Security

Payment of the principal amount and interest on the US Opco Notes will be subordinated in right of payment to the prior payment in full of the principal of and accrued and unpaid interest on, and all other amounts owing in respect of all senior indebtedness, which will be defined as all indebtedness, liabilities and obligations of US Opco (other than trade payables) that, by the terms of the instrument creating or evidencing the same, is not expressed to rank in right of payment in subordination to or *pari passu* with the indebtedness evidenced by the US Opco Notes. The US Opco Notes shall rank *pari passu* with US Opco's trade payables. The US Opco Notes provides that upon any distribution of the assets of US Opco in the event of any dissolution, liquidation, reorganization or other similar proceedings relative to US Opco, the holders of all such senior indebtedness will be entitled to receive payment in full before the holder of a US Opco Note is entitled to receive any payment.

Default

The US Opco Notes provide that any of the following shall constitute an event of default: (i) default in payment of the principal of the US Opco Notes when the same becomes due and the continuation of such default for a period of ten business days; (ii) default in payment of any interest due on the US Opco Notes and continuation of such default for a period of 15 business days; (iii) default in the observance or performance of any other covenant or condition of the US Opco Notes and continuance of such default for a period of 30 days after notice in writing has been given by the holder of the US Opco Notes specifying such default and requiring the US Opco to rectify the same; (iv) if there occurs, with respect to any issue of indebtedness of US Opco having an outstanding principal amount of $10 million or more, an event of default that has caused the holder thereof to declare such indebtedness to be due and payable prior to its maturity and such indebtedness has not been discharged in full or such acceleration has not been rescinded or annulled within 30 days of such acceleration; and (v) certain events of dissolution, liquidation, reorganization or other similar proceedings relative to US Opco.

CREDIT FACILITY

US Opco's Credit Facility is comprised of a US$93,000,000 extendible revolving term credit facility and a US$2,000,000 extendible revolving operating facility, subject to a borrowing base of US$95,000,000. See "Material Contracts". A copy of the credit agreement and an amendment relating thereto is available under the Trust's issuer profile on www.sedar.com.

The Credit Facility provides generally for a semi-annual evaluation of the borrowing base, determined, among other things, based on the reserves of US Opco. In addition, the borrowing base may also be re-determined by the lenders in their discretion one additional time per calendar year. If at any time the aggregate principal amount outstanding under the Credit Facility exceeds the then applicable borrowing base (a "**Borrowing Base Shortfall**"), US Opco will be obligated to eliminate such Borrowing Base Shortfall within a 60 day period.

In connection with the Credit Facility, US Opco, the Trust and Can Holdco are required to satisfy certain customary affirmative and negative covenants. US Opco has the option to borrow under the Credit Facility using a base rate, a prime rate, a LIBOR option or a bankers' acceptance rate, as applicable. The margins above base rate, prime rate, LIBOR or bankers' acceptance rate, as applicable, for the Credit Facility are subject to a pricing grid based on the then applicable ratio of consolidated debt to EBITDA (the "**Margin Ratio**"). Documentation for the Credit Facility also provides for an issuance

fee on the outstanding amount of the letters of credit equal to the margin applicable to LIBOR loans (subject to a reduction in fees for non-financial letters of credit). In connection with the Credit Facility, US Opco pays each lender a standby fee calculated on the unused amount of such lender's commitment at a percentage based on the applicable Margin Ratio.

US Opco may borrow under the Credit Facility in both U.S. and Canadian dollars. The Credit Facility revolves until August 10, 2013**,** at which time it shall be extendible for revolving periods of up to 364-days, subject to the consent of the lenders holding at least $66^{2}/_{3}$% of the Credit Facility. In the event the Credit Facility is not extended, US Opco would be required to repay all amounts outstanding under the Credit Facility on the 366th-day following the last day of any revolving period.

The Credit Facility is secured by a first priority security interest on substantially all of the property and assets of US Opco, including all of its oil and natural gas properties, and substantially all of the property and assets of the Trust and Can Holdco, including the interest in US Opco held by Can Holdco and is guaranteed by the Trust and Can Holdco.

The documentation for the Credit Facility provides for customary negative covenants which, among other things, may limit US Opco, the Trust and Can Holdco from making distributions of cash flow to their shareholders, noteholders or unitholders in certain circumstances. The documentation for the Credit Facility provides, among other things, that the aggregate distributions of US Opco plus net mandatory capital expenditures in any 12 month period shall not exceed 115% of the aggregate available cash flow of US Opco for such preceding 12 month period, after taking account of the acquisition of the Assets. Distributions will not be permitted unless amounts outstanding under the Credit Facility are less than 90% of the commitment amounts both before and after giving effect to any such distributions. The documentation for the Credit Facility also includes other customary restrictive covenants including limitations on indebtedness, liens, contingent obligations, dispositions, and mergers, consolidations, liquidations and dissolutions. A failure to comply with any of the affirmative and negative covenants would result in an event of default which, if not cured or waived, would permit acceleration of the indebtedness pursuant to the Credit Facility. Non-compliance with the terms of the covenants under the Credit Facility could adversely impact the distributable cash of the Trust. See "Risk Factors".

MARKET FOR THE TRUST'S SECURITIES

Price Range and Trading Volume of Units

The Units are listed and posted for trading on the TSX under the trading symbol "AET.UN". The following table sets forth the price range and trading volumes for the Units on the TSX from the date of the closing of the IPO to the date immediately before the date of this annual information form.

	Units		
Period	**High**	**Low**	**Volume**
	($)	**($)**	
2012			
August 10 – 31[(1)]	10.15	9.85	3,223,897
September	10.70	10.00	2,352,401
October	10.67	9.76	5,997,383
November	9.99	8.95	2,210,367
December	9.80	9.13	3,322,912
2013			
January	10.05	9.21	4,236,038
February	10.07	9.71	1,988,066
March 1	10.00	9.93	158,111

Note:

(1) The Units commenced trading on the TSX on August 10, 2012.

Prior Sales

The following tables provide details regarding all Units and all securities that are convertible into Units that have been issued by the Trust since its formation on January 31, 2012.

Units

Date of Issuance	Securities	Number of Securities	Price per Unit
2012			
February 3, 2012	Units[(1)]	153,000	$5.00
February 13, 2012	Units[(1)]	220,000	$5.00
February 27, 2012	Units[(1)]	217,000	$5.00
February 29, 2012	Units[(1)]	10,000	$5.00
August 10, 2012	Units[(2)]	21,230,000	$10.00
August 28, 2012	Units[(3)]	3,184,500	$10.00
October 25, 2012	Units[(4)]	12,650,000	$10.00
November 23, 2012	Units[(5)]	10,829	$9.31
December 24, 2012	Units[(5)]	7,657	$8.99
December 28, 2012	Units[(6)]	10,755,000	$9.30
2013			
January 23, 2013	Units[(5)]	11,812	$9.37
February 25, 2013	Units[(5)]	20,805	$9.56

Note:

(1) Represents Units issued pursuant to the Initial Private Placements.
(2) Represents Units issued pursuant to the IPO.
(3) Represents Units issued on the exercise of the over-allotment option granted to the underwriters in connection with the IPO.
(4) Represents Units issued pursuant to the Trust EQ Offering, including Units issued on the exercise in full of the over-allotment option granted to the underwriters in connection with the Trust EQ Offering.
(5) Represents Units issued pursuant to the DRIP.
(6) Represents Units pursuant to the Trust Wapiti Offering.

RTUs

Date of Issuance/Ratification	Number of RTUs	Exercise Price of RTUs ($)
August 10, 2012	614,000	$10.00
February 1, 2013	16,000	$10.00
February 14, 2013	245,056	$10.00

TRUSTEES, DIRECTORS AND MANAGEMENT

The Trust

Computershare has been appointed as the trustee of the Trust and will continue in office until replaced by the Unitholders. Pursuant to the terms of the Administrative Services Agreement, the Trustee has delegated a number of the management, administrative and governance duties relating to the Trust to the Administrator. As a result, the Administrator Directors fulfill the majority of the oversight and governance role for the Trust, with the balance of those duties remaining with the Trustee. See "Administration of the Trust – Administrative Services Agreement". In addition, the Trust and the Administrator have entered into the Services Agreement with Aston Hill, pursuant to which Aston Hill provides certain technical and administrative services that may be required by the Administrator, on behalf of the Trust. See "Administration of the Trust – Services Agreement with Aston Hill".

Can Holdco

Can Holdco is wholly-owned by the Trust. Its sole functions will be to own all of the issued and outstanding US Opco Shares and receive distributions on such shares, to acquire the US Opco Notes and distribute such notes to the Trust, and to make distributions to the Trust, to the extent possible. The directors of Can Holdco are Eric Tremblay and Brian Prokop and

the executive officers of Can Holdco are the same as the executive officers of the Administrator. See "Description of Can Holdco".

US Opco

US Opco is wholly-owned by Can Holdco. Its function will be to acquire, operate and manage long-life petroleum properties in the United States, to pay interest to the Trust on the US Opco Notes, and to declare and pay dividends to Can Holdco. The directors of US Opco are John Elzner, Richard Louden and Brian Prokop and the executive officers of US Opco are John Elzner, Richard Louden, Brian Prokop and Sean Bovingdon. See "Description of US Opco".

The Administrator

The Administrator is wholly-owned by the Administrator Shareholder. Under the terms of the Administrative Services Agreement, the Administrator has certain management, administrative and governance duties with respect to the Trust. The Administrator performs its services pursuant to the Administrative Services Agreement on a cost recovery basis.

The number of the Administrator Directors is be fixed at seven until such time as the Administrator Directors pass a resolution to fix the number of the Administrator Directors at a new number. The Voting Agreement provides that Unitholders will be entitled, among other things, to elect all of the Administrator Directors. See "Voting Agreement".

Directors and Executive Officers of the Administrator

The following table provides the names and municipalities of residence of the executive officers of the Administrator and the Administrator Directors, as well as their offices held with the Administrator as at the date of this annual information form, the date they were first appointed as executive officers of the Administrator or Administrator Directors and their principal occupation. Messrs. Tremblay, Prokop and Bovingdon are employed by Aston Hill pursuant to the Services Agreement and Messrs. Louden and Elzner are employed by US Opco. Other than Mr. Tremblay, each of the executive officers are employed on a full-time basis and will devote 100% of their time to the business and affairs of the Argent Group. See "Administration of the Trust – Services Agreement with Aston Hill".

Name, Province and Country of Residence	Current Positions and Offices Held	Principal Occupation	Director or Officer Since
Brian Prokop Alberta, Canada	Director and Chief Executive Officer	Chief Executive Officer of the Administrator.	August 5, 2011
Richard Louden[(1)] Texas, United States	Director and President	President of the Administrator.	May 4, 2012
Sean Bovingdon Alberta, Canada	Chief Financial Officer	Chief Financial Officer of the Administrator.	August 5, 2011
John Elzner Texas, United States	Senior Vice-President	Senior Vice-President of the Administrator.	May 4, 2012
Eric Tremblay Alberta, Canada	Director and Executive Chairman of the Board	Executive Chairman of the Administrator, Chief Executive Officer of Aston Hill Financial Inc. (an asset management company).	June 9, 2011
John Brussa[(2)] Alberta, Canada	Director	Partner, Burnet, Duckworth & Palmer LLP (a law firm).	August 5, 2011
Scott Butler[(2)(3)] Ontario, Canada	Director	Corporate Director.	August 5, 2011
William D. Robertson[(1)(3)] Alberta, Canada	Director	Corporate Director.	August 5, 2011
Glen C. Schmidt[(1)(3)] Alberta, Canada	Director	President & Chief Executive Officer of Laricina Energy Ltd. (an oil sands company).	August 5, 2011

Notes:

(1) Member of the Reserves & Environment, Health & Safety Committee. Mr. Schmidt is the Chairman of the Reserves & Environment, Health & Safety Committee.

(2) Member of the Governance, Nomination & Compensation Committee. Mr. Brussa is the Chairman of the Governance, Nomination & Compensation Committee.

(3) Member of Audit Committee. Mr. Robertson is the Chairman of the Audit Committee.

The term of office of all Administrator Directors will expire at each annual meeting of Unitholders of the Trust or at the time at which his or her successor is elected or appointed, or earlier if any Administrator Director otherwise dies, resigns, is removed or is disqualified. Pursuant to the Voting Agreement, the Administrator Shareholder is to elect the Administrator Directors as directed by the Unitholders immediately following each annual meeting of Unitholders of the Trust. Each director will devote the amount of time as is required to fulfill their obligations to the Administrator.

Messrs. Tremblay, Prokop and Bovingdon are executive officers of the Administrator and are employed by Aston Hill in accordance with the terms of the Services Agreement. The Administrator's officers will serve at the discretion of the Administrator Directors.

Directors' and Executive Officers' Biographical Information

The following are brief profiles of each of the executive officers and directors of the Administrator, which includes a description of their present occupation and their principal occupations for the past five years.

Brian Prokop, Director and Chief Executive Officer

Mr. Prokop is the Chief Executive Officer and a director of the Administrator and was appointed to such office in August of 2011. Mr. Prokop has over 28 years of operational and financial experience in the oil and gas industry, at both banking institutions and corporations. Mr. Prokop is employed by Aston Hill and provides his services to the Administrator pursuant to the Services Agreement. Prior to his appointment as the Chief Executive Officer of the Administrator, Mr. Prokop had been the Vice President, Capital Markets of Daylight Energy Ltd. (an oil and gas company) until June 2011. Previously he served as Director, Institutional Equity Sales, Energy Specialist at National Bank Financial from December of 2007 to April of 2010 establishing the Calgary Institutional Sales Desk, prior to which he served as Vice President, Oil and Gas Specialist, Institutional Equity Sales at Canaccord Capital Corporation from May of 2005 to November of 2007 dealing with North American and European institutions with a specific emphasis on energy companies and royalty trusts. Prior thereto, Mr. Prokop was a sell-side analyst providing Canadian and U.S. equity and income trust coverage, and macroeconomic industry analysis. Mr. Prokop has also held executive technical and financial roles with Talisman Energy Inc. and Shell Canada Ltd. Mr. Prokop has a Bachelor of Science (Geological Engineering) from the University of Manitoba, a Master of Business Administration from the University of Calgary, and is a Chartered Financial Analyst. Mr. Prokop received the designation of a Professional Engineer in 1986.

Richard Louden, Director and President

Mr. Louden is the current President of the Administrator and was appointed to such office in May 2012, prior to his appointment as the President of the Administrator, he served as the President and Chief Executive Officer of Denali for 9 years. Mr. Louden has over 30 years of operation and management experience. Prior to joining Denali, Mr. Louden held senior positions with El Paso Corporation, Coastal Corporation, Union Texas Petroleum Holdings, Inc. and Amoco Corporation. Mr. Louden graduated from Louisiana Tech University in 1978 with a Bachelor of Science degree in Mechanical Engineering.

John Elzner, Senior Vice-President

Mr. Elzner has over 31 years of experience in the international oil and gas industry. He has served as the Senior Vice President of Denali for eight years, overseeing all matters of business development, land, legal and marketing, including direction and execution for all acquisitions and divestitures. Prior to joining Denali, Mr. Elzner served in various senior executive positions for Coastal Corporation and El Paso Corporation, most recently therein as Senior Vice President of South American E&P Operations for El Paso. He graduated in 1978 with a MSc from Texas A&M University.

Eric Tremblay, Director and Executive Chairman

Mr. Tremblay is the Chief Executive Officer of Aston Hill Financial Inc. (an asset management company) since December 2006 and Chief Executive Officer of Catapult Energy 2008 Inc., a wholly-owned subsidiary of Aston Hill and the

General Partner of Catapult Energy 2008 FTS Limited Partnership (a non-redeemable investment fund) since August 19, 2008. He has over 18 years of executive experience acquiring, producing and developing oil & gas assets in Canada and the U.S. Mr. Tremblay served as Senior Vice President, Capital Markets of Enerplus Resources Fund (an oil and gas income trust) from September 2000 to June 2006 and was a Director from April 2000 until April 2005. Mr. Tremblay had served as Senior Vice President, Corporate Development of Enerplus Resources Fund since January 2000 and prior thereto was Vice President, Corporate Development of Enerplus Resources Fund. Mr. Tremblay has also held positions with British Petroleum p.l.c., Canadair Ltd. (a subsidiary of Bombardier Inc.) and the Boeing Company. Mr. Tremblay graduated in 1989 from Ryerson University in Toronto with a Bachelor of Engineering degree in Aerospace Engineering.

John Brussa, Director

Mr. Brussa is a senior partner and head of the Tax Department at the law firm of Burnet, Duckworth & Palmer LLP. He has been a partner since 1987 and has worked at the firm since 1981. Mr. Brussa's current practice includes structured finance, taxation of international energy operations, corporate and income trust restructuring and reorganization, dispute resolution and acquisitions and divestitures. Mr. Brussa has lectured extensively to the Canadian Tax Foundation, the Canadian Institute, the Canadian Petroleum Tax Society and Insight. Mr. Brussa is also a director of a number of energy and energy-related corporations and is a member and former Governor of the Executive Committee of the Canadian Tax Foundation. Mr. Brussa attended the University of Windsor and received his Bachelor of Arts in History and Economics in 1978 and his Bachelor of Laws in 1981.

Scott Butler, Director

Mr. Butler's career includes over 20 years in the investment banking industry. Mr. Butler has extensive experience raising capital, notably for royalty trusts and companies in the oil and gas sector, including serving as Managing Director at CIBC World Markets Inc. where he worked for 14 years until his retirement in August of 2006. Mr. Butler attended Concordia University and received his Bachelor of Arts in 1976.

William D. Robertson, Director

Mr. Robertson is a Fellow Chartered Accountant and was formerly the lead oil and gas specialist at PricewaterhouseCoopers LLP in Calgary, Alberta. After a 36 year career with PricewaterhouseCoopers LLP, Mr. Robertson retired from practice in 2002. Prior to this, he served on the CIM Petroleum Society Standing Committee on Reserve Definitions, as well as a number of other committees overseeing the practice of accounting in Alberta. Mr. Robertson graduated with a Bachelor of Commerce degree from the University of Alberta.

Glen C. Schmidt, Director

Mr. Schmidt is currently President and Chief Executive Officer of Laricina Energy Ltd. and has held his position since 2005. Prior to his current position he was President, Chief Executive Officer and director of Deer Creek Energy Limited since 2001. Mr. Schmidt has 30 years of oil and gas experience with more than 20 years at the executive level. Formerly, Mr. Schmidt was President of Torex Resources Ltd. and Pioneer Natural Resources Canada Inc. and was previously the Vice President Canada at Chauvco Resources Ltd. and Vice President Production and Engineering at Mark Resources Inc. Mr. Schmidt holds both a Master of Business Administration and Bachelor of Science in Chemical Engineering (with Distinction) from the University of Calgary and is a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta.

Security Ownership by Directors and Officers

As a group, the Administrator Directors and executive officers of the Administrator beneficially own or exercise control or direction over, directly or indirectly, 280,310 Units, representing approximately 0.6% of the issued and outstanding Units as at the date of this annual information form

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

To the knowledge of the Administrator, except as described under the heading "Trustee, Directors and Management – Cease Trade Orders, Bankruptcies, Penalties or Sanctions – Bankruptcies", no director or executive officer of the Administrator (nor any personal holding company of any of such persons) is, as of the date of this annual information form, or was within ten years before the date of this annual information form, a director, chief executive officer or chief financial officer of any company (including the Administrator), that: (a) was subject to a cease trade order (including a management

cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**"), that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

To the knowledge of the Administrator, other than as disclosed herein, no director or executive officer of the Administrator (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Administrator to affect materially the control of the Administrator: (a) is, as of the date of this annual information form, or has been within the ten years before the date of this annual information form, a director or executive officer of any company (including the Administrator) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the ten years before the date of this annual information form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Mr. Bovingdon was a director and the acting Chief Financial Officer of Elite Technical Inc., a manufacturing company that was listed on the TSX Venture Exchange, which was put into receivership and declared bankruptcy in November 2005. Elite Technical Inc. was subsequently made subject to a cease trade order by the Alberta Securities Commission and the British Columbia Securities Commission for failing to file interim and annual financial statements.

Mr. Brussa was a director of Imperial Metals Limited, a corporation engaged in both oil and natural gas and mining operations, in the year prior to that corporation implementing a plan of arrangement under the *Company Act* (British Columbia) and under the *Companies' Creditors Arrangement Act* (Canada) which resulted in the separation of its two businesses. The reorganization resulted in the creation of two public corporations, Imperial Metals Corporation and IEI Energy Inc. (subsequently Rider Resources Ltd.), both of which were traded on the TSX following the reorganization.

Penalties or Sanctions

To the knowledge of the Administrator, other than as disclosed herein, no director or executive officer of the Administrator (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Administrator to affect materially the control of the Administrator, has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Certain officers and directors of the Administrator are also officers and/or directors of other companies engaged in the oil and natural gas business generally. As a result, situations may arise where the duties of such directors and officers of the Administrator conflict with their interests as directors and officers of other companies. In addition, Messrs. Tremblay, Prokop and Bovingdon are each directors and/or officers of the Administrator and are also directors, officers and/or employees of Aston Hill. The Administrator will be reliant to a significant degree on Aston Hill for certain technical and administrative services pursuant to the Services Agreement. As a result, situations may arise where the duties of certain officers and directors of the Administrator conflict with their interests as directors, officers and/or employees of Aston Hill. The resolution of such conflicts is governed by applicable corporate laws, which require that directors and officers act honestly, in good faith and with a view to the best interests of the Administrator and in the case of conflicts between the Trust, the Administrator and Aston Hill such will be dealt with in accordance with the Services Agreement and the ABCA and, in certain circumstances could result in the termination of the Services Agreement by the Administrator. See "Administration of the Trust – Services Agreement with Aston Hill". The ABCA provides that in the event that a director or officer has an interest in a contract or proposed contract or agreement, the director or officer shall disclose his interest in such contract or agreement and, in the case of a director, shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA. Management is not aware of any existing or potential material conflicts of interest between the Administrator, the Trust or a subsidiary of the Trust and a director or officer of the Administrator.

Insurance Coverage and Indemnification

The Administrator obtained a policy of insurance for the Administrator Directors, officers of the Administrator and the directors and officers of Can Holdco and US Opco. Under the policy, each entity has reimbursement coverage to the extent that it has indemnified the directors and officers. The policy includes securities claims coverage, insuring against any legal obligation to pay on account of any securities claims brought against the Trust, the Administrator, Can Holdco, US Opco and any of their respective subsidiaries and their respective trustees, directors and officers. The total limit of liability is shared among the Trust, the Administrator, Can Holdco and US Opco and their respective subsidiaries and their respective trustees, directors and officers so that the limit of liability will not be exclusive to any one of the entities or their respective trustees, directors and officers.

The by-laws of the Administrator, Can Holdco and US Opco provide for the indemnification of its directors and officers from and against liability and costs in respect of any action or suit brought against them in connection with the execution of their duties of office, subject to certain limitations. The Trust Indenture also provides for the indemnification of the Administrator Directors from and against liability and costs in respect of any action or suit brought against them in connection with the execution of their duties of office, subject to certain limitations.

Under the Administrative Services Agreement, the Administrator, its affiliates and associates and any person who is serving or shall have served as a director, officer, employee or agent of the Administrator, Can Holdco or US Opco, or of their respective affiliates or associates, will be indemnified by the Trust in respect of such activities undertaken on its behalf unless the claim arises from the fraud, willful misconduct, gross negligence or breach of the standard of care required under the Administrative Services Agreement of the person claiming indemnification.

AUDIT COMMITTEE DISCLOSURES

Audit Committee

The written charter for the Audit Committee is attached as Schedule "C" of this annual information form.

Composition of the Audit Committee

The Audit Committee is comprised of William D. Robertson, as Chairman, and Scott Butler and Glen C. Schmidt, all of whom are independent and financially literate for purposes of NI 52-110.

The committee's primary role is to assist the Board in fulfilling its oversight responsibilities regarding the integrity, accuracy and completeness of the Trust's consolidated financial statements and related management discussion and analysis, the design and implementation of an effective system of internal financial controls and disclosure controls and procedures for the Argent Group; the selection (subject to approval by Unitholders), engagement, and monitoring of the activities of the Trust's external auditor and the Argent Group's risk management strategy; the Argent Group's compliance with legal, statutory and regulatory requirements as they relate to financial statements and taxation matters; and any additional duties delegated to it by the Board.

Relevant Education and Experience

The Trust believes that each of the members of the Audit Committee possesses: (i) an understanding of the accounting principles used by the Trust to prepare its financial statements; (ii) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Trust's financial statements, or experience actively supervising one or more individuals engaged in such activities; and (iv) an understanding of internal controls and procedures for financial reporting. For a summary of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee, see "Trustee, Directors and Management – Directors and Executive Officers Biographical Information".

Reliance on Certain Exemptions

Since the commencement of the Trust's most recently completed financial year has the Trust relied on any exemption in Sections 2.4 (De Minimis Non-audit Services), 3.2 (Initial Public Offerings), 3.3(2) (Controlled Companies), 3.4 (Events Outside Control of Member), 3.5 (Death, Disability or Resignation of Audit Committee Member), 3.6 (Temporary

Exemption for Limited and Exceptional Circumstances) or 3.8 (Acquisition of Financial Literacy) of NI 52-110, or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee will pre-approve, in accordance with applicable law, any non-audit services to be provided to the Trust by the external auditor, with reference to compatibility of the service with the external auditors' independence and, where appropriate, delegate to one or more members of the Audit Committee the authority to grant pre-approvals of non-audit services with the members of the Audit Committee being informed of any such pre-approvals at the next regularly scheduled meeting of the Audit Committee; and

Principal Accountant Fees and Services

The following table provides information about the fees billed to the Trust for professional services rendered by PricewaterhouseCoopers LLP:

(Cdn$)	2012
Audit Fees[(1)]	80,000
Audit –Related Fees[(2)]	15,000
Tax Fees[(3)]	385,500
All Other Fees[(4)]	410,598

Note:

(1) Audit fees consist of fees for the audit of the Corporation's annual financial statements or services that are normally provided in connection with statutory and regulatory filings or engagements.

(2) Audit-related fees consist of fees for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not reported as Audit Fees. During fiscal 2012 and 2011 the services provided in this category included review of quarterly financial statements.

(3) Tax fees consist of fees for tax compliance services, tax advice and tax planning.

(4) During fiscal 2012 and 2011, the services provided in this category included information circular review, prospectus review and review and discussion of IFRS position papers.

ADMINISTRATION OF THE TRUST

Administrative Services Agreement

The following is a summary of the material terms of the Administrative Services Agreement pursuant to which the Trustee has delegated to the Administrator responsibility for the general administration of the affairs of the Trust. The description below is qualified by reference to the text thereof. See "Material Contracts".

The Administrator provides administrative services to the Trust. These arrangements are set forth in the Administrative Services Agreement. In exercising its powers and discharging its duties under the Administrative Services Agreement, the Administrator is required to act honestly, in good faith and in the best interests of the Trust and exercise the degree of care, diligence and skill that a reasonably prudent administrator having responsibility for services similar to the Administrative Services (as defined below) would exercise in comparable circumstances.

Pursuant to the Administrative Services Agreement, the Administrator, on an exclusive basis, performs or procure all administrative, operational and investment services as may be required to administer the operations of the Trust, other than the excluded services described below (the "**Excluded Services**").

The services the Administrator provides to the Trust (the "**Administrative Services**") shall be in addition to the Indenture Conferred Duties (as defined in the Trust Indenture). The services provided under the Administrative Services Agreement include the following: (i) preparing all returns, filings and other documents and taking all other actions necessary to discharge the Trustee's obligations under the Trust Indenture; (ii) assisting with the calculation of distributions to Unitholders, withholding all amounts required by applicable tax law, and making the remittances and filings in connection with such withholdings; (iii) providing investor relations services; (iv) performing all services in connection with acquiring or disposing of assets and property; (v) establishing, and implementing and amending distribution reinvestment plans, Unit purchase plans and incentive option or other compensation plans; (vi) calling and holding all annual and/or special meetings of Unitholders pursuant to the Trust Indenture and preparing, approving and arranging for the distribution of all materials including notices of meetings and information circulars in respect thereof; (vii) preparing and causing to be provided to

Unitholders on a timely basis all information to which Unitholders are entitled under the Trust Indenture and under applicable laws; (viii) engaging and overseeing third party providers of services to the Trust in connection with provision of Administrative Services; (ix) monitoring the Trust's status as a "mutual fund trust" and a "unit trust" within the meaning of Tax Act and providing the Trustee with written notice when the Trust ceases or is at risk of ceasing to be such a unit trust or such a mutual fund trust; (x) monitoring the Trust's investment and holding in or of property to ensure that the Trust (A) is not at any time a SIFT trust, and (B) does not hold any "non-portfolio property" as defined in the Tax Act; (xi) monitoring the investments of the Trust to ensure that they comply with the investment restrictions in the Trust Indenture; (xii) monitoring the status of the Trust to ensure the Units are a "qualified investment" for a Registered Plan, and providing the Trustee with written notice when the Units cease, or are at risk of ceasing, to so qualify; (xiii) monitoring the Trust's compliance with subsection 132(7) of the Tax Act and Section 3.8 of the Trust Indenture; (xiv) undertaking, performing and providing for and on behalf of the Trust, all acts, duties and responsibilities necessary or desirable in connection with, or for completion of, any sale of securities of the Trust from time to time; (xv) delegating to and overseeing US Opco in connection with the day to day operational services and management of the Trust's subsidiaries' oil and gas business; and (xvi) providing all other services as may be necessary, or requested by the Trustee, for the administration of the Trust.

The Excluded Services include the following: (i) the issue, certification, exchange or cancellation of Units; (ii) the maintenance of registers of Unitholders; (iii) making the distribution of payments or property to Unitholders and statements in respect thereof; (iv) any mailings to Unitholders; (v) executing any amendment to the Trust Indenture or any amended and restated Trust Indenture following any amendment thereto; (vi) voting securities owned by the Trust at any and all meetings of holders of such securities, or exercising any rights to pass resolutions in lieu of securityholder meetings; and (vii) any matters ancillary or incidental to any of those set forth in (i) through (vi) immediately above.

Fees and Expenses

Under the Administrative Services Agreement, the Administrator will receive no fees in consideration of the services it provides as Administrator of the Trust. The Administrator will be entitled to the reimbursement of all costs and expenses reasonably incurred by the Administrator in carrying out its obligations and duties under the Administrative Services Agreement, including costs and expenses incurred by the Administrator under the Services Agreement with Aston Hill.

Reliance, Limitation of Liability and Indemnification

The Administrative Services Agreement provides that, in carrying out the Administrative Services, the Administrator and its delegates will be entitled to rely on: (a) statements of fact of other persons (any of which may be persons with whom the Administrator is affiliated or associated) who are considered by the Administrator to be knowledgeable of such facts, provided that the Administrator has satisfied its standard of care under the Administrative Services Agreement in making the assessment as to whether such persons are knowledgeable of such facts (each, a "**Knowledgeable Person**"); and (b) statements from, the opinion or advice of, or information from any solicitor, auditor, valuator, financial advisor, engineer, surveyor, appraiser or other expert selected by the Administrator ("**Experts**"), provided that the Administrator has satisfied its standard of care under the Administrative Services Agreement in selecting such Expert to provide such statements, opinion, advice or information.

The Administrative Services Agreement provides that the Administrator, its affiliates and associates and any of their respective directors, officers, employees, contractors and agents (collectively, the "**Administrator Service Providers**"), will not, either directly or indirectly, be liable, answerable or accountable to the Trust, the Trustee or any beneficiary for: (i) any loss or damage resulting from, incidental to or relating to the performance or non-performance of the Administrative Services by any of the Administrator Service Providers, or any act or omission believed by an Administrator Service Provider to be within the scope of authority conferred thereon by the Administrative Services Agreement or the Trust Indenture, unless such loss or damage resulted from the fraud, willful misconduct or gross negligence of a Administrator Service Provider in which case the benefit of this limitation will not apply to such Administrator Service Providers; (ii) any loss or damage resulting from the performance or non-performance of the Administrative Services by any of the Administrator Service Providers, where such loss or damage is attributable to acting in accordance with the instructions of the Trustee, provided that the Administrator Service Providers will bear, on a several basis, their proportionate share of liability in the event of joint or contributory liability with the Trustee; (iii) any loss or damage resulting from any act or omission by any of the Administrator Service Providers, provided that such act or omission is based upon the Administrator Service Provider's reliance on (A) statements of fact of Knowledgeable Persons (excluding persons with whom the Administrator is affiliated); or (B) the opinion or advice of or information obtained from any Expert; and (iv) any damage, injury or loss of an indirect or consequential nature, including loss of profits, suffered by the Trust, the Trustee or any beneficiary, or any of their respective affiliates, which is in any way connected with the activities, investments or affairs of the Trust or the performance or non-performance of the Administrative Services or any other aspect of the Administrative Services Agreement or the Trust Indenture.

The Administrative Services Agreement provides that the Administrator, its affiliates, associates and any person who is serving or shall have served as a director, officer, employee or agent of the Administrator, Can Holdco or US Opco, or of their respective affiliates or associates and any respective heirs, legal representatives and successors of the foregoing (collectively the "**Administrator Indemnitees**"), will be indemnified out of the Trust's property from and against all losses, claims, damages, liabilities, obligations, costs and expenses (including judgments, fines, penalties, amounts paid in settlement (with the approval of the Trustee, acting reasonably), legal fees and disbursements) ("**Claims**") incurred by, borne by or asserted against any of the Administrator Indemnitees and which in any way arise from or relate in any manner to the Administrative Services Agreement, the Trust Indenture, or the performance or non-performance of the Administrative Services, unless such Claims arise from the fraud, willful misconduct, gross negligence or breach of the terms and conditions of the Administrative Services Agreement, of any of the Administrator Indemnitees, provided that in such case only the Administrator Indemnitee guilty of the same will lose its right of indemnity as long as such Administrator Indemnitee was delegated its responsibility in accordance with the Administrator's standard of care under the Administrative Services Agreement.

The Administrative Services Agreement further provides that, subject to limitations on liability of the Administrator described above, the Trust, the Trustee and any person who is serving or shall have served as a director, officer or employee of the Trustee and any respective heirs, legal representatives and successors of the foregoing (the "**Trust Indemnitees**") will be indemnified by the Administrator from and against all losses, claims, damages, liabilities, obligations, costs and expenses (including judgments, fines, penalties, amounts paid in settlement (with the approval of the Administrator, acting reasonably), legal fees and disbursements) ("**Trust Claims**") incurred by, borne by or asserted against any of the Trust Indemnitees and which arise from the fraud, willful misconduct or gross negligence of the Administrator in the performance of the Administrative Services, unless such Trust Claims arise from the fraud, willful misconduct or gross negligence on the part of a Trust Indemnitee, or are attributable to actions undertaken on the specific instructions of the Trustee.

Term and Termination

The Administrative Services Agreement has an initial term to December 31, 2012 and will be automatically renewable for additional successive terms of one year unless terminated by the Administrator on prior written notice which is provided at least 30 days before the expiry of the initial term or any renewal term. The Administrative Services Agreement also provides that it may, by written notice given by one party to the other, be immediately terminated in the event of: (i) certain events of bankruptcy, insolvency, receivership or liquidation of the other party; or (ii) a breach by the other party in the performance of a material obligation, covenant or responsibility under the agreement (other than as a result of the occurrence of a force majeure event) which is not remedied, or when not reasonably capable of being remedied within 60 days, such party nonetheless fails to commence and diligently pursue steps to remedy such default, within 60 days after notice of such breach has been delivered; provided that, prior to the Trust or any of its affiliates (as applicable) being entitled to terminate the Administrative Services Agreement for breach by the Administrator of performance of a material obligation, receipt of approval of the Unitholders by Ordinary Resolution must be obtained authorizing such termination.

A change of control (as such term is defined in the Administrative Services Agreement) of the Administrator will require the prior consent of the Unitholders by Ordinary Resolution, provided that the shares of the Administrator may be transferred in compliance with the terms and conditions of the Voting Agreement without the prior consent of the Unitholders. The Administrative Services Agreement will permit the Administrator to delegate its responsibilities, but no such delegation will relieve the Administrator of its responsibility for ensuring the performance of the Administrative Services unless otherwise agreed by the Trustee in writing.

Services Agreement with Aston Hill

The following is a summary of the material terms of the Services Agreement pursuant to which Aston Hill provides certain technical and administrative services to the Trust. The description below is qualified by reference to the text thereof. See "Material Contracts".

The Trust and the Administrator have entered into the Services Agreement with Aston Hill, pursuant to which Aston Hill, on a non-exclusive basis, provides or procures certain technical and administrative services that are or may be required for the Administrator to perform its duties and satisfy its obligations pursuant to the Administrative Services Agreement. Such services include the provision of certain staff required by the Administrator; office space, furniture and day-to-day office supplies and services; accounting, payroll, information technology and the maintenance of books and records; and assistance with all continuous disclosure obligations of the Trust. The Services Agreement also provides for the provision of services by Eric Tremblay, Brian Prokop and Sean Bovingdon, the Executive Chairman, Chief Executive Officer and Chief Financial Officer of the Administrator, respectively. Messrs. Tremblay, Prokop and Bovingdon are employees of Aston Hill. Mr. Tremblay will discharge his duties as an Administrator Director and Messrs. Prokop and Bovingdon devote 100% of

their time to the Argent Group in their roles as Chief Executive Officer and Chief Financial Officer of the Administrator, respectively. US Opco employs all of the other executive officers of the Administrator and the employees needed to operate the business of US Opco and the services performed by such individuals do not form part of the services being provided by Aston Hill pursuant to the Services Agreement.

Aston Hill, the sole shareholder of the Administrator Shareholder, is an asset management company that offers its clients expertise in several areas including managing institutional private equity energy investments, which includes the purchase, development and sale of oil and gas properties; and fund management and portfolio advisory of mutual funds, closed end funds and hedge funds tailored to income, energy and other sectors. Aston Hill conducts business essentially along two distinct lines: (i) oil and gas property management, for which there are three full-time personnel engaged with technical and financial expertise specific to the oil and gas industry; and (ii) financial portfolio management and advisory services, for which there are 53 employees engaged. Aston Hill's multidisciplinary team includes a management team with significant expertise in equity, income trust, royalty trust, fixed income, credit and alternative investment management.

Executive Compensation and Employment Matters

The executive officers of the Administrator are Eric Tremblay (Executive Chairman), Brian Prokop (Chief Executive Officer), Richard Louden (President), Sean Bovingdon (Chief Financial Officer), and John Elzner (Senior Vice-President). The Services Agreement provided for the initial salaries and benefits of Messrs. Tremblay, Prokop and Bovingdon for the period ended December 31, 2012 (calculated and paid on a *pro rata* basis for the 11 month period from February 1, 2012 to December 31, 2012). The salaries and benefits for Messrs. Tremblay and Bovingdon will be reviewed and determined annually beginning in 2013, and bonuses will be reviewed and determined annually beginning with the bonus for the 2012 calendar year, by Aston Hill, subject to the recommendation and approval of the Governance, Nomination & Compensation Committee, which Aston Hill shall comply with. The salary and benefits for Mr. Prokop will be reviewed and determined annually beginning in 2013, and bonuses will be reviewed and determined annually beginning with the bonus for the 2012 calendar year, by Aston Hill, subject to the recommendation and approval of the Board on the recommendation of the Governance, Nomination & Compensation Committee, which Aston Hill shall comply with.

The Board may, in its sole discretion, remove any officer of the Administrator (including any officer whose services are provided pursuant to the Services Agreement and who has been designated as an officer of the Administrator). If the Board removes an officer who provides services pursuant to the Services Agreement for any reason other than misconduct or poor performance by the officer equivalent to just cause for termination of employment, and if as a direct result of such removal the employment agreement between the officer and Aston Hill is terminated and severance is paid to the officer by Aston Hill, the Administrator will reimburse Aston Hill for such severance payment provided that such employee has not accepted a position with the Trust, the Administrator or any affiliate of the Trust that provides for a similar level of responsibility and compensation within 14 days of the date of termination of the Services Agreement and further provided that such employment agreement or arrangement has been approved in advance in writing by the Governance, Nomination & Compensation Committee and the individual spent a significant amount of time and attention on the affairs and business of the Trust or any affiliate. In the event an officer of the Administrator whose services are provided pursuant to the Services Agreement is terminated, resigns or otherwise ceases employment, the Board, directly or through the Governance, Nomination & Compensation Committee, may appoint a replacement officer, and may from time to time appoint additional officers of the Administrator. Aston Hill will only be entitled to propose, on a non-exclusive basis, candidates for any such officer appointment. The Board or the Governance, Nomination & Compensation Committee will have exclusive authority to make all such appointment determinations. Pursuant to the Services Agreement, Aston Hill has agreed that the Board, directly or through the Governance, Nomination & Compensation Committee, will be responsible for approving in advance all amendments to the employment agreements of any officers or employees who will devote time and attention to the affairs and business of the Trust or any affiliate of the Trust.

Cost and Overhead Recovery

On or before November 30 in each year, Aston Hill will provide the Board, for the review and approval by the independent members of the Board of Directors, with an administration budget for services to be provided pursuant to and in accordance with the Services Agreement for the next calendar year and will discuss in good faith with independent members of the Board any concerns raised by them with the objective of finalizing a budget by December 31 of each year for the next calendar year. In the event Aston Hill becomes aware of any increase or expected increase in costs that would reasonably be expected to result in a variance to budget in excess of 10% for a calendar year, it shall promptly advise the Board in writing setting forth details of the cost overrun and the parties will work in good faith to agree on a revised budget for services to be provided pursuant to the Services Agreement for such calendar year.

The Services Agreement will provide for the recovery by Aston Hill of its direct costs incurred in providing the services plus an annual overhead allocation (the "**Overhead Allocation**") based on the enterprise value of the Trust (such amount being calculated as the market capitalization of the Trust plus its aggregate bank and other interest bearing indebtedness less any cash or cash equivalents). The Overhead Allocation shall be based on the following:

Enterprise Value of the Trust	Annual Overhead Allocation Charge
Less than $250 million	$ 700,000
$250 million to $500 million	$1,200,000
$500 million to $1 billion	$2,000,000
Over $1 billion	$4,000,000

Aston Hill will invoice the Administrator for each calendar quarter by April 30, July 31, October 31 and January 31 of each year with respect to the cost of services, plus Overhead Allocation and applicable taxes, for the immediately preceding calendar quarter. The Services Agreement will require that Aston Hill make commercially reasonable efforts to procure and provide all services at commercially reasonable rates, consistent with the cost of such services generally incurred by comparable entities contracting on an arm's length basis in the oil and natural gas sector.

RTU Grant

The Services Agreement provided that Aston Hill received 210,000 RTUs for the provision of services under the Services Agreement. The 210,000 RTUs granted to Aston Hill were in addition to the RTUs granted, or that may be granted in the future, directly, to Messrs. Tremblay, Prokop and Bovingdon in their capacities as executive officers of the Administrator or as officers of the Trust. Future grants and allocations of RTUs to Messrs. Tremblay, and Bovingdon are expected to be determined by the Governance, Nomination & Compensation Committee, in its sole discretion, and to Mr. Prokop by the Board on the recommendation of the Governance, Nomination & Compensation Committee.

Conflicts of Interest

The Services Agreement acknowledges that Aston Hill and its affiliates and their respective employees, may provide technical and administrative services to the Administrator or its affiliates and other entities engaged in the oil and natural gas industry in North America, and that conflicts of interest may arise with the interests of the Trust and its affiliates.

The Services Agreement provides that Aston Hill will disclose any material conflict of interest involving Aston Hill or its affiliates to the Board promptly and in any event within 10 business days following any such conflict of interest arising, setting forth the nature of the conflict in sufficient detail to allow the Board to reasonably consider such conflict.

The Administrator, on recommendation of the independent members of the Board, may terminate the Services Agreement on 60 business days written notice, without any additional payment or penalty, if: (i) Aston Hill fails to disclose a material conflict of interest to which Aston Hill or, to the knowledge of Aston Hill, any of its directors, officers, employees or direct service providers are subject in the manner required; (ii) Aston Hill or any of its directors, officers, employees or direct service providers is subject to a conflict of interest, the nature of which is such that Aston Hill cannot reasonably provide the services contemplated by the Services Agreement in a manner satisfactory to such independent members of the Board of Directors, acting reasonably; or (iii) Aston Hill or an affiliate proposes to commence, commences or carries on (including by way of acquisition by or of the Administrator Shareholder) a "competing business" either directly or through an affiliate (each, a "**Conflict Termination Event**").

A "competing business" means a business that could reasonably be expected to directly compete with the Trust or any of its affiliates for future business opportunities involving the acquisition of oil, natural gas and NGLs reserves and production in the U.S., including the entering into of a services or similar agreement with any third party pursuant to which Aston Hill or an affiliate provides substantially similar services to such third party as contemplated by the Services Agreement where that third party will carry on a competing business.

Nothing in the Services Agreement obligates Aston Hill or its affiliates to offer any business opportunities to the Trust or its controlled entities. Nothing in the Services Agreement in any way alters the duty of care and loyalty owed by the executive officers (including those employed by Aston Hill) to the Administrator pursuant to applicable laws.

Term

The Services Agreement has an initial term of three years and will be automatically renewed for subsequent one year terms if not terminated in accordance with the following provisions. The Services Agreement may be terminated by notice

given in writing: (i) by either party providing the other a notice of termination not later than six months prior to the end of the then current term of the Services Agreement; (ii) by either party if the Administrative Services Agreement is terminated and the Administrator does not continue to act as the administrator of the Trust on terms substantially similar to those set out in the Administrative Services Agreement; (iii) by either party in the event that the other party breaches or fails to observe or perform any of its material obligations, covenants or responsibilities under the Services Agreement and fails to cure such breach or failure as provided for in the Services Agreement; (iv) by either party in the event that the other party institutes proceedings to be adjudicated a bankrupt, consents to the filing of a bankruptcy proceeding against it, consents to the appointment of a receiver, liquidator, trustee or assignee in bankruptcy, is voluntarily liquidated or wound-up or otherwise takes any action acknowledging its insolvency; (v) by the Administrator upon the occurrence of a Conflict Termination Event; (vi) by the Administrator in the event that Aston Hill or an affiliate, breaches the terms of the Voting Agreement; (vii) by either party in the event of a change of control of the Trust; or (viii) by the Administrator in the event of a change of control (as defined in the Voting Agreement) of the Administrator Shareholder or Aston Hill.

If the Administrator terminates the Services Agreement as a result of the circumstances set out in (i), (ii) or (vii) above, or if Aston Hill terminates the Services Agreement as a result of the circumstances set out in (ii), (iii) or (iv) above, the Administrator shall pay to Aston Hill an amount equal to: (i) the change of control or severance costs, as applicable, payable by Aston Hill to employees of Aston Hill (including Messrs. Prokop and Bovingdon) who have been terminated or constructively dismissed as a direct result of the termination of the Services Agreement (provided where an employee of Aston Hill did not devote all of his time and attention to the business and to the affairs of the Trust, the Trust is only obligated to reimburse Aston Hill for the proportion of the change of control or severance costs payable to such employee as is equal to the amount of time and attention that such employee devoted to the business and to the affairs of the Trust), except in respect of any such employees who accept a position with a member of the Argent Group that provides for a similar level of responsibility and compensation within 14 days of the termination of the Services Agreement; and (ii) the cost of any excess office space for which Aston Hill is unable to otherwise utilize or sublease, after making reasonable commercial efforts to do so. Notwithstanding the foregoing, the Administrator shall not be required to pay to Aston Hill any amount in respect of change of control or severance costs that are: (i) payable under an employment or other agreement or arrangement that was not approved in writing by the Governance, Nomination and Compensation Committee prior to the entering into of such agreement or arrangement; or (ii) in respect of an individual that did not spend a significant amount of time and attention on the affairs and business of the Trust or any affiliate of the Trust.

VOTING AGREEMENT

The following is a summary of the material terms of the Voting Agreement pursuant to which the Administrator Shareholder agrees to vote its shares in the Administrator at the direction of the Unitholders, as communicated by the Trustee as agent for the Unitholders. The description below is qualified by reference to the text thereof. See "Material Contracts".

The Administrator Shareholder, as the sole shareholder of the Administrator, has entered into the Voting Agreement with the Trustee, as agent for the Unitholders, and the Administrator pursuant to which the Administrator Shareholder will agree to vote its shares in the Administrator at the direction of the Unitholders, as communicated by the Trustee as agent for the Unitholders, with regard to, among other things, the election or removal of the Administrator Directors and the appointment of the auditors of the Trust. The Voting Agreement is a unanimous shareholders agreement pursuant to the ABCA and will restrict the business of the Administrator to acting as administrator of the Trust pursuant to the terms of the Trust Indenture and the Administrative Services Agreement; and such other activities as are necessary to perform its obligations as the Administrator.

The Administrator Shareholder has waived certain shareholder rights afforded to it under the ABCA, including the right to appoint an auditor, dissent rights, and oppression rights. The Voting Agreement also provides the Administrator with the right to compel the Administrator Shareholder, in certain circumstances (including on a direct or indirect change of control of the Administrator Shareholder and on the termination of the Services Agreement), to transfer its shares in the Administrator to the Administrator or another director or officer of the Administrator, or to another director or officer of one or more members of the Argent Group, for nominal consideration equal to the original subscription price at which the shares were issued by the Administrator. The Administrator's articles require that all transfers of its shares require the approval of the Board.

The Administrator has indemnified the Administrator Shareholder for any claims of any nature borne by or asserted against the Administrator Shareholder, its affiliates or each of their respective directors, officers, employees, partners, shareholders and agents in connection with the discharge of the Administrator Shareholder's obligations under the Voting Agreement.

FIDUCIARY RESPONSIBILITY OF THE ADMINISTRATOR

The Administrator, as administrator of the Trust, has a duty to administer the Trust in a manner beneficial to the Unitholders thereof. As well, the Administrator Directors and officers of the Administrator have fiduciary obligations in that capacity to the Unitholders of the Trust and the directors and officers of each of Can Holdco and US Opco have fiduciary obligations in that capacity to Can Holdco and US Opco, respectively. Situations may arise in which the interests of the Trust and its affiliates and associates may conflict with the interests of the Administrator, and the directors of the subsidiaries of the Trust and the Administrator Directors will be obligated to resolve such conflicts.

PROMOTER

Aston Hill may be considered to be the promoter of the Trust in that it directly took the initiative in founding and organizing the Trust and its affiliates.

The following table represents the Units that are held, directly or indirectly, or controlled by Aston Hill as of the date of this annual information form:

Name	Number of Units Held, Directly or Indirectly, or Controlled	Percentage of Outstanding Units As at the date hereof
Aston Hill Financial Inc.....	170,000	0.4%

On February 13, 2012, the Trust issued 200,000 Units at a price of $5.00 per Unit to Aston Hill. Subsequent to the purchase of 200,000 Units, Aston Hill sold in aggregate 30,000 Units to three arms-length parties at a price of $5.00 per Unit. As of the date hereof, Aston Hill, directly or indirectly owns, controls or direcst less than **[1]**% of the issued and outstanding Units. In addition, upon the closing of the IPO, Aston Hill was granted 210,000 RTUs pursuant to the Services Agreement for the provision of services under such agreement. See "Prior Sales".

The Services Agreement provides for the recovery by Aston Hill of its direct costs incurred in providing certain technical and administrative services to the Administrator plus the Overhead Allocation. See "Administration of the Trust – Services Agreement with Aston Hill" and "Risk Factors". Eric Tremblay, the Chief Executive Officer of Aston Hill, is also an Administrator Director. See "Interest of Management and Others in Material Transactions".

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as described below or elsewhere in this annual information form, there is no material interest, direct or indirect, of: (i) any director or executive officer of the Administrator; (ii) any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Units; or (iii) any affiliate of the persons or companies referred to above in (i) or (ii), in any transaction within the three years before the date of this annual information form that has materially affected or is reasonably expected to materially affect the Trust or a subsidiary of the Trust. See "Administration of the Trust – Services Agreement with Aston Hill".

Eric Tremblay, an Administrator Director, is also the Chief Executive Officer of Aston Hill, an affiliate of the Administrator Shareholder. Aston Hill has entered into the Services Agreement with the Administrator to provide certain technical and administrative services to the Trust and the Administrator. See "Administration of the Trust – Services Agreement with Aston Hill". Aston Hill subscribed for and purchased 200,000 Units at a price of $5.00 pursuant to the Initial Private Placements. Subsequent to the purchase of such Units, Aston Hill sold an aggregate of 30,000 Units to three arms-length parties at a price of $5.00 per Unit. See "Prior Sales". In addition, pursuant to the Services Agreement, Aston Hill received 210,000 RTUs upon closing of the IPO.

THE INDUSTRY

United States Oil and Natural Gas Industry

Overview

The oil and natural gas industry in the United States is well-established. Since the 1860s oil has been produced in economic quantities in a number of discrete sedimentary basins in most states in the United States. Accompanying this

production has been the development of supportive infrastructure including pipelines, natural gas processing facilities and a drilling and service sector as well as a wide range of professional services.

The demand for low-cost, domestic sources of hydrocarbons remains strong. U.S. domestic policy has historically supported the development and exploitation of oil and natural gas reserves to assure access to domestic supplies of hydrocarbons. Many state and municipal governments are also supportive and recognize the monetary contribution that the industry makes to their state and municipal budgets.

Background

This section provides a brief overview of the legal structure of the parts of the U.S. oil and natural gas exploration and production industry in which the Trust, through Can Holdco and US Opco, will primarily operate.

In the United States, ownership of land typically carries with it ownership of or the exclusive right to enjoy substances under the surface, including oil, natural gas and other minerals. A landowner may generally convey an estate in the oil and natural gas rights separate and apart from the ownership of the surface rights. When the oil and natural gas interest is severed from the surface interest, two distinct estates or interests are created – the mineral estate and the surface estate.

The owner of the mineral estate has many interests which are capable of being conveyed alone or in various combinations, including the right to convey a working interest to an oil and natural gas exploration and production company to explore for and produce oil and natural gas from the mineral estate. Such a working interest is typically conveyed by the owner or owners of the mineral estate to the working interest owner pursuant to an oil, natural gas and mineral lease. The owner of the mineral estate typically retains a royalty interest, which is the right to receive a specified percentage of the production (or, in some cases, a share of the proceeds or market value) of any oil and natural gas recovered from the mineral estate, prior to deduction of any costs or expenses. Reference to the term "working interest" typically refers to the operating (and expense bearing) interest under an oil, natural gas and mineral lease.

The rights of exploration, drilling and production conveyed by a typical lease agreement customarily require that production of oil and natural gas in paying quantities be established within a specified period of time, often two to five years. Absent an ability to extend the primary term of the lease, the lease terminates if such production is not established (or, depending on the express language of the applicable oil and natural gas lease, if commencement of drilling operations has not commenced) within the specified time period. Once such production is established during the primary term, the lease agreement would generally continue in effect (either in whole or in part as to the proration units located around producing wells) so long as production in paying quantities continues, subject to the terms of the applicable lease. Some leases also contain provisions that could result in a forfeiture of certain acreage covered by the lease, notwithstanding drilling and/or producing prior to the expiration of the primary term, if drilling operations are not continued within specified periods after the last drilling operations were completed, or for other reasons or conditions that may be specified in the applicable lease. The interest of the lessee under an oil and natural gas lease is also capable of being abandoned by the lessee and may also be subject to forfeiture for failure on the part of the lessee to comply with express covenants and implied obligations, including, for example, the duty to reasonably develop the premises, the duty to protect the leasehold against drainage and the duty to manage and administer the lease.

Operations

Title to Properties

Most of the oil and natural gas leases comprising the Assets have been held in effect for long periods by continuous production. Various reviews of title of a substantial portion of the producing leases and wells in the Assets have been undertaken. These reviews included the preparation of leasehold title memoranda or opinions by law firms, or oil and gas land service companies. These title opinions, memoranda and reviews revealed title defects, encumbrances, or other restrictions that are typical of interests in oil and natural gas leasehold interests in the jurisdiction in which the Assets are located and included curative title requirements, some of which have not or cannot be satisfied. In addition, these opinions, memoranda and reviews are limited primarily to the interests in leasehold acreage related to currently producing wells in part due to the large numbers of leases and the complexity of private land ownership in the United States. All title opinions provided are limited to matters of record which were provided to the individual rendering the opinion. In each opinion, the examining attorney has assumed that each of the subject leases has not terminated as a result of lack of continuous operations on the tracts subject to the leases. As is typical in the United States, there are limited representations and warranties regarding the status of title to the Assets in the respective purchase and sale agreements. Management has reviewed title information provided by the vendors with respect to the Assets as to the leases and wells that comprise a substantial portion of the producing reserves value of the Assets, as reflected in the Sproule Reserve Report. Based on its due diligence investigations

of title, including the fact that most of the producing Assets have long production histories with no known material title disputes, Management does not believe that any known title defects and other matters affecting title to the Assets will materially impact US Opco operations or its ability to receive revenues from production from the Assets.

As is customary in the U.S. oil and gas industry, in connection with leasing or acquisition of undrilled or non-producing oil and gas leases, only preliminary title review fieldwork is performed, typically by oil and gas land professionals or land services companies on the basis of governmental real property records, run sheets, available title abstracts and other title field notes. The vendors of the Assets have performed only such preliminary title work as Management believes is customary with respect to the non-producing leasehold interests that constitute a large portion of the net acreage of the Assets. Accordingly, the undrilled and non-producing acreage comprising part of the Assets may be subject to more significant title defects with more costly or complicated curative requirements incurred prior to drilling.

Management intends to follow customary U.S. oil and natural gas industry due diligence practices in connection with any future acquisitions, including performing title reviews on producing properties, undeveloped properties that are assigned significant value and the more significant leases prior to completing an acquisition and, depending on the materiality of the properties, Management may obtain title opinions or reports or review previously obtained title opinions or reports. Depending on the nature of each acquisition, to the extent title opinions or other investigations reflect material title defects, either the purchaser or the seller would be responsible for the costs and for curing any title defects or accepting uncured defects. As discussed above, a title examination on other properties and leaseholds would typically be performed prior to the commencement of drilling operations thereon and any curative work would be performed. US Opco's oil and natural gas properties are subject to customary royalty and other interests, liens for current taxes and other customary burdens. See "Risk Factors".

Competition

The U.S. oil and natural gas industry is highly competitive in all phases. The Trust, through US Opco, encounters competition from other oil and natural gas companies in all areas of operation, including the acquisition of leasing options on oil and natural gas properties to the exploration and development of those properties. The Trust's competitors include numerous independent and major oil and natural gas companies, individuals and drilling and income programs. Many of the Trust's competitors are large, well established companies that have substantially larger operating staffs and greater capital resources than the Trust. Such competitors may be able to pay more for lease options on oil and natural gas properties and exploratory locations and to define, evaluate, bid for and purchase a greater number of properties and locations than the Trust's financial or human resources will permit. The Trust's ability to acquire additional properties and to discover reserves in the future will depend upon its ability through US Opco to evaluate and select suitable properties and to consummate transactions in a highly competitive environment. See "Risk Factors".

Regulation of the Oil and Natural Gas Industry

Operations will be substantially affected by U.S. federal, state and local laws and regulations. In particular, oil and natural gas production and related operations are, or have been, subject to price controls, taxes and numerous other laws and regulations. All of the jurisdictions in which the Trust plans to acquire interests through US Opco in properties for oil and natural gas production have statutory provisions regulating the exploration for and production of oil and natural gas, including provisions related to permits for the drilling of wells, bonding requirements to drill or operate wells, the location of wells, the method of drilling and casing wells, the surface use and restoration of properties upon which wells are drilled, sourcing and disposal of water used in the drilling and completion process, the abandonment of wells, and reports concerning operations. Operations are also subject to various conservation laws and regulations. These include regulation of the size of drilling and spacing units or proration units, the number of wells which may be drilled in an area, and the unitization or pooling of oil and natural gas wells, as well as regulations that generally prohibit the venting or flaring of natural gas and that impose certain requirements regarding the ratability or fair apportionment of production from fields and individual wells.

Failure to comply with applicable laws and regulations can result in substantial penalties, and the regulatory burden on the industry in the U.S. increases the cost of doing business and affects profitability. Additional proposals and proceedings that affect the oil and natural gas industry are regularly considered by the United States Congress ("**Congress**"), the states, the federal Energy Regulatory Commission ("**FERC**"), the U.S. Environmental Protection Agency ("**EPA**") and the courts. The Trust cannot predict when or whether any such proposals may become effective or the costs of complying therewith.

Regulation of Transportation of Oil

Sales of crude oil, condensate and natural gas liquids are not currently regulated and are made at negotiated prices. Nevertheless, Congress could re-enact price controls in the future. Sales of crude oil will be affected by the availability, terms

and cost of transportation. The transportation of oil in common carrier pipelines is also subject to rate and access regulation. FERC regulates interstate oil pipeline transportation rates under the *Interstate Commerce Act*. In general, interstate oil pipeline rates must be cost-based, although settlement rates and market based rates may be permitted in certain circumstances. Effective January 1, 1995, the FERC implemented regulations establishing an indexing system (based on inflation) for transportation rates for oil that allowed for an increase or decrease in the cost of transporting oil to the purchaser. A review of these regulations by the FERC in 2000 was successfully challenged on appeal by an association of oil pipelines. On remand, the FERC in February 2003 increased the index ceiling slightly, effective July 2001. Following the FERC's five-year review of the indexing methodology, the FERC issued an order in 2006 increasing the index ceiling. The FERC reviews the annual indexing factor every five years. For the five year period commencing July 1, 2011, the annual indexing factor is equal to the Producer Price Index for Finished Goods plus 2.65%. The FERC's order setting this index factor has been appealed. The Trust cannot predict whether or to what extent the index factor may change in the future.

Intrastate oil pipeline transportation rates are subject to regulation by state regulatory commissions. The basis for intrastate oil pipeline regulation, and the degree of regulatory oversight and scrutiny given to intrastate oil pipeline rates, varies from state to state. Insofar as effective interstate and intrastate rates are equally applicable to all comparable shippers, Management believes that the regulation of oil transportation rates will not affect operations in any way that is of material difference from those of competitors who are similarly situated.

Further, interstate and intrastate common carrier oil pipelines must provide service on a non-discriminatory basis. Under this open access standard, common carriers must offer service to all similarly situated shippers requesting service on the same terms and under the same rates. When oil pipelines operate at full capacity, access is governed by pro-rationing provisions set forth in the pipelines' published tariffs. Accordingly, Management believes that access to oil pipeline transportation services generally will be available to US Opco to the same extent as to similarly situated competitors.

Regulation of Transportation and Sales of Natural Gas and NGLs

The transportation of natural gas in interstate commerce is regulated by FERC under the *Natural Gas Act of 1938* ("**NGA**"), the *Natural Gas Policy Act of 1978* ("**NGPA**"), and regulations issued pursuant to those statutes. FERC is continually proposing and implementing new rules and regulations affecting the interstate transportation of natural gas, and to a lesser extent, the interstate transportation of NGLs. These initiatives also may indirectly affect the intrastate transportation of natural gas and NGLs under certain circumstances. Management cannot predict the ultimate impact of these or the above regulatory changes to US Opco's natural gas operations. Management does not believe that US Opco would be affected by any such action materially differently than similarly situated competitors.

The price at which US Opco sells natural gas and NGLs is currently not subject to federal rate regulation and, for the most part, is not subject to state regulation. However, with regard to US Opco's physical sales of these energy commodities and any related hedging activities that it undertakes, US Opco is required to observe anti-market manipulation laws and related regulations enforced by FERC and/or the U.S. Commodity Futures Trading Commission. See "– Other Federal Laws and Regulations Affecting the Industry – Energy Policy Act of 2005." Since May 1, 2009, companies are required to report FERC information regarding natural gas sale and purchase transactions for certain operations depending on the volume of natural gas transacted during the prior calendar year. See "– Other Federal Laws and Regulation Affecting Our Industry – FERC Market Transparency Rules." If US Opco were to violate the anti-market manipulation laws and regulations, US Opco could also be subject to related third party damage claims by, among others, market participants, sellers, royalty owners and taxing authorities.

In the past, the U.S. federal government has regulated the prices at which natural gas could be sold. While sales by producers of natural gas can currently be made at market prices, Congress could re-enact price controls in the future. Deregulation of wellhead natural gas sales began with the enactment of the NGPA and culminated in adoption of the Natural Gas Wellhead Decontrol Act of 1989 which deregulated all price controls affecting wellhead sales of natural gas effective January 1, 1993.

Gathering Pipeline Regulation

In 2007, Texas enacted new laws regarding rates, competition and confidentiality for natural gas gathering and transmission pipelines ("**Competition Statute**") and new informal complaint procedures for challenging determinations of lost and unaccounted for natural gas by natural gas gatherers, processors and transporters ("**LUG Statute**"). The Competition Statute gives the RRC the ability to use either a cost-of-service method or a market-based method for setting rates for natural gas gathering and transportation pipelines in formal rate proceedings. This statute also gives the RRC specific authority to enforce its statutory duty to prevent discrimination in natural gas gathering and transportation, to enforce the requirement that parties participate in an informal complaint process and to punish purchasers, transporters, and gatherers for taking

discriminatory actions against shippers and sellers. The Competition Statute also provides producers with the unilateral option to determine whether or not confidentiality provisions are included in a contract to which a producer is a party for the sale, transportation, or gathering of natural gas. The LUG Statute modifies the informal complaint process at the RRC with procedures unique to lost and unaccounted for natural gas issues. Such statute also extends the types of information that can be requested and provides the RRC with the authority to make determinations and issue orders in specific situations. Management cannot predict what effect, if any, these statutes might have on US Opco's future operations in Texas.

Insofar as such regulation within a particular state will generally affect all intrastate natural gas shippers within the state on a comparable basis, Management believes that the regulation of similarly situated intrastate natural gas transportation in any states in which US Opco operates and ships natural gas on an intrastate basis will not affect operations in any way that is materially different from those of US Opco's competitors. Like the regulation of interstate transportation rates, the regulation of intrastate transportation rates affects the marketing of natural gas, as well as the revenues US Opco receives for sales of natural gas.

Regulation of Production

The production of oil and natural gas is subject to regulation under a wide range of local, state and federal statutes, rules, orders and regulations. Federal, state and local statutes and regulations require permits for drilling operations, drilling bonds, reports concerning operations, and may require other credit or financial support. The jurisdictions in which the Assets are located and in which Management anticipates operating have regulations governing conservation matters, including provisions for the unitization or pooling of oil and natural gas properties, the establishment of maximum allowable rates of production from oil and natural gas wells, the regulation of well spacing, and plugging and abandonment of wells. The effect of these regulations is to limit the amount of oil and natural gas that US Opco can produce from, and to limit the number of, wells or the locations at which US Opco can drill, although US Opco can apply for exceptions to such regulations or to have reductions in well spacing. Moreover, each jurisdiction generally imposes a production or severance tax with respect to the production and sale of oil, natural gas and NGLs.

The failure to comply with these rules and regulations can result in substantial penalties. Competitors in the oil and natural gas industry are subject to the same regulatory requirements and restrictions that affect US Opco's operations.

If US Opco conducts operations on federal, state or Indian oil and natural gas leases, these operations must comply with numerous regulatory restrictions, including various non-discrimination statutes, royalty and related valuation requirements, and certain of these operations must be conducted pursuant to certain on-site security regulations and other appropriate permits issued by the Bureau of Land Management, the Bureau of Ocean Energy Management, Regulation and Enforcement or other appropriate federal or state agencies.

Other Federal Laws and Regulations Affecting the Industry

Energy Policy Act of 2005

In August 2005, Congress enacted the *Energy Policy Act of 2005* (the "**EPAct 2005**"). Among other matters, EPAct 2005 amends the NGA to add an anti-manipulation provision which makes it unlawful for any entity, including otherwise non-jurisdictional producers, to engage in prohibited behavior to be prescribed by FERC, and furthermore provides FERC with additional civil penalty authority. EPAct 2005 provides the FERC with the power to assess civil penalties of up to US$1 million per day for violations of the NGA and increases the FERC's civil penalty authority under the NGPA from US$5,000 per violation per day to US$1 million per violation per day. The civil penalty provisions are applicable to entities that engage in the sale of natural gas for resale in interstate commerce. FERC issued Order No. 670 to implement the anti-market manipulation provision of EPAct 2005. This order makes it unlawful for natural gas pipelines and storage companies that provide interstate services to: (1) in connection with the purchase or sale of natural gas subject to the jurisdiction of FERC, or the purchase or sale of transportation services subject to the jurisdiction of FERC, for any entity, directly or indirectly, to use or employ any device, scheme or artifice to defraud; (2) to make any untrue statement of material fact or omit to make any such statement necessary to make the statements made not misleading; or (3) to engage in any act, practice, or course of business that operates as a fraud or deceit upon any person. The new anti-manipulation rules do not apply to activities that relate only to intrastate or other non-jurisdictional sales or gathering, but do apply to activities of natural gas pipelines and storage companies that provide interstate services, such as Section 311 service, as well as otherwise non-jurisdictional entities to the extent the activities are conducted "in connection with" natural gas sales, purchases or transportation subject to FERC jurisdiction, which now includes the annual reporting requirements under Order 704 (as defined below). The anti-manipulation rules and enhanced civil penalty authority reflect an expansion of FERC's NGA enforcement authority. Should Management fail to comply with all applicable FERC administered statutes, rules, regulations, and orders, the Trust could be subject to substantial penalties and fines.

FERC Market Transparency Rules

In 2007, FERC issued a final rule on the annual natural gas transaction reporting requirements, as amended by subsequent orders on rehearing ("**Order 704**"). Under Order 704, wholesale buyers and sellers of more than 2.2 million MMBtu of physical natural gas in the previous calendar year, including interstate and intrastate natural gas pipelines, natural gas gatherers, natural gas processors, natural gas marketers and natural gas producers, are required to report, on May 1st of each year beginning in 2009, aggregate volumes of natural gas purchased or sold at wholesale in the prior calendar year to the extent such transactions utilize, contribute to or may contribute to the formation of price indices. It is the responsibility of the reporting entity to determine which individual transactions should be reported based on the guidance of Order 704. Order 704 also requires market participants to indicate whether they report prices to any index publishers and, if so, whether their reporting complies with FERC's policy statement on price reporting.

Energy Independence and Security Act of 2007

Effective November 4, 2009, pursuant to the *Energy Independence and Security Act of 2007*, the Federal Trade Commission ("**FTC**") issued a rule prohibiting market manipulation in the petroleum industry. The FTC rule prohibits any person, directly or indirectly, in connection with the purchase or sale of crude oil, gasoline or petroleum distillates at wholesale from: (a) knowingly engaging in any act, practice or course of business, including the making of any untrue statement of a material fact, that operates as a fraud or deceit upon any person; or (b) intentionally failing to state a material fact that under the circumstance renders a statement made by such person misleading, provided that such omission distorts or is likely to distort market conditions for any such product. A violation of this rule may result in civil penalties of up to US$1 million per day per violation, in addition to any applicable penalty under the *Federal Trade Commission Act*.

Additional proposals and proceedings that might affect the natural gas industry are pending before Congress, FERC and the courts. Management cannot predict the ultimate impact of these or the above regulatory changes to the Trust's natural gas operations. Management does not believe that the Trust would be affected by any such action materially differently than similarly situated competitors.

Environmental, Health and Safety Regulation

US Opco has exploration, development and production operations which are subject to stringent and complex federal, state and local laws and regulations governing worker health and safety, the discharge of materials into the environment or otherwise relating to environmental protection. These laws and regulations may, among other things, require the acquisition of permits to conduct exploration, drilling and production operations; govern the amounts and types of substances that may be released into the environment in connection with oil and natural gas drilling and production; restrict the handling or disposal of wastes; limit or prohibit construction or drilling activities in sensitive areas such as wetlands, wilderness areas or areas inhabited by endangered or threatened species; require investigatory and remedial actions to mitigate pollution conditions caused by operations or attributable to former operations; and impose obligations to reclaim and abandon well sites and pits. In addition, such legal requirements will require application of specific health and safety criteria addressing worker protection. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of remedial obligations and the issuance of orders limiting or prohibiting some or all of US Opco's oil and natural gas exploration and production operations.

The clear trend in environmental laws and regulation has been to place more restrictions and limitations on activities that may affect the environment, and thus, any changes in environmental laws and regulations or re-interpretation of enforcement policies that result in more stringent and costly well construction, drilling, completion or water management activities, or waste handling, storage, transport, disposal, or remediation requirements could have a material adverse effect on the operations, profitability and financial position of US Opco and the Trust. Numerous governmental authorities, including the EPA and analogous state agencies, have the power to enforce compliance with these laws and regulations and the permits issued under them, often requiring difficult and costly actions. Of particular note, the EPA identified the enforcement of environmental laws and regulations applicable to the oil and natural gas exploration and production sector as a National Enforcement Initiative for 2011 to 2013. Increased compliance costs may not be able to be passed on to purchasers or customers. Moreover, accidental releases or spills may occur in the course of operations, and significant costs and liabilities may arise as a result of such releases or spills, including any third party claims for damage to property, natural resources or persons.

The following is a summary of the more significant existing environmental and occupational health and safety laws and regulations to which the Trust's business operations are subject and for which compliance may have a material adverse impact on capital expenditures, results of operations or financial position.

Hazardous Substances and Waste

The *Comprehensive Environmental Response, Compensation, and Liability Act*, as amended, (the "**CERCLA**"), also known as the Superfund law, and comparable state laws impose liability without regard to fault or the legality of the original conduct on certain classes of persons who are considered to be responsible for the release of a "hazardous substance" into the environment. These persons include current and prior owners or operators of the site where a release occurred and entities that disposed or arranged for the disposal of the hazardous substances found at the site. Under CERCLA, these "responsible persons" may be subject to joint and several, strict liability for the costs of cleaning up hazardous substances that have been released into the environment, for investigating and mitigating vapor intrusion, for damages to natural resources, and for the costs of certain health studies. CERCLA also authorizes the EPA and, in some instances, third parties to act in response to threats to public health or the environment and to seek to recover from the responsible classes of persons the costs they incur. It is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the release of hazardous substances or other pollutants into the environment. Oil and natural gas exploration and production operations generate substances that may be regulated as hazardous substances.

Oil and natural gas exploration and development activities also generate solid and hazardous wastes that may be subject to the requirements of the *Resource Conservation and Recovery Act*, as amended, (the "**RCRA**"), and comparable state statutes. RCRA imposes strict requirements on the generation, storage, treatment, transportation and disposal of hazardous wastes. Drilling fluids, produced waters and a number of other wastes associated with the exploration, development and production of oil or natural gas are currently exempt from regulation under the RCRA's hazardous waste provisions and, instead are regulated under less stringent non-hazardous waste standards. However, it is possible that certain or all of these oil and natural gas exploration and production wastes now classified as non-hazardous could be classified as hazardous in the future. In September 2010, a non-governmental organization filed a petition with the EPA requesting them to reconsider the RCRA exemption for exploration, production and development wastes. To date, the EPA has not taken action on the petition.

US Opco has an interest in, and in connection with future acquisitions, will acquire properties that have been used for numerous years to explore and produce oil and natural gas. Hydrocarbons and wastes have been disposed of or released on or under these properties or on or under other locations where these hydrocarbons and wastes have been taken for treatment or disposal. In some instances, the properties are located in areas with known regional groundwater oil and natural gas impacts. In addition, certain of these properties may have been operated by third parties whose treatment and disposal or release of hydrocarbons and wastes may result in liability. These properties and the wastes disposed thereon may be subject to CERCLA, RCRA, other federal laws, and analogous state laws. These laws could require removal of previously disposed wastes (including wastes disposed of or released by prior owners or operators), remediation or cleanup of contaminated property (including contaminated groundwater) and performance of operations to prevent future contamination.

Air Emissions

The *Clean Air Act*, as amended, and comparable state laws and regulations restrict the emission of air pollutants from many sources and also impose various monitoring and reporting requirements. These laws and regulations may require US Opco, as the operator of the Assets, to obtain pre-approval for the construction or modification of certain projects or facilities expected to produce or significantly increase air emissions. These laws and regulations may also require permits or the use of specific equipment or technologies to control emissions. Obtaining permits has the potential to delay the development of oil and natural gas projects. In addition, the EPA and state regulators have under way a number of regulatory changes (such as, by way of example, the EPA's compressor engine emissions standards and the potential aggregation of exploration and production-related emissions sources to make what have historically been multiple "minor" sources, into larger "major" sources) that may significantly increase the regulatory burdens and costs of oil and natural gas exploration and production operations in the U.S.

On April 17, 2012, the EPA approved final regulations under the *Clean Air Act* that, among other things, require additional emissions controls for natural gas and natural gas liquids production, including New Source Performance Standards to address emissions of sulfur dioxide and volatile organic compounds ("**VOCs**") and a separate set of emission standards to address hazardous air pollutants frequently associated with such production activities. The final regulations require the reduction of VOC emissions from natural gas wells through the use of reduced emission completions or "green completions" on all hydraulically fractured wells constructed or refractured after January 1, 2015. For well completion operations occurring at such well sites before January 1, 2015, the final regulations allow operators to capture and direct flowback emissions to completion combustion devices, such as flares, in lieu of performing green completions. These regulations also establish specific new requirements regarding emissions from dehydrators, storage tanks and other production equipment. Compliance with these requirements could require a number of modifications to operations, including the installation of new equipment, and could significantly increase US Opco's costs of development and production, although

Management does not expect these requirements to be any more burdensome to US Opco than to other similarly situated companies involved in oil and natural gas exploration and production operations.

Climate Change

In December 2009, the EPA determined that emissions of carbon dioxide, methane and other "greenhouse gases" ("**GHGs**") present an endangerment to public health and the environment because emissions of such gases are, according to the EPA, contributing to warming of the earth's atmosphere and other climatic changes. Based on these findings, the EPA has adopted two sets of rules regulating emissions under the *Clean Air Act*, one of which requires a reduction in emissions of GHGs from motor vehicles and the other of which regulates emissions of GHGs from certain large stationary sources. The EPA's rules relating to emissions of GHGs from large stationary sources of emissions are currently subject to a number of legal challenges, but the federal courts have thus far declined to issue any injunctions to prevent the EPA from implementing, or requiring state environmental agencies to implement, the rules. The EPA has also adopted rules requiring the monitoring and reporting of GHG emissions from specified GHG emission sources in the United States, including, among others, certain onshore oil and natural gas production, facilities, on an annual basis.

In addition, Congress has from time to time considered legislation to regulate GHG emissions, and almost one-half of the states have begun taking actions to control and/or reduce emissions of GHGs, primarily through the planned development of GHG emission inventories and/or regional GHG cap and trade programs. Although most of the state-level initiatives have to date focused on large sources of GHG emissions, such as coal-fired electric plants, it is possible that smaller sources of emissions could become subject to GHG emission limitations or allowance purchase requirements in the future.

The adoption and implementation of laws and regulations imposing reporting obligations or limiting emissions of GHGs from equipment and operations of US Opco and in which the Trust will invest could increase costs associated with oil and natural gas exploration and production operations or could adversely affect demand for the oil and natural gas produced. At this time, it is not possible to accurately estimate how potential future laws or regulations addressing GHG emissions would impact the operations of the business in which the Trust will invest, but such legal requirements could have a material adverse effect on the Trust's business and financial condition.

Water Discharges

The *Federal Water Pollution Control Act*, as amended, also known as the *Clean Water Act*, and analogous state laws impose restrictions and strict controls regarding the discharge of pollutants into state waters and navigable waters of the U.S. Any such discharge of pollutants into regulated waters must be performed in accordance with the terms of a permit issued by the EPA or an analogous state agency. Spill prevention, control and countermeasure requirements under federal law require appropriate containment berms and similar structures to help prevent the contamination of navigable waters in the event of a petroleum hydrocarbon tank spill, rupture or leak. In addition, the *Clean Water Act* and analogous state laws require individual permits or coverage under general permits for discharges of storm water runoff from certain types of facilities. Further, disposal of various waste products from oil and natural gas exploration and production may be subject to permitting requirements.

The *Oil Pollution Act of 1990*, as amended, (the "**OPA**"), which amends the *Clean Water Act*, establishes strict liability for owners and operators of facilities that are the site of a release of oil into waters of the U.S. The OPA and its associated regulations impose a variety of requirements on responsible parties related to the prevention of oil spills and liability for damages resulting from such spills. A "responsible party" under the OPA includes owners and operators of certain onshore facilities from which a release may affect waters of the U.S.

Underground Injection Wells and Hydraulic Fracturing

Operations of the business in which the Trust invests produce waste waters that are disposed via injection in underground wells. These injection wells are regulated by the *Safe Drinking Water Act* (the "**SDWA**") and analogous state and local laws. The underground injection well program under the SDWA requires permits from the EPA or analogous state agencies for disposal wells, establishes minimum standards for injection well operations, and restricts the types and quantities of fluids that may be injected. Any prospective changes in the regulations that would impose more stringent requirements or any inability to obtain permits for new injection wells in the future may affect US Opco's ability, as operator of the Assets, to dispose of produced waters and ultimately increase the cost of the operations.

In addition, the operations of the Assets routinely utilize hydraulic fracturing techniques in many of their drilling and completion programs. The process involves the injection of water, sand and chemicals under pressure into the formation to fracture the surrounding rock and stimulate production. To date, the process has been regulated by state oil and natural gas commissions. However, on April 17, 2012, the EPA approved final regulations under the *Clean Air Act* that, among other

things, require the reduction in VOCs emitted from natural gas wells by requiring the use of green completions on all gas wells hydraulically-fractured or re-fractured after January 1, 2015. Moreover, the EPA has asserted federal regulatory authority over certain hydraulic fracturing activities involving diesel under the SDWA Underground Injection Control Program and on May 4, 2012, issued draft guidance for *Safe Drinking Water Act* permits issued to oil and natural gas exploration and production operators using diesel during hydraulic fracturing. In addition, legislation called the *Fracturing Responsibility and Awareness of Chemicals Act*, or "FRAC Act," has been introduced in Congress to provide for federal regulation of hydraulic fracturing and to require disclosure of the chemicals used in the fracturing process. Also, some states have adopted, and other states are considering adopting, regulations that could impose more stringent permitting, disclosure or well construction requirements on hydraulic fracturing operations or otherwise seek to ban fracturing activities altogether. In June 2011, Texas adopted a law and has since adopted regulations that require the disclosure to the RRC and the public of certain information regarding the substances used in the hydraulic fracturing process.

In addition, a number of governmental reviews that focus on environmental aspects of hydraulic fracturing practices are either underway or have been proposed. The White House Council on Environmental Quality is coordinating an administration-wide review of hydraulic fracturing practices, and a committee of the U.S. House of Representatives has conducted an investigation of hydraulic fracturing practices. Furthermore, a number of federal agencies are analyzing, or have been requested to review, a variety of environmental issues associated with hydraulic fracturing. The EPA has commenced a study of the potential environmental effects of hydraulic fracturing on drinking water and groundwater, with initial results expected to be available by late 2012 and final results by 2014. The EPA also is proposing to develop effluent limitations for the treatment and discharge of wastewater resulting from hydraulic fracturing activities by 2014. In addition, the Natural Gas Subcommittee of the Secretary of Energy Advisory Board issued a report in August 2011, which includes recommendations to address concerns related to hydraulic fracturing and shale gas production, including conducting added field studies on possible methane leakage from shale gas wells to water reservoirs and adopting new rules and enforcement practices to protect drinking and surface water. Also, on May 4, 2012, the U.S. Department of the Interior proposed regulations that would require operators to disclose chemicals that they use during hydraulic fracturing on federal and Indian lands and also, would strengthen standards for well-bore integrity and the management of fluids that return to the surface during and after fracturing operations on federal and Indian lands. Moreover, certain members of the Congress have called upon the U.S. Government Accountability Office to investigate how hydraulic fracturing might adversely affect water resources, the U.S. Securities & Exchange Commission to investigate the natural gas industry and any possible misleading of investors or the public regarding the economic feasibility of pursuing natural gas deposits in shales by means of hydraulic fracturing, and the U.S. Energy Information Administration to provide a better understanding of that agency's estimates regarding natural gas reserves, including reserves from shale formations, as well as uncertainties associated with those estimates. These on-going or proposed studies or reviews, depending on their degree of pursuit and any meaningful results obtained, could spur initiatives to further regulate hydraulic fracturing under the SDWA or otherwise.

A mandatory disclosure of information regarding the constituents of hydraulic fracturing fluids could make it easier for third parties opposing the hydraulic fracturing process to initiate legal proceedings based upon allegations that specific chemicals used in the fracturing process could adversely affect the environment. Moreover, if new laws or regulations that significantly restrict hydraulic fracturing are adopted, such laws could make it more difficult or costly to perform fracturing to stimulate production from tight formations. In addition, if hydraulic fracturing becomes regulated at the federal level as a result of federal legislation or regulatory initiatives by the EPA or other federal agencies, fracturing activities on the assets in which the Trust invests through US Opco could become subject to additional permitting requirements and attendant permitting delays as well as potential increases in costs. Restrictions on hydraulic fracturing could also reduce the amount of oil and natural gas that US Opco is ultimately able to produce from its reserves.

Endangered Species, Migratory Birds, Natural Resource Damages

Various state and federal statutes prohibit certain actions that adversely affect endangered or threatened species and their habitat, migratory birds, wetlands, and natural resources. These statutes include the *Endangered Species Act*, the *Migratory Bird Treaty Act*, the *Clean Water Act* and CERCLA. Where the taking of or harm to such species or birds occurs or may occur, or where damages to wetlands, habitat or natural resources occur or may occur, government entities (or, at times, private parties) may act to prevent oil and natural gas exploration activities or may seek damages resulting from the death of endangered animals or migratory birds, the filling of wetlands, unauthorized construction activities or releases of oil, wastes, hazardous substances or other regulated materials. Some of the well drilling operations that will be conducted by US Opco, as operator of the Assets, are in, and additional assets that the Trust may invest in through US Opco may be in, areas where protected species and/or their habitats are suspected or known to exist. In these areas, the operator of the assets may be obligated to develop and implement plans to mitigate or avoid potential adverse effects to protected species and their habitats, and also may be prohibited from conducting drilling operations in certain locations or during certain seasons, such as breeding and nesting seasons, when operations could have an adverse effect on the species. It is also possible that a federal or state agency could order a complete halt to drilling activities in certain locations if it is determined that such activities may

have a serious adverse effect on a protected species. The presence of a protected species in areas where the Trust invests through US Opco could impair the operator of such asset's ability to timely complete well drilling and development and could adversely affect future production from those areas.

Inactive Wells

The RRC annually prepares an Inactive Well Aging Report ("**IWAR**") that lists all wells of a given operator that have been inactive for a year or more. Operators with inactive wells are required under applicable RRC rules to conduct certain well-related activities, depending on the age of the inactive well, to assure that these wells, as necessary, have had the electricity disconnected, their lines purged and/or surface locations cleaned. In addition, at least 10% of the inactive wells listed must be plugged or put back on production each year. US Opco has inactive wells listed on the IWAR that are included among the Assets. Consequently, US Opco will be obligated during 2013 to undertake certain inactive well-related activities with respect to the inactive wells included amongst the Assets as necessary to comply with applicable RRC inactive well requirements. Management does not believe that the costs to comply with applicable RRC inactive well requirements are material to US Opco's results of operations.

Effective September 1, 2010, Texas amended its statewide rules to require all operators to annually address their complete inventory of inactive wells prior to obtaining approval of their annual Organization Report renewal. Failure to comply with the inactive well requirements could result in the inability to renew the Organization Report, inability to receive permits, the severance or sealing of leases and wells, and, ultimately, the collection of financial security.

Insurance

The Trust maintains insurance coverage on its assets in the amounts and against the risks typical of entities carrying on businesses similar to the Trust. Insurance for drilling, completion and production operations in respect of the Assets will be maintained by US Opco as the operator of such assets.

The Trust is not fully insured against all risks. For example, US Opco does not have insurance policies in effect that are intended to provide coverage for losses solely related to hydraulic fracturing operations. In addition, pollution and environmental risks generally are not fully insurable. Additionally, Management may elect not to obtain insurance if they believe that the cost of available insurance is excessive relative to the perceived risks presented. Therefore, losses could occur for uninsurable or uninsured risks or in amounts in excess of existing insurance coverage. Moreover, insurance may not be available in the future at commercially reasonable costs and on commercially reasonable terms. Losses and liabilities from uninsured and underinsured events and a delay in the payment of insurance proceeds could adversely affect the Trust's business, financial condition, results of operations and ability to make distributions to Unitholders.

Employees

There are approximately 59 full-time equivalent employees (including contractors) of the Administrator, Aston Hill or its affiliates (pursuant to the Services Agreement) and US Opco involved in the operations, commercial, accounting and administrative functions of the business of the Argent Group.

Employee Health and Safety

The oil and natural gas operations in which the Trust invests may be subject to a number of federal and state laws and regulations, including the federal *Occupational Safety and Health Act*, as amended (the "**OSHA**"), and comparable state statutes, whose purpose is to protect the health and safety of workers. In addition, the OSHA hazard communication standard, the EPA community right-to-know regulations under Title III of the federal *Superfund Amendment and Reauthorization Act* and comparable state statutes require that information be maintained concerning hazardous materials used or produced in operations and that this information be provided to employees, state and local government authorities and citizens.

Management is committed to conducting its activities in a manner that will safeguard the health and safety of its employees, contractors and the general public. Management is responsible for providing and maintaining a safe work environment with proper procedures, training, equipment and programs to ensure that work is performed in compliance with accepted and legislated standards. Employees share the responsibility to work in a manner which safeguards themselves with equal concern for co-workers, contractors and the general public. The Administrator administers a comprehensive health and safety program, which include corporate commitment, risk assessment and monitoring, capability, development, emergency response plans and systems for incident reporting, tracking and investigation.

RISK FACTORS

The risks set out below are not an exhaustive description of all the risks associated with the Trust's business and the oil and natural gas business generally. A prospective investor should consider carefully the risk factors set out below. In addition, prospective investors should carefully review and consider all other information contained in this annual information form before making an investment decision. An investment in securities of the Trust should only be made by persons who can afford a significant or total loss of their investment.

There can be no assurance that an active trading market in the Units will develop or be sustained. The market price for the Trust's securities, including the Units, could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of the Trust's peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of the Trust. The stock market has from time to time experienced extreme price and volume fluctuations, particularly in the oil and natural gas sector, which have often been unrelated to the operating performance of particular companies.

The following is a summary of certain risk factors relating to the businesses of the Trust, Can Holdco and US Opco, which prospective investors should carefully consider before deciding whether to purchase Units. Residents of the United States and other non-residents of Canada should have additional regard to the risk factors under the subheading "Risk Factors Applicable to Residents of the United States and Other Non-Residents of Canada".

The Trust is a limited purpose trust and is entirely dependent upon the operations and assets of US Opco through the Trust's indirect ownership of US Opco. Accordingly, the Trust's ability to pay distributions to Unitholders is dependent upon the ability US Opco and Can Holdco to meet their interest and principal obligations and expected levels of distribution payments to the Trust. US Opco's income is derived from the production of oil, natural gas and NGLs from its U.S. resource properties and is susceptible to the risks and uncertainties associated with the oil and natural gas industry generally, and specifically in the U.S.

If the oil and natural gas reserves associated with the Assets and other assets that may be acquired by US Opco are not supplemented through additional development or the acquisition of additional oil and natural gas properties, the ability of US Opco and Can Holdco to meet their obligations to the Trust and the ability of the Trust to pay distributions to Unitholders will be adversely affected.

Risks Relating to the Business and Operations of the Trust and its Subsidiaries

The Trust may not be able to achieve the anticipated benefits of future acquisitions.

The Trust intends to make acquisitions and dispositions of assets in accordance with the Trust's investment strategy. The price the Trust pays for the purchase of properties is based on engineering and economic estimates of the reserves made by Management and independent engineers modified to reflect technical and economic views. These assessments include a number of material factors and assumptions. Consequently, the reserves acquired may be less than expected, which could adversely impact cash flow from operating activities and distributions to Unitholders. Achieving the benefits of any acquisitions depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner, as well as the ability to realize the anticipated growth opportunities and synergies, including operating expense reductions, from rationalizing operations and combining newly acquired assets with those of the Trust. The integration of newly acquired assets may require substantial Management effort, time and resources and may divert Management's focus from other strategic opportunities and operational matters, and may also result in the disruption of ongoing business, supplier, customer and employee relationships. The Trust will continually assess the value and contribution of assets that it holds. In this regard, assets may be disposed of from time to time so that Management can focus efforts and resources more efficiently. Depending on the state of the market for these types of assets, if disposed of, the Trust may realize less than their carrying value in the Trust's financial statements. There is no assurance that the Trust will be able to continue to complete acquisitions or dispositions of oil and natural gas properties which realize all the anticipated synergistic benefits.

US Opco may not achieve success in its planned development drilling programs and as a result may be unable to pay distributions at the planned initial distribution rate, or at all

The ability of the Trust to make regular cash distributions to Unitholders will be entirely dependent on production from the Assets. The level of distributions paid by the Trust may be decreased if US Opco is unsuccessful in maintaining production to the level anticipated by Management.

Title to the Assets cannot be assured

The Trust cannot be certain of the title to the interests it has acquired in the Assets. As is customary in the U.S. oil and natural gas industry, prior title reviews focused primarily on currently productive wells and leasehold interests. Management has conducted a review of certain title opinions and historical royalty payment information pertaining to the Assets regarding the ownership of certain producing wells and undeveloped leasehold acreage and a review of any restrictions on assignment set forth in the underlying oil and gas leases and commercial contracts made available by the respective vendors of the Assets. The leaseholds relating to the Deep Rights, having no production or reserves attributable to them, have only been subject to cursory and preliminary title review. All title opinions provided are limited to matters of record which were provided to the individual rendering the opinion. In each opinion, the examining attorney has assumed that each of the subject leases has not terminated as a result of lack of continuous operations on the tracts subject to the leases. Although Management has carried out these due diligence investigations to its commercial satisfaction, such investigations do not guarantee or certify that an unforeseen defect in the chain of title will not arise. Moreover, as is typical in U.S. oil and natural gas acquisition transactions, there are limited representations and warranties related to title to the Assets enuring to US Opco's benefit in the applicable purchase and sale agreement in respect of the Assets, or otherwise. The existence of title deficiencies with respect to the interests US Opco has acquired could reduce the value of those interests, result in the loss of attributed reserves or otherwise render the properties worthless, thus adversely affecting the distributions to Unitholders. US Opco does not obtain title insurance covering oil, natural gas and mineral leaseholds, which is generally not available in the U.S. Additionally, undeveloped leasehold acreage has greater risk of title defects than developed acreage. US Opco's inability or failure to cure title defects could render some locations undrillable or cause US Opco to lose its rights to some or all production from some of its properties, which could result in a reduction in proceeds available for distribution to Unitholders and the value of the Units may be reduced.

There may be undisclosed liabilities associated with the acquisitions of the Assets

In connection with the acquisition of the Assets, there may be liabilities that the Trust failed to discover or was unable to quantify in its due diligence, which it conducted prior to the execution of the applicable purchase and sale agreement in respect of the Assets, and the Trust may not be indemnified for some or all of these liabilities, which may negatively affect distributions to Unitholders. In addition, certain of the South Texas Oil Assets were acquired by WOG from a company that subsequently filed a voluntary petition for reorganization under United States bankruptcy legislation. WOG and the representative of the reorganized debtor entered into an agreement of settlement and release whereby WOG was released from and indemnified against any and all claims relating to such assets, which release and indemnity extends for the benefit of transferees such as US Opco. In doing so, the representative of the reorganized debtor acted pursuant to the exclusive authority granted to it under a plan of reorganization confirmed by the United States Bankruptcy Court. Management believes that the agreement has completely resolved any potential claims affect such assets or US Opco, if any existed, but there can be no assurance that a third party will not attempt to challenge the agreement and pursue a claim. While WOG has fully indemnified US Opco from and against such claims, the impact on the Trust, if any, of assertion of such a claim cannot be accurately assessed and could be material.

Declines in prices for oil, natural gas and/or NGLs will negatively affect the Trust's financial results and distributions

The Trust's and its subsidiaries' operational results and financial condition, and therefore the amounts the Trust can pay to Unitholders as distributions, will be dependent on the prices received for oil, natural gas and NGLs. Prices for oil, natural gas and NGLs have exhibited extreme volatility over the past few years and monthly distributions may be similarly affected. For the three years ended December 31, 2012, the NYMEX–WTI oil price ranged from a high of US$113.39/bbl to a low of US$64.78/bbl, while the NYMEX–Henry Hub natural gas price ranged from a high of US$7.51/MMBtu to a low of US$1.82/MMBtu. Declines in prices for oil, natural gas and/or NGLs could result in reductions to, or elimination of, distributions to Unitholders. Prices for oil, natural gas and NGLs are determined by economic factors and, in the case of oil prices, political factors and a variety of additional factors beyond the Trust's control. These factors include economic conditions in the United States, Canada and worldwide; the actions of the Organization of Petroleum Exporting Countries; the nature and extent of domestic and foreign governmental regulation and taxation; political stability in the Middle East and elsewhere; internal capacity to produce natural gas in the United States from shale deposits; regional, domestic and foreign supply of oil and natural gas; risks of supply disruption; the price of foreign imports; weather conditions and seasonal trends; natural disasters; technological advances affecting energy consumption and energy supply; energy conservation and environmental measures; the price and availability of alternative fuel sources; and the availability of rigs, completion crews, and labor. Any substantial and extended decline in the prices of oil, natural gas and/or NGLs would have an adverse effect on the carrying value of US Opco proved plus probable reserves, net asset value, borrowing capacity, revenues, profitability and cash flows from operating activities and ultimately on the overall financial condition of the Trust and its subsidiaries, and therefore on the amounts to be distributed to Unitholders.

Natural gas prices in the U.S. experienced a near continuous decrease in late 2011 through mid- 2012 due to increased domestic supply, largely from unconventional drilling in shale plays, and have not materially improved since. Recent NYMEX-Henry Hub near month prices for natural gas have at times fallen below $2.50/MMBtu. Continued low prices or future further decreases in the natural gas market price could have a negative impact on revenues, profitability, cash flow and reserves values.

In addition, any extended decline in oil, natural gas and NGLs prices may cause Management to determine to postpone or cancel all or a portion of US Opco's development drilling program, which would affect future production levels and related cash flow

Estimated proved plus probable reserves are based on many assumptions that may turn out to be inaccurate, which, if adjusted downwards, could reduce distributions to the Unitholders and the value of the Units. There are numerous uncertainties inherent in estimating quantities of recoverable oil and natural gas reserves, including many factors beyond Management's control

In general, estimates of economically recoverable oil and natural gas reserves, the future net revenues therefrom and finding and development costs relating thereto are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil, natural gas and NGLs, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. Changes in these assumptions or actual production expenses incurred and results of actual development could materially decrease reserve estimates. In addition, there could be errors made in the ownership and revenue and expense percentages furnished to the engineers for the purpose of preparing a reserve report. The reserves and production information contained in the Sproule Reserve Report is only an estimate and the actual production and ultimate reserves from the Assets may be greater or less than the estimates prepared by Sproule. The Sproule Reserve Report has been prepared using certain commodity price assumptions which are described in the notes to the reserves tables under the heading "Statement of Reserves Data and Other Oil and Gas Information". If US Opco realizes lower prices for oil, natural gas or NGLs and these prices are substituted for the price assumptions utilized in that reserves report, the present value of estimated future net revenues for reserves and net asset value would be reduced and the reduction could be significant. The estimates in the Sproule Reserve Report are based in part on the timing and success of development activities Management intends to undertake in 2013 and future years in respect to the Assets. The reserves and estimated future net revenues to be derived therefrom contained in the Sproule Reserve Report will be reduced in future years to the extent that such activities do not achieve the production performance set forth in the Sproule Reserve Report. Estimates of proved undeveloped and probable reserves are sometimes based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Recovery factors and drainage areas were estimated by experience and analogy to similar producing pools. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves and such variations could be material. A material and adverse variance of actual production, revenues and expenditures from those underlying reserve estimates would have a material adverse effect on the financial condition, result of operations and cash flows of the Trust and would reduce cash distributions to Unitholders.

The net present value of future net revenues attributable to US Opco's reserves will not necessarily be the same as the current market value of estimated reserves

Potential investors and Unitholders should not assume that the net present value of future net revenues attributable to US Opco's reserves is the current market value of estimated reserves. Sproule and GLJ based the estimated discounted future net revenues from proved plus probable reserves on certain commodity price assumptions, which assumptions are described in the notes to the reserves tables under the heading "Statement of Reserves Data and Other Oil and Gas Information". These future commodities price assumptions assume increasing future prices of natural gas and crude oil over the life of reserves which, in the case of natural gas, begin with 2013 prices substantially above current U.S. market prices for natural gas. Actual future net revenues from US Opco's properties will be affected by factors such as:

- actual prices received for oil, natural gas and NGLs;
- actual cost of development and production expenditures;
- the amount and timing of actual production from US Opco's oil and natural gas properties; and
- changes in governmental regulations or taxation.

The timing of both production and incurrence of expenses in connection with the development and production of oil and natural gas properties will affect the timing and amount of actual future net revenues from proved plus probable reserves, and thus their actual present value. In addition, the 10% discount factor used when calculating discounted future net revenues

may not be the most appropriate discount factor based on interest rates in effect from time to time and risks associated with the Trust or the oil and natural gas industry in general. Additionally, such calculation excludes a number of important costs that the Trust will actually incur, such as interest expense and general and administrative expenses. Actual future prices and costs may differ materially from those used in the present value estimates included in this annual information form.

Increases in interest rates could increase the Trust's costs and reduce the Trust's income and ability to pay distributions

There is a risk that interest rates will increase given the current historically low level of interest rates. An increase in interest rates could result in a significant increase in the amount paid by US Opco to service debt, including borrowings under the Credit Facility, resulting in a decrease in cash available for distributions to Unitholders, and could impact the market price of the Units. In addition, increasing interest rates may put competitive pressure on the levels of distributable income paid by the Trust to Unitholders, increasing the level of competition for capital faced by the Trust, which could have a material impact on the trading price of the Units.

The value of the Canadian dollar against the U.S. dollar will affect the Trust's results and distributions

World oil prices are quoted in U.S. dollars and as all of the assets of US Opco will initially be located in the U.S., US Opco's oil, natural gas and NGLs revenues are also received in U.S. dollars.

The Trust and Can Holdco will receive distributions and interest from US Opco in U.S. dollars and the Trust pays distributions to Unitholders in Canadian dollars. The Trust also raises funds primarily in Canada from the sale of Units in Canadian dollars and invests indirectly through US Opco in U.S. oil and natural gas assets, using U.S. dollars. Thus, when the Canadian dollar increases in value against the U.S. dollar, the Trust's indirect investments in U.S. oil and natural gas assets will be less expensive; however, distributions received by the Trust directly or indirectly from US Opco will also be reduced. When the Canadian dollar decreases in value against the U.S. dollar, the Trust's indirect investments in U.S. oil and natural gas assets will be more expensive; however, distributions received by the Trust directly or indirectly from US Opco will increase.

The global economy has not fully recovered and unforeseen events may negatively impact the financial condition of the Trust

Market events and conditions including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions caused significant volatility to commodity prices over the last few years. These conditions have resulted in a loss of confidence in the broader U.S. and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. These factors have negatively impacted company and trust valuations and may continue to impact the performance of the global economy going forward.

If the economic climate in the U.S. or the world generally deteriorates further, demand for petroleum products could diminish further and prices for oil and natural gas could decrease further, which could adversely impact the Trust's results of operations, liquidity and financial condition.

The Trust's level of indebtedness may reduce financial flexibility

US Opco will be required to comply with covenants under the documentation for the Credit Facility. In the event that it does not comply with such covenants, access to capital could be restricted or repayment could be required on an accelerated basis by the lenders, and the ability to make distributions to Unitholders may be restricted. The lenders have security over substantially all of the assets of US Opco. If US Opco becomes unable to pay its debt service charges or otherwise commits an event of default that is not cured, the lenders may foreclose on or sell US Opco's working interests in its properties. Amounts paid in respect of interest and principal on debt may reduce distributions. Variations in interest rates and scheduled principal repayments could result in significant changes in the amount required to be applied to debt service before payment of distributions or interest by US Opco to Can Holdco and the Trust, respectively, and by Can Holdco to the Trust. Certain covenants in the documentation for the Credit Facility may also limit distributions. Although Management believes the Credit Facility will be sufficient for the near term, there can be no assurance that the amount will be adequate for the Trust's future financial obligations including US Opco's future capital expenditure programs, or that additional funds will be able to be obtained. Failure to obtain financing necessary for US Opco's capital expenditure plans may result in a delay in development or production on US Opco's oil and natural gas properties and/or a decrease in distributions. For more information, see "Credit Facility".

A high level of indebtedness increases the risk that the Trust and/or its subsidiaries may default on their debt obligations. The Trust's and its subsidiaries' ability to meet their debt obligations and to reduce their level of indebtedness depends on future performance. General economic conditions, oil and natural gas prices and financial, business and other factors affect operations and future performance. Many of these factors are beyond the Trust's and its subsidiaries' control. The Trust and its subsidiaries may not be able to generate sufficient cash flows to pay the interest on debt and future working capital or to repay all or part of their indebtedness and borrowings or equity financing may not be available to pay or refinance such debt on commercially reasonable terms. Factors that will affect the ability to raise cash through an offering of capital stock or a refinancing of debt include financial market conditions, the value of assets and performance at the time the Trust or any of its subsidiaries need capital. The occurrence of any of these events could have a material adverse effect on the Trust's and its subsidiaries' results of operations and financial condition, which in turn could negatively affect the amount of distributions paid to Unitholders.

In the event that the Credit Facility is not extended before August 10, 2013 (or such later date to be determined by US Opco and lenders holding at least $66^{2}/_{3}$% of the Credit Facility) all outstanding indebtedness thereunder will become repayable 366 days thereafter. There is also a risk that the Credit Facility will not be renewed for the same principal amount or on the same terms. Any of these events could materially adversely affect the ability of the Trust and its subsidiaries to fund ongoing operations and the ability of the Trust to distribute cash to Unitholders.

Future acquisition and development projects will require substantial capital expenditures. Trusts have historically relied on external sources of capital, borrowings and equity sales, and the Trust may be unable to obtain needed capital or financing on satisfactory terms, which could lead to expiration of leases or a decline in reserves

The Trust's planned acquisition and development activities will be capital intensive. The Trust expects to make substantial capital expenditures in its business for the acquisition, development and production of oil and natural gas reserves. If adequate sources of capital are not available on attractive terms, or at all to fund planned capital expenditures, the Trust may not be able to fully implement its current drilling strategy. The actual amount and timing of future capital expenditures may differ materially from estimates as a result of, among other things, commodity prices, actual drilling results, the availability of drilling rigs and other services and equipment, and regulatory, technological and competitive developments.

Changes in the Trust's financing needs may require it to alter capitalization substantially through the issuance of debt or additional Units. The issuance of additional debt may require that a portion of cash flows provided by operating activities be used for the payment of principal and interest on existing debt, thereby reducing the ability to use cash flows to fund working capital, capital expenditures, acquisitions and distributions. The issuance of additional Units could have a dilutive effect on the value of previously issued Units.

Future cash flows provided by operating activities and access to capital are subject to a number of variables, including:

- proved plus probable reserves;
- the level of oil, natural gas and NGLs US Opco is able to produce from existing wells;
- the prices at which oil, natural gas and NGLs are sold;
- the costs of developing and producing oil, natural gas and NGLs;
- the ability to acquire, locate and produce new reserves;
- the ability and willingness of the Trust's banks to lend; and
- the ability to access the equity and debt capital markets.

If the borrowing base under the Credit Facility or revenues decrease as a result of commodity prices, operating difficulties, declines in reserves or for any other reason, the Trust may have limited ability to obtain the capital necessary to sustain operations at current levels. If additional capital is needed, the Trust may not be able to obtain debt or equity financing on favourable terms, or at all. To the extent that external sources of capital become limited or unavailable or available only on onerous terms, the Trust's ability to make capital investments and maintain or expand existing assets and reserves may be impaired, which in turn could lead to a possible expiration of the Trust's leases and a decline in reserves. The Trust's assets, liabilities, business, financial condition, results of operations and distributions may be materially and adversely affected as a result. Alternatively, the Trust may issue additional Units at prices which may result in a decline in production per Unit and reserves per Unit or the Trust may wish to increase borrowings to finance significant acquisitions or development projects to accomplish its long term objectives on less than optimal terms or in excess of the optimal capital structure.

In the future, US Opco may participate in hedging activities that reduce the realized prices received from sales of oil, natural gas and NGLs. This may require US Opco to provide collateral for hedging liabilities and may involve risk that counterparties may be unable to satisfy their obligations to US Opco

In order to manage exposure to price volatility in marketing oil, natural gas and NGLs, US Opco may enter into oil, natural gas and NGLs price risk management arrangements for a portion of expected production. Commodity price hedging may limit the prices actually realized and therefore reduce revenues in the future. Commodity hedging activities could impact earnings in various ways, including recognition of certain mark-to-market gains and losses on derivative instruments. The fair value of commodity derivative instruments can fluctuate significantly between periods. In addition, commodity price risk management transactions may expose the Trust to the risk of financial loss in certain circumstances, including instances in which:

- production is less than expected;
- there is a widening of price differentials between delivery points for production and the delivery point assumed in the hedge arrangement; or
- the counterparties to these contracts fail to perform their obligations.

Hedging transactions involve the risk that counterparties, which are generally financial institutions, may be unable to satisfy their obligations. If any counterparties were to default on obligations under the hedging contracts or seek bankruptcy protection, it could have an adverse effect on US Opco's ability to fund planned activities and could result in a larger percentage of future production being subject to commodity price changes. The risk of counterparty default is heightened in a poor economic environment.

US Opco's obligations under future hedging arrangements may be secured by all or a portion of its reserves, the value of which must cover the fair value of the transactions outstanding under the facility by some multiple. If the collateral value falls below the coverage designated, US Opco would be required to post cash or letters of credit with the counterparties if US Opco does not have sufficient unencumbered oil and natural gas properties available to cover the shortfall. Future collateral requirements would be dependent to a great extent on oil and natural gas prices.

Units may from time to time trade at a price that is less than the net asset value per Unit

Net asset value from time to time will vary depending upon a number of factors beyond the Trust's control, including oil, natural gas and NGLs prices. The trading price of the Units from time to time is determined by a number of factors, some of which are beyond the Trust's control and such trading price may be greater or less than the net asset value.

US Opco is committed to pay up to US$48 million with respect to the Deep Rights to which no reserves have been attributed, and there is no assurance that reserves will be attributed to or obtained from the Deep Rights

US Opco is required to pay US$18 million over the next three years in respect of its 75% net revenue interest in the Deep Rights. In addition upon the occurrence of certain events, US Opco may be further obligated to acquire 100% of Denali Deep Rights Interests for US$30 million. The Deep Rights have not been attributed any material reserves under the Reserve Reports to date. While Management expects to continue with a drilling program on the Deep Rights, there is no assurance that reserves will be attributed to or production will be obtained from the Deep Rights. Failure to attribute reserves to, or obtain production from, the Deep Rights may have a material adverse effect on the Trust's business, financial condition, results of operations and prospects and its ability to maintain distributions.

US Opco may be required to pay the Put Amount in respect of the Denali Deep Rights Interests and the timing of such payment could have an adverse impact on the Trust, distributions to Unitholders or the price of the Units

In the event the put option in respect of the Denali Deep Rights Interests is triggered, US Opco would be required to pay US$30.0 million within 60 calendar days of such date. US Opco's ability to pay the Put Amount will depend on future operating performance and financial results, which will be subject, in part, to factors beyond the control of the Trust and US Opco, including commodity prices, interest rates and general economic, financial and business conditions. If US Opco is unable to satisfy the Put Amount, the Trust or US Opco may be required to: reduce cash distributions to Unitholders, obtain additional financing through the issue of equity or debt, draw down on the Credit Facility, sell some of US Opco's assets or operations, reduce or delay capital expenditures and/or acquisitions, or revise or delay Management's strategic plans. If the Trust or US Opco are required to take any of these actions, it could have an adverse impact on the business, financial condition and results of operation of the Trust and US Opco and could also have a material impact on the distributions to Unitholders and the price of the Units. In addition, there can be no assurance that the Trust or US Opco, as applicable, would be able to take any of these actions, that these actions would enable US Opco to satisfy the Put Amount or that these actions would be permitted under the terms of the Credit Facility.

Shortages or increases in costs of equipment, services and qualified personnel could delay the drilling of new wells and result in a reduction in the amount of cash flow available for distribution to Unitholders

The demand for qualified and experienced personnel to conduct field operations, geologists, geophysicists, engineers and other professionals in the oil and natural gas industry can fluctuate significantly, often in correlation with prices for oil, natural gas and NGLs, causing periodic shortages. Historically, there have been shortages of drilling rigs and other equipment as demand for rigs and equipment has increased along with the number of wells being drilled. These factors also cause significant increases in costs for equipment, services and personnel. Higher prices for oil, natural gas and NGLs generally stimulate demand and result in increased prices for drilling rigs, crews and associated supplies, equipment and services. Shortages of field personnel and equipment or price increases could significantly hinder the ability of third-party operators to drill new wells and delay completion of such wells, which could reduce future distributions to Unitholders.

The generation of proceeds for distribution by the Trust depends in part on access to and the operation of gathering, transportation and processing facilities. Any limitation in the availability of those facilities could interfere with sales of oil, natural gas and NGLs production from the Assets

The amount of oil, natural gas and NGLs that may be produced and sold from wells located on any current or future property of US Opco is subject to the availability of gathering, transportation and processing facilities. Even where such facilities are available, services from such facilities are subject to curtailment in certain circumstances, such as inclement weather conditions, pipeline interruptions due to scheduled and unscheduled maintenance, failure of tendered oil, natural gas and NGLs to meet quality specifications of gathering lines or downstream transporters, or excessive line pressure which prevents delivery or physical damage to the gathering system or transportation system. The curtailments may vary from a few days to several months. In many cases, an operator is provided limited notice, if any, as to when production will be curtailed and the duration of such curtailments. If an operator, including US Opco, is forced to reduce production due to such a curtailment, the revenues of the Trust and the amount of cash distributions to Unitholders could be reduced due to the reduction of proceeds from the sale of production. Although the Assets currently do not have any material production shut-in and do not shut in production on a routine basis as a result of lack of accessibility to transportation or lack of processing facilities, there can be no assurance this will be the case in the future.

Some wells may be drilled in locations that currently are not serviced by gathering and transportation pipelines or locations in which existing gathering and transportation pipelines do not have sufficient capacity to transport additional production. As a result, US Opco may not be able to sell the production from certain wells until the necessary gathering systems and/or transportation pipelines are constructed or until the necessary transportation capacity on an interstate pipeline is obtained. Any delay in the procurement of additional transportation capacity would delay the receipt of any proceeds that may be associated with production from such wells.

The ability to deliver natural gas into third party natural gas pipeline facilities is directly impacted by the gas quality specifications required by those pipelines. In 2006, FERC issued a policy statement on provisions governing gas quality and interchangeability in the tariffs of interstate gas pipeline companies and a separate order declining to set generic prescriptive national standards. FERC strongly encouraged all natural gas pipelines subject to its jurisdiction to adopt, as needed, gas quality and interchangeability standards in their FERC gas tariffs modeled on the interim guidelines issued by a group of industry representatives, headed by the Natural Gas Council ("**NGC+ Work Group**"), or to explain how and why their tariff provisions differ. Management does not believe that the adoption of the NGC+ Work Group's gas quality interim guidelines by a pipeline that either directly or indirectly interconnects with US Opco's facilities would materially affect its operations. Management has no way to predict, however, whether FERC will approve of gas quality specifications that materially differ from the NGC+ Work Group's interim guidelines for such an interconnecting pipeline.

Failure of third parties to meet their contractual obligations may have a material adverse affect on the Trust's financial condition

The Trust is exposed to third party credit risk through contractual arrangements with current or future joint venture partners, third party operators, marketers of its oil and natural gas production and other parties. Poor credit conditions in the industry and of joint venture partners may impact a joint venture partner's willingness to participate in ongoing capital programs, potentially delaying such programs and the results thereof until the Trust finds a suitable alternative partner.

US Opco's business is heavily regulated and such regulation increases its costs and may adversely affect its financial condition

Oil and natural gas operations (including land tenure, exploration, development, production, refining, transportation and marketing) are subject to extensive controls and regulations imposed by various levels of government, which may be amended from time to time. Governments may regulate or intervene with respect to price, taxes, royalties and the exportation

of oil and natural gas. Regulation increases costs. In order to conduct oil and natural gas operations, licenses from various governmental authorities are required. There can be no assurance that US Opco will be able to obtain all of the licenses and permits that may be required to conduct operations that it may wish to undertake. See "The Industry".

Income tax laws or other laws may in the future be changed or interpreted in a manner that adversely affects the Trust and its Unitholders

The Trust intends to continue at all times to qualify as a "unit trust" and a "mutual fund trust" for purposes of the Tax Act. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting mutual fund trusts will not be changed in a manner that adversely affects the Unitholders. Should the Trust cease at any time to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the heading "Canadian Federal Income Tax Considerations" would be materially and adversely different in certain respects.

The SIFT Rules apply to a trust that is a SIFT trust. If the SIFT Rules were to apply to the Trust, they could have an adverse impact on the Trust and on the distributions received by the Unitholders. The Trust will not be a SIFT trust for the purposes of these rules by virtue of not holding any "non-portfolio property" (as defined in the Tax Act), based on its investment restrictions. There can be no assurance that there will not be changes to the SIFT Rules or to the administrative policies or assessing practices which will adversely affect the Trust and its Unitholders.

Canadian tax laws may be changed or certain tax positions taken by the Trust and its subsidiaries may be challenged

The income of the Trust and the Trust Subsidiaries must be computed in accordance with Canadian and U.S. laws, as applicable, and the Trust and Can Holdco are subject to Canadian tax laws. There can be no assurance that Canadian federal income tax laws, the judicial interpretation thereof or the administrative and assessing practices and policies of the CRA and the Department of Finance (Canada) will not be changed in a manner that adversely affects Unitholders. Any such change could increase the amount of tax payable by the Trust or Can Holdco or could otherwise adversely affect Unitholders by reducing the amount available to pay distributions or changing the tax treatment available to Unitholders in respect of such distributions.

There can be no assurance that the taxation authorities will not seek to challenge certain tax positions taken by the Trust and its subsidiaries. In particular, Can Holdco will be required to include in calculating its income all dividends received on its US Opco shares (which, pursuant to proposed amendments to the Tax Act, will include any distributions received by Can Holdco on its US Opco shares, except distributions received on a liquidation of US Opco or a redemption of US Opco shares). Can Holdco should be entitled to a deduction equal to the amount of such dividends derived from US Opco's earnings from carrying on an active business in the U.S., provided that the central management and control of US Opco is, at all times, exercised in the U.S. The result of this income inclusion and corresponding deduction is that Can Holdco should not be subject to tax on dividends received by Can Holdco from US Opco. If this deduction was denied, Can Holdco would be subject to Canadian income tax on the dividends from US Opco, which could adversely affect the financial position of Can Holdco and the Trust and reduce the amount of cash available for distribution to Unitholders.

Can Holdco's entitlement to designate dividends paid to the Trust from the funds received from US Opco as eligible dividends under the Tax Act may depend on Can Holdco being controlled, directly or indirectly, in any manner whatever, by one or more or a combination of non-resident persons, public corporations or corporations having a class of listed shares. If Can Holdco designates a dividend as an eligible dividend in excess of the amounts it is entitled to designate (referred to as an "excessive eligible dividend designation" within the meaning of the Tax Act), Can Holdco would be subject to an additional tax under the Tax Act on the excess amount, which would reduce the amount of cash available for distribution to the Trust.

The Trust, Can Holdco and US Opco are subject to United States tax laws

There can be no assurance that U.S. federal income tax laws and Internal Revenue Service and Department of the Treasury administrative and legislative policies respecting the U.S. federal income tax consequences described herein will not be changed, possibly on a retroactive basis, in a manner that adversely affects the Unitholders. In particular, any such change could increase the amount of U.S. federal income tax or withholding tax payable by US Opco, Can Holdco or the Trust, reducing the amount of distributions which the Trust would otherwise receive and thereby reducing the amount available to pay distributions to Unitholders.

Future tax measures could impact the Trust

There can be no assurance that future revisions to Canadian or United States domestic tax law, or to the terms of the Treaty, will not result in an adverse change to the tax treatment of the operations of US Opco, the amounts paid by US Opco to Can Holdco and the Trust or a denial of treaty benefits to Can Holdco or the Trust with respect to such payments.

A successful IRS contest of the U.S. federal income tax positions taken may adversely affect the market for the Units, and the cost of an IRS contest will reduce cash flow available for distribution to Unitholders

The IRS may adopt tax positions that differ from the positions taken by the Trust, Can Holdco and US Opco, including the position that the interest on the US Opco Notes is deductible or not subject to withholding tax. It may be necessary to resort to administrative or court proceedings to sustain some or all of the positions taken by the Trust, Can Holdco and US Opco. A U.S. court may not agree with some or all of the positions taken. Any contest with the IRS may materially and adversely impact the after-tax cash flow of US Opco, the cash flow available for distribution to Unitholders and the price at which the Units trade.

The US Opco Notes held by the Trust are financing transactions and the Units may also be treated as a financing transaction as a result of the rights of redemption of the Unitholders. If the Units were considered financing transactions, the US Opco Notes and the Units would together likely constitute a financing arrangement under the conduit financing rules. If Taxation Certifications are not provided by Unitholders, certain interest payments on the US Opco Notes could be subject to a 30% U.S. withholding tax. While it is reasonable to assume that Unitholders will provide the necessary Taxation Certifications, no assurance can be given that such certifications will be provided. Accordingly, the failure to obtain the necessary Taxation Certifications could result in interest payments to the Trust on the US Opco Notes being subject to a 30% U.S. withholding tax to the extent of any such failure.

Potential U.S. legislative and regulatory actions could increase costs, reduce revenue and cash flow from oil and natural gas sales, reduce liquidity or otherwise alter the way the Trust conducts its business

The activities of exploration and production companies operating in the United States are subject to extensive regulation at the federal, state and local levels. Changes to existing laws and regulations or new laws and regulations such as those described below could, if adopted, have an adverse effect on the Trust's business. Specifically, U.S. federal budget proposals, and certain legislation introduced in Congress, would repeal the expensing of intangible drilling costs, repeal the percentage depletion allowance and increase the amortization period of geological and geophysical expenses currently available to independent producers of oil and natural gas. These changes, if enacted, would make it more costly to explore for and develop oil and natural gas reserves. In addition, substantive changes to Code Section 163(j) and related legislation have been proposed in the past that, if adopted, would negatively affect US Opco's ability to take certain interest deductions. Any such changes could negatively impact cash flows, the cash flow available for distribution to the Unitholders, the amount of distributions to Unitholders and the value of the Units. The Trust is unable to predict whether any changes, or other proposals to such laws, ultimately will be enacted. Any such changes would negatively impact cash flows and the cash flow available for distribution to Unitholders and could negatively impact the amount of any distributions to Unitholders and the value of the Units.

New U.S. regulation of derivatives trading could reduce hedging opportunities and negatively affect the Trust's results

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**") was signed into law by the President of the U.S. on July 21, 2010, and the provisions of the Dodd-Frank Act generally were effective beginning 360 days from the date of enactment, on July 16, 2011. Provisions that require further rulemaking will not take effect until at least 60 days after publication of the related final rule. The SEC and the CFTC have not completed all of the rulemaking the Dodd-Frank Act directs them to carry out. The regulators have granted temporary relief from the general effective date for various requirements of the Dodd-Frank Act, and also have indicated they may phase in implementation of various requirements of the new rules. In the future, the Trust may use over the counter derivative markets for its oil and natural gas derivative contracts. The Dodd-Frank Act could reduce liquidity in the energy futures markets. Such changes could materially reduce hedging opportunities and negatively affect revenues and cash flow during periods of low commodity prices.

Climate change legislation or regulations restricting emissions of "GHG" could result in increased operating costs and reduced demand for the oil and natural gas produced

On December 15, 2009, the EPA published its findings that emissions of carbon dioxide, methane and other GHGs present a danger to public health and the environment. Based on these findings, the EPA has adopted regulations under existing provisions of the federal *Clean Air Act* that require a reduction in emissions of GHGs from motor vehicles and also requires construction and operating permit reviews of GHG emissions from certain large stationary sources. The EPA's rules relating to emissions of GHGs from large stationary sources of emissions are currently subject to a number of legal challenges, but the federal courts have thus far declined to issue any injunctions to prevent the EPA from implementing, or requiring state environmental agencies to implement, the rules. In addition, the EPA has adopted rules requiring the monitoring and reporting of GHG emissions from specified GHG emission sources in the United States including, among others, certain onshore oil and natural gas processing facilities on an annual basis. Both houses of Congress have from time to

time considered legislation to reduce emissions of GHGs and almost one-half of the states, either individually or through multi-state regional initiatives, already have begun implementing legal measures to reduce emissions of GHGs. The adoption and implementation of any regulations imposing reporting obligations on, or limiting emissions of GHGs from, US Opco's equipment and operations could require US Opco to incur costs to reduce emissions of GHGs associated with operations or could adversely affect demand for the oil and natural gas that is produced by US Opco. These developments could have a significant adverse effect on the business in which the Trust or its subsidiaries will invest.

Acquiring, developing and exploring for oil and natural gas involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome

The Trust's business plan contemplates acquisitions of additional producing properties and developmental drilling, and the Trust's future financial condition and results of operations will depend on the success of these activities. Oil and natural gas acquisition, development and production activities are subject to numerous risks beyond the Trust's control.

These risks include, but are not limited to; encountering unexpected formations or pressures; premature declines of reservoirs; blow-outs; craterings (sanding in or watering out of a well); equipment malfunctions; failures and other accidents; toxic gas releases; uncontrollable flows of oil, natural gas or well fluids; pipeline or tank ruptures or spills; pipe or cement failures and casing collapses; problems from waterflood operations, including surface discharges of contaminated water; lost or damaged drilling and service tools; loss of drilling fluid circulation; adverse weather conditions; pollution; other environmental risks; natural disasters; explosions, blowouts and fires; oil, natural gas or produced water releases or spills; delays in payments between parties caused by operational or economic matters; delays imposed or resulting from compliance with regulatory requirements including permitting; and shortages of or inability to secure materials or labour (including shortages of or inability to obtain rigs, completion crews or water for hydraulic fracturing activities). These risks will continue as the Trust undertakes more developmental drilling. Although the Trust maintains insurance in accordance with customary industry practice, it is not fully insured against all of these risks. Continuing production from a property, and to some extent the marketing of production therefrom, are largely dependent upon the ability of the operator of the property. Third parties operate a small portion of the Assets and may operate other properties the Trust acquires in the future. Returns on assets operated by third parties depend upon a number of factors outside the Trust's control. To the extent the operators fail to perform these functions properly, operating income may be reduced. Losses resulting from the occurrence of any of these risks may have a material adverse effect on the Trust's business, financial condition, results of operations and prospects and its ability to maintain distributions.

Distributions on Units are variable and may be reduced or suspended entirely

The actual cash flow available for distribution to Unitholders is dependent on the amount of cash flow paid to the Trust by its operating entities and can vary significantly from period to period for a number of reasons, including among other things: (i) the operating entities' operational and financial performance (including fluctuations in the quantity of their oil, natural gas and NGLs production and the sales price that they realize for such production (after hedging contract receipts and payments)); (ii) fluctuations in the costs to produce oil, natural gas and NGLs, including royalty burdens, and to administer and manage the Trust and its subsidiaries; (iii) the amount of cash required or retained for debt service or repayment; (iv) amounts required to fund capital expenditures and working capital requirements; (v) foreign currency exchange rates and interest rates; and (vi) other obligations and liabilities such as environmental, contractual or legal liabilities and obligations. These amounts are subject to the discretion of the Board, which will regularly evaluate the Trust's distribution payout with respect to anticipated cash flows, debt levels, capital expenditure plans and amounts to be retained to fund acquisitions and expenditures. In addition, the Trust's level of distributions per Unit will be affected by the number of outstanding Units and other securities that may be entitled to receive cash distributions. Distributions may be increased, reduced or suspended entirely depending on the Trust's operations and the performance of its assets. The market value of the Units may deteriorate if the Trust is unable to meet distribution expectations in the future and such deterioration may be material.

The Board has discretion in the payment of distributions and may not choose to maintain distributions in certain circumstances

The Trust Indenture provides that all of the distributable income of the Trust, as the case may be at the end of any calendar month, including December 31, shall be declared payable and distributed to the Unitholders of record on the last day of each such calendar month. These distributions are enforceable by the Unitholders of record. However, if this amount is not determined and declared payable in accordance with the rules of the TSX, the right to receive this income will trade with the Units. The Trust Indenture provides that this distributable income is allocated to Unitholders for tax purposes and to the extent a Unitholder trades Units in this period, they will be allocated such income but will have disposed of their right to receive such distribution. The Trust Indenture also provides for the consolidation of the Units to the pre-distribution number of Units after any *pro rata* distribution of additional Units to all Unitholders. Accordingly, the Trust Indenture allows for the

payment of distributions in a form other than cash and Unitholders may have taxable income and cash taxes payable in excess of the amount of cash distributions they receive from the Trust.

The Trust is participating in larger projects which may delay expected revenue from operations

US Opco plans to undertake development activities in respect of the Assets and may also undertake a variety of development activities in respect of any additional properties that are acquired. Project delays may impact expected revenues from operations. Significant project cost over-runs could make a project uneconomic. US Opco's ability to execute projects and market oil, natural gas and NGLs depends upon numerous factors beyond Management's control, including:

- the availability of processing capacity;
- the availability and proximity of pipeline capacity;
- the availability of storage capacity;
- the availability of water supplies and/or disposal facilities;
- reductions in prices for oil, natural gas and/or NGLs;
- the availability of alternative fuel sources;
- the effects of inclement weather;
- the availability of drilling and related equipment;
- unexpected cost increases;
- accidental events;
- changes in regulations;
- the availability and productivity of skilled labour; and
- the regulation of the oil and natural gas industry by various levels of government and governmental agencies.

Because of these factors, the Trust (through its subsidiaries) could be unable to execute projects on time, on budget or at all, and may not be able to effectively market the oil, natural gas and/or NGLs that is produced.

The Trust's business is difficult to evaluate because it has limited operating history

The Trust had no assets or operating history prior to its completion of the IPO. Management faces challenges and uncertainties in financial planning as a result of the unavailability of historical data and uncertainties regarding the nature, scope and results of the Trust's future activities. New companies must develop successful business relationships, establish operating procedures, hire staff, install management information and other systems, establish facilities and obtain licenses, as well as take other measures necessary to conduct their intended business activities. Management may not be successful in implementing its business strategies or in completing the development of the infrastructure necessary to conduct business as planned. In the event that the Trust's development plan is not completed or is delayed, operating results will be adversely affected and operations will differ materially from the activities described in this annual information form. As a result of industry factors or factors relating specifically to the Trust, Management may have to change methods of conducting business, which may cause a material adverse effect on results of operations and financial condition.

US Opco has limited experience in drilling wells in the Eagle Ford Shale oil formation and limited information regarding reserves and decline rates in this area. Wells drilled in this area are more expensive and more susceptible to mechanical problems in drilling and completion techniques than wells using conventional drilling

US Opco has limited experience in the drilling and completion of Eagle Ford Shale wells, including limited horizontal drilling and completion experience. The Reserve Reports assume a significant amount of drilling by US Opco in the Eagle Ford Shale over the next four years. Other operators in this play may have significantly more experience in the drilling and completion of these wells, including the drilling and completion of horizontal wells. In addition, US Opco has limited information with respect to the ultimate recoverable reserves and production decline rates in these areas due to their limited histories. The wells drilled in the Eagle Ford Shale formation are primarily horizontal and require more artificial stimulation, which makes them more expensive to drill and complete. The wells also are more susceptible to mechanical problems associated with the drilling and completion of the wells, such as casing collapse and lost equipment in the wellbore due to the length of the lateral portions of these unconventional wells. The fracturing of these formations will be more extensive and complicated than fracturing geological formations in conventional areas of operation.

US Opco only operates in Texas and Oklahoma and expansion outside of such state or into new business activities may increase its risk exposure.

All reserves and production are currently located in Texas and Oklahoma. The Trust's business plan contemplates acquisitions and development through its subsidiaries of additional reserves and production primarily in the U.S. In addition,

the Trust Indenture does not limit activities to oil and natural gas production and development, allowing the Trust to acquire and own assets or property in connection with gathering, processing, transporting, extracting, buying, storing or selling oil, natural gas, NGLs or other related products, in connection with other forms of energy and related businesses, or in connection with such other investments as the Trustee may determine. Expansion of activities into new areas may present new additional risks or alternatively, significantly increase the exposure to one or more of the present risk factors which may adversely affect the Trust's future operational and financial conditions.

Oil and natural gas reserves are a depleting resource, and production from these reserves will diminish over time

The oil, natural gas and NGLs reserves attributable to the Assets are, and any properties subsequently acquired by the Trust will likely be, depleting assets, which mean that the reserves of oil, natural gas and NGLs attributable to the properties owned by the Trust will decline over time. As a result, the quantity of oil, natural gas and NGLs produced from such properties will decline over time.

Future well maintenance may affect the quantity of proved reserves that can be economically produced from the properties to which the wells relate. The timing and size of these projects will depend on, among other factors, the market prices of oil, natural gas and NGLs. If the operators of such wells do not implement maintenance projects when warranted, the future rate of production decline of proved reserves may be higher than the rate currently expected by the Trust or estimated in the reserve reports.

Distributions by the Trust of distributable cash in respect of properties, absent commodity price increases or cost effective acquisition and development activities, will decline over time in a manner consistent with declining production from typical oil, natural gas and NGLs reserves. Future oil and natural gas reserves and production, and therefore the Trust's cash flows from operating activities, will be highly dependent on successfully exploiting the Trust's reserves base and acquiring additional reserves. Without reserves additions through acquisition or development activities, reserves and production may decline over time as existing reserves are depleted. There can be no assurance that the Trust will be successful in developing or acquiring additional reserves on terms that meet investment objectives.

The Trust's growth strategy depends on the successful acquisition of additional oil and natural gas reserves. The Trust may be subject to risks in connection with acquisitions and the integration of significant acquisitions may be difficult

The overall business strategy of the Trust contemplates future acquisition and development of conventional oil and natural gas producing properties. The successful acquisition of producing properties requires an assessment of several factors, including:

- recoverable reserves;
- future prices for oil, natural gas and NGLs and their appropriate differentials;
- development and operating costs; and
- potential environmental and other liabilities.

The accuracy of these assessments is inherently uncertain. In connection with these assessments, Management anticipates undertaking a review of the subject properties that is generally consistent with industry practices. Management's review may not reveal all existing or potential problems nor will it permit Management to become sufficiently familiar with the properties to fully assess their deficiencies and potential recoverable reserves. Inspections may not always be performed on every well, and environmental problems are not necessarily observable even when an inspection is undertaken. Even when problems are identified, the seller may be unwilling or unable to provide effective contractual protection against all or part of the problems. US Opco may not be entitled to contractual indemnification for environmental liabilities and may acquire properties on an "as is" basis.

Significant acquisitions and other strategic transactions may involve other risks, including:

- diversion of Management's attention to evaluating, negotiating and integrating significant acquisitions and strategic transactions;
- challenge and cost of integrating acquired operations, information management and other technology systems and business cultures with those of US Opco while carrying on its ongoing business;
- difficulty associated with coordinating geographically separate organizations; and
- challenge of attracting and retaining personnel associated with acquired operations.

The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of US Opco's business. Management may be required to devote considerable amounts of time to this integration process, which will decrease the time they will have to manage the business. If Management is not able to effectively manage the integration

process, or if any significant business activities are interrupted as a result of the integration process, the Trust's business could suffer.

The future use of hydraulic fracturing may be subject to new or more stringently enforced existing laws and regulations that could adversely affect the Trust's results

Vast quantities of oil, natural gas and NGLs deposits exist in deep shale and other formations. It is customary in the oil and natural gas industry to recover oil, natural gas and NGLs from these deep shale formations through the use of hydraulic fracturing, combined with sophisticated horizontal drilling. Hydraulic fracturing is the process of creating or expanding cracks, or fractures, in formations underground where water, sand and other additives are pumped under high pressure into the formation. These formations are generally geologically separated and isolated from fresh ground water supplies by protective rock layers. The Trust's current business strategy contemplates developing the Austin Chalk formation in the Assets without the use of hydraulic fracturing to stimulate production from any horizontal wells, although this technique may be more routinely used during future drilling activities. Hydraulic fracturing, however, will be an important component of drilling operations in the Eagle Ford Shale oil formation. Certain environmental and other non-governmental groups have suggested that additional federal, state and local laws and regulations may be needed to more closely regulate the hydraulic fracturing process, and have made claims that hydraulic fracturing techniques are harmful to surface water and drinking water sources. On April 17, 2012, the EPA approved final regulations under the *Clean Air Act* that, among other things, require the reduction in VOCs emitted from natural gas wells by requiring the use of green completions on all gas wells hydraulically-fractured or re-fractured after January 1, 2015. Moreover, the EPA has asserted federal regulatory authority over certain hydraulic fracturing activities using diesel under the SDWA's Underground Injection Control Program and on May 4, 2012, issued draft guidance for *Safe Drinking Water Act* permits issued to oil and natural gas exploration and production operators using diesel during hydraulic fracturing. At the same time, the EPA has commenced a study of the potential environmental impacts of hydraulic fracturing activities, with initial results of the study anticipated to be available by late 2012 and final results by 2014. In the interim, however, the EPA has utilized its existing SDWA enforcement authorities to order actions and potentially to pursue penalties against some oil and natural gas producers where EPA believes their activities may have impacted groundwater. Also, for the second consecutive session, legislation has been introduced before Congress to provide for federal regulation of hydraulic fracturing and to require disclosure of the chemicals used in the fracturing process. Moreover, the EPA has announced that it will develop effluent limitations for the treatment and discharge of wastewater resulting from hydraulic fracturing activities by 2014. Other governmental agencies, including the U.S. Department of Energy and the U.S. Department of the Interior, have or are evaluating various other aspects of hydraulic fracturing, with the U.S. Department of the Interior proposing regulations on May 4, 2012 that would require oil and natural gas producers to publicly disclose their hydraulic fracturing chemicals in connection with their drilling of wells on federal and Indian lands and also would strengthen standards for well-bore integrity and the management of fluids that return to the surface during and after fracturing operations on federal and Indian lands. These studies or reviews, depending on their degree of pursuit and any meaningful results obtained, could spur initiatives to further regulate hydraulic fracturing under the *Safe Drinking Water Act* or other regulatory mechanisms. In addition, some states have adopted, and other states are considering adopting, regulations that could impose more stringent permitting, disclosure and well construction requirements on hydraulic fracturing operations. In June 2011, Texas adopted a law and has since adopted regulations that require the disclosure to the RRC and the public of certain information regarding the substances used in the hydraulic fracturing process. Certain states are also considering temporary moratoriums on hydraulic fracturing activities until further studies can be completed. If new laws or regulations that significantly restrict hydraulic fracturing are adopted, such laws could make it more difficult or costly for the operators to perform fracturing to stimulate production from tight formations. Restrictions on hydraulic fracturing also could reduce the amount of oil, natural gas and NGLs that are ultimately produced in commercial quantities from the Trust's properties. In addition, if hydraulic fracturing becomes regulated at the federal level as a result of federal legislation or regulatory initiatives by the EPA, the Trust's business and operations and the properties in which the Trust has an interest could be subject to additional permitting requirements, and also to attendant permitting delays, increased operating and compliance costs and process prohibitions.

Operations are subject to hazards and unforeseen interruptions for which the Trust may not be adequately insured

There are a variety of operating risks inherent in the wells, gathering systems and associated facilities to be acquired by US Opco, such as leaks, explosions, mechanical problems and natural disasters, all of which could cause substantial financial losses. Any of these or other similar occurrences could result in the disruption of operations, substantial repair costs, personal injury or loss of human life, significant damage to property, environmental pollution, impairment of operations and substantial revenue losses. The location of the wells, gathering systems and associated facilities to be acquired by US Opco near populated areas, including residential areas, commercial business centers and industrial sites, could significantly increase the level of damages resulting from these risks.

The Trust is not fully insured against all risks. Generally, pollution and environmental risks are not fully insurable. In addition, Management may elect not to obtain insurance if it believes that the cost of available insurance is excessive relative to the perceived risks presented. Therefore, losses could occur for uninsurable or uninsured risks or in amounts in excess of existing insurance coverage. Moreover, insurance may not be available in the future at commercially reasonable costs and on commercially reasonable terms. Losses and liabilities from uninsured and underinsured events and a delay in the payment of insurance proceeds could adversely affect the Trust's business, financial condition, results of operations and ability to make distributions to Unitholders.

The Trust has the authority to impose restrictions on the issuance or transfer of Units to a non-resident of Canada

The Trust intends to comply with the requirements under the Tax Act for a "unit trust" and "mutual fund trust" at all relevant times such that it maintains its status of a unit trust and a mutual fund trust for purposes of the Tax Act. Under current law, a mutual fund trust may lose its status under the Tax Act as a "mutual fund trust" if it can reasonably be considered that the trust was established or is maintained primarily for the benefit of non-residents of Canada (including partnerships owned in whole or in part by non-residents), except in limited circumstances. Among those circumstances are that all or substantially all of the mutual fund trust's property is not "taxable Canadian property", as defined by the Tax Act.

As a result of the Trust's investment restrictions, the Trust is not expected to hold any taxable Canadian property and should not be subject to the Tax Act's non-resident ownership restrictions. However, in the event that the Trust determines that such non-resident restrictions apply, the Trustee has various powers that can be used for the purpose of monitoring and controlling the extent of non-resident ownership of the Units. See "Description of the Trust – Limitations on Non-Resident Ownership".

If restrictions on issuances of Units by the Trust to non-residents are imposed by the Trust the ability of the Trust to raise financing for future acquisitions or operations could be negatively affected. In addition, the fact that such restrictions may be implemented in the future may limit the ability of Unitholders to sell their Units at the best price, and could discourage certain categories of investors from purchasing Units in the open market, which could negatively affect the liquidity of the Units and the future market price for Units.

The nature of the Trust's assets exposes it to significant costs and liabilities with respect to environmental and occupational health and safety matters

Environmental and occupational health and safety requirements applicable to oil and natural gas production activities can create significant costs and liabilities. These costs and liabilities could arise under a wide range of U.S. federal, state and local environmental and worker health and safety laws and regulations, including agency interpretations of the foregoing and governmental enforcement policies, which have become increasingly strict over time. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, imposition of cleanup and site restoration costs and liens, and to a lesser extent, issuance of injunctions to limit or cease operations. In addition, claims for damages to persons or property may result from environmental and other impacts of operations.

Strict, joint and several liabilities may be imposed under certain environmental laws, which can result in liability for the conduct of others as well as for consequences of a party's own actions that were in compliance with all applicable laws at the time the conduct occurred or actions were taken. Changes in environmental laws and regulations occur frequently, and any changes that result in more stringent or costly waste handling, storage, transport, disposal or cleanup requirements or well construction, drilling, completion or water management activities could require significant expenditures to attain and maintain compliance and may otherwise have a material adverse effect on its results of operations, competitive position or financial condition. If the Trust is not able to recover the resulting losses through insurance or increased revenues, the ability to make distributions to Unitholders could be adversely affected. See "The Industry – Environmental, Health and Safety Regulation".

Competition in the oil and natural gas industry is intense, making it more difficult to acquire properties, market oil, natural gas and NGLs and secure trained personnel

US Opco's ability to acquire and develop additional reserves in the future will depend on the ability to evaluate and select suitable properties and consummate the acquisition of those properties, to effectively market oil, natural gas and NGLs and to secure equipment and trained personnel in a highly competitive environment. Also, there is substantial competition for capital available for investment in the oil and natural gas industry. Many competitors possess and employ financial, technical and personnel resources substantially greater than the Trust's. Those companies may be able to pay more for productive oil and natural gas properties or to identify, evaluate, bid for and purchase a greater number of properties than the Trust's financial or personnel resources permit. Furthermore, these companies may also be better able to withstand the financial pressures of unsuccessful drilling attempts, sustained periods of volatility in financial markets and generally adverse global

and industry-wide economic conditions, and may be better able to absorb the burdens resulting from changes in relevant laws and regulations, which would adversely affect competitive position. In addition, other companies may be able to offer better compensation packages to attract and retain qualified personnel. The cost to attract and retain qualified personnel has increased over the past few years due to competition and may increase substantially in the future. The Trust may not be able to compete successfully in the future in acquiring and developing reserves, marketing hydrocarbons, attracting and retaining quality personnel and raising additional capital, which could have a material adverse effect on the Trust's business.

Success depends in large measure on certain key personnel and the Trust's ability to retain its key personnel

The loss of certain key personnel could delay the completion of certain projects or otherwise have a material adverse effect on the Trust. Unitholders will be dependent on Management in respect of the administration and management of all matters relating to the Trust's properties, the Units and the safekeeping of its primary workspace and computer systems.

Schedule BTHE TRUST WILL BE RELIANT ON OPERATORS OF ANY PROPERTIES IT ACQUIRES AN INTEREST IN BUT DOES NOT OPERATE.

To the extent that US Opco will not be the operator of its properties, it will be dependent upon other operators or third parties for the timing of such activities and will be largely unable to control the activities of such operators. The failure of such operators and their contractors to properly perform their obligations would have a material adverse effect on the Trust's financial condition, and the value of its Units.

Acreage must be drilled before lease expiration, generally within two to five years, in order to hold the acreage by production. In the highly competitive market for acreage, failure to drill sufficient wells in order to hold acreage will result in a substantial lease renewal cost, or if renewal is not feasible, loss of US Opco's lease and prospective drilling opportunities

If US Opco acquires leasehold that is not held by production, it must establish production prior to the expiration of the applicable lease or renew the lease to prevent expiration. The cost to renew leases may increase significantly, and US Opco may not be able to renew such leases on commercially reasonable terms or at all. As such, US Opco's actual drilling activities may materially differ from current expectations, which could adversely affect the ability to pay distributions.

The Trust may incur losses as a result of title defects in the properties in which US Opco invests

Industry practice in the U.S. for acquiring undrilled or non-producing oil and natural gas leases or interests does not typically involve retaining lawyers to examine the title to the mineral interest and instead relies upon the judgment of oil and natural gas lease brokers or landmen who perform the fieldwork in examining records in the appropriate governmental office or using available field notes, run sheets or title abstracts before attempting to acquire a lease in a specific mineral interest.

Prior to the drilling of an oil or natural gas well, however, it is the normal practice in the industry for the operator of the well to obtain a preliminary title review by a lawyer, law firm or other land professional to ensure there are no obvious defects in title to the well. Frequently, as a result of such examinations, certain curative work must be done to correct defects in the marketability of the title, and such curative work entails expense. Failure to cure any title defects may adversely impact the ability in the future to increase production and reserves.

There can be no assurance that the Trust will not suffer a monetary loss from title defects or title failure. Additionally, undeveloped acreage has greater risk of title defects than developed acreage. If there are any title defects or defects in assignment of leasehold rights in properties in which US Opco holds an interest, it may suffer a financial loss.

Risks Relating to the Trust's Structure and Ownership of Units

Distributions do not represent a "yield" and are not comparable to debt instruments and rights of redemption have limited liquidity

Units will have no value when reserves from the properties owned by the Trust can no longer be economically produced and, as a result, distributions do not represent a "yield" in the traditional sense and are not comparable to bonds or other fixed yield securities, where investors are entitled to a full return of the principal amount of debt on maturity in addition to a return on investment through interest payments. Distributions represent a blend of return of Unitholders' initial investment and a return on Unitholders' initial investment. Unitholders have a limited right to require a repurchase of their Units, which is referred to as a redemption right. It is anticipated that the redemption right will not be the primary mechanism for Unitholders to liquidate their investment. The right to receive cash in connection with a redemption is subject to material limitations. Any securities which may be distributed in specie to Unitholders in connection with a redemption may not be listed on any stock

exchange and a market may not develop for such securities and such securities may be illiquid. In addition, there may be resale restrictions imposed by law upon the recipients of the securities pursuant to the redemption right. See "Description of the Trust – Redemption at the Option of Unitholders".

The Units do not represent a traditional investment in the oil and natural gas sector and should not be viewed by investors as shares in a corporation

The Units represent a fractional interest in the Trust. Corporate law does not govern the Trust and the rights of Unitholders. As Unitholders, Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring oppression or derivative actions. The rights of Unitholders are specifically set forth in the Trust Indenture. In addition, trusts are not defined as recognized entities within the definitions of legislation such as the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) and in some cases the *Winding Up and Restructuring Act* (Canada). As a result, in the event of an insolvency or restructuring, a Unitholder's position as such may be quite different than that of a shareholder of a corporation. The Trust's sole assets will be the Can Holdco Shares and the US Opco Notes. The price per Unit is a function of anticipated distributable income, the properties acquired by the Trust and the ability to effect long-term growth in value. The market price of the Units will be sensitive to a variety of market conditions including, but not limited to, interest rates and the ability to acquire suitable oil and natural gas properties. Changes in market conditions may adversely affect the trading price of the Units.

The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation. Furthermore, the Trust is not a trust company and, accordingly, is not registered under any trust and loan company legislation as the Trust does not carry on or intend to carry on the business of a trust company.

Unitholder limited liability is subject to contractual and statutory assurances which may have some enforcement risks

The Trust Indenture provides that no Unitholder will be subject to any liability in connection with the Trust or its obligations and affairs and, in the event that a court determines Unitholders are subject to any such liabilities, the liabilities will be enforceable only against, and will be satisfied only out of the Trust's assets. Pursuant to the Trust Indenture, the Trust will indemnify and hold harmless each Unitholder from any costs, damages, liabilities, expenses, charges and losses suffered by a Unitholder resulting from or arising out of such Unitholder not having such limited liability. The Trust Indenture provides that all written instruments signed by or on behalf of the Trust must contain a provision to the effect that such obligation will not be binding upon Unitholders personally. Personal liability may also arise in respect of claims against the Trust that do not arise under contracts, including claims in tort, claims for taxes and possibly certain other statutory liabilities. The possibility of any personal liability of this nature arising is considered unlikely. The *Income Trusts Liability Act* (Alberta) provides that a Unitholder will not be, as a beneficiary, liable for any act, default, obligation or liability of the trustee that arises after the legislation came into force. The Trust's operations will be conducted, upon the advice of counsel, in such a way and in such jurisdictions as to avoid as far as possible any material risk of liability on Unitholders for claims against the Trust.

Risk Factors Applicable to Residents of the United States and Other Non-Residents of Canada

Persons not resident in Canada may have difficulty enforcing civil remedies

The Trust and Can Holdco are organized under the laws of Alberta, Canada and have their principal place of business in Canada. US Opco is organized under the laws of the State of Delaware. Most of the Trust's, and Can Holdco's directors and officers and the representatives of the experts who provide services to the Trust (such as its auditors and its independent reserve engineers), and all of the assets held directly by the Trust and all or a substantial portion of the assets of such persons are located in Canada. As a result, it may be difficult for investors in the United States to effect service of process within the United States upon such directors, officers and representatives of experts who are not residents of the United States or to enforce against them judgments of the United States courts based upon civil liability under the United States federal securities laws or the securities laws of any state within the United States. There is doubt as to the enforceability in Canada against the Trust and Can Holdco or against any of their respective directors, officers or representatives of experts (to the extent applicable) who are not residents of the United States, in original actions or in actions for enforcement of judgments of United States courts of liabilities based solely upon the United States federal securities laws or securities laws of any state within the United States.

There are differences in reporting practices in Canada and the United States

The Trust reports its production and reserve quantities in accordance with Canadian practices and specifically in accordance with NI 51-101. These practices are different from the practices used to report production and to estimate reserves in reports and other materials filed with the Securities and Exchange Commission by companies in the United States. The Trust incorporates additional information with respect to production and reserves which is either not generally included or prohibited under rules of the Securities and Exchange Commission and practices in the United States. The Trust follows the Canadian practice of reporting gross production and reserve volumes (before deduction of Crown and other royalties); however, it also follows the United States practice of separately reporting reserve volumes on a net basis (after the deduction of royalties and similar payments). The Trust also follows the Canadian practice of using forecast prices and costs when estimating reserves; whereas the Securities and Exchange Commission requires that prices and costs be averaged for the 12 months ended as of the date of the Sproule Reserve Report. Included in this annual information form are estimates of proved and proved plus probable reserves. Probable reserves are higher risk and are generally believed to be less likely to be accurately estimated or recovered than proved reserves. The Securities and Exchange Commission generally prohibits the inclusion of estimates of probable reserves in filings made with it. This prohibition does not apply to the Trust as a Canadian foreign private issuer.

As a consequence of the foregoing, the reserve estimates and production volumes in this annual information form may not be comparable to those made by companies utilizing United States reporting and disclosure standards.

There is additional taxation applicable to non-residents

Net income of the Trust, other than certain net realized capital gains, distributed to non-residents will be subject to withholding tax under the Tax Act at a 25% rate, subject to reduction under an applicable income tax treaty.

An additional 15% Canadian withholding tax also applies to the return of capital portion of distributions made to non-resident unitholders for publicly traded trusts whose trust units derive more than 50% of their value from any combination of real property situated in Canada, "Canadian resource property" (as defined in the Tax Act), or "timber resource property" (as defined in the Tax Act). The Trust and its affiliates do not expect to hold any of the properties referred to above, and accordingly, the additional withholding tax should not apply to the Trust and its Unitholders. There can be no assurance that Canadian tax laws or international tax treaties will not be changed in a manner which adversely affects the rate of withholding on distributions of the Trust's capital and/or income.

If the Trust ceases to qualify as a "mutual fund trust" for purposes of the Tax Act, non-resident Unitholders may be subject to Canadian tax (subject to any treaty relief) on gains realized on a disposition of Units if such Units constitute "taxable Canadian property" as defined in the Tax Act. However, Units will generally not constitute "taxable Canadian property" unless in the 60 month period preceding the disposition date more than 50% of the value of the Units was derived, directly or indirectly, from "real or immovable property situated in Canada", "Canadian resource property" (as defined in the Tax Act), "timber resource property" (as defined in the Tax Act) and/or options and interests in any of the foregoing. Given the anticipated holdings of the Trust and its affiliates, it is not expected that the Units will constitute "taxable Canadian property"; however, no assurances can be given in this regard.

There is a foreign exchange risk of non-resident Unitholders.

The Trust's distributions are declared in Canadian dollars and converted to foreign denominated currencies at the spot exchange rate at the time of payment. As a consequence, investors are subject to foreign exchange risk. To the extent that the Canadian dollar strengthens with respect to their currency, the amount of the distribution will be reduced when converted to their home currency.

LEGAL PROCEEDINGS AND REGULATORY ACTION

Neither The Trust, Can Holdco, US Opco, the Administrator, any other direct or indirect subsidiaries of the Trust, or their property was subject to any material legal proceedings during 2012, nor is Management aware of any such legal proceedings being contemplated.

There have not been any penalties or sanctions imposed against the Trust by a court relating to provincial and territorial securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Trust, and the Trust has not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Units is Computershare Trust Company of Canada, at its principal offices in Calgary, Alberta and Toronto, Ontario where transfers of securities may be recorded.

MATERIAL CONTRACTS

Copies of the following documents are available for inspection during normal business hours at the Administrator's office, Suite 500, 321 – 6th Avenue S.W. Calgary, Alberta, T2P 3H3, or on the SEDAR website at www.sedar.com.

1. Trust Indenture. See "Description of the Trust".
2. Administrative Services Agreement. See "Administration of the Trust – Administrative Services Agreement".
3. Services Agreement. See "Administration of the Trust – Services Agreement with Aston Hill".
4. The US Opco Notes. See "Description of US Opco – The US Opco Notes".
5. Voting Agreement. See "Voting Agreement".
6. Credit agreement relating to the Credit Facility. See "Credit Facility".
7. The purchase and sale agreement entered into on May 23, 2012, as amended on June 11, 2012 and July 12, 2012, with an effective date of January 1, 2012 between US Opco and Denali. See "General Development of our Business – Three Year History".
8. The purchase and sale agreement entered into on October 3, 2012, with an effective date of September 1, 2012 between US Opco and EQ. See "General Development of our Business – Three Year History".
9. The purchase and sale agreement entered into on December 5, 2012, with an effective date of October 1, 2012 between US Opco and Wapiti. See "General Development of our Business – Three Year History".
10. Cooperation Agreements. See "General Development of Our Business – Three Year History - Trust Wapiti Offering and Acquisition of the South Texas Oil Assets – Cooperation Agreements".

INTERESTS OF EXPERTS

There is no person or company whose profession or business gives authority to a report, valuation, statement or opinion made by such person or company and who is named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under National Instrument 51-102 by the Trust during, or related to, the Trust's most recently completed financial year other than Sproule and GLJ, the Trust's independent engineering evaluators, and PriceWaterhouseCoopers LLP, the Trust's auditors. As at the date hereof, the principals of each of Sproule and GLJ, as a group, beneficially owned, directly or indirectly, less than one per cent of outstanding securities of the Trust, including the securities of associates and affiliates of the Trust. The Trust's auditors are PricewaterhouseCoopers LLP, Chartered Accountants, who have prepared an independent auditors' report dated February 28, 2013 in respect of the Trust's consolidated financial statements as at and for the period ended December 31, 2012. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Trust within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

ADDITIONAL INFORMATION

Additional information about the Trust may be found on SEDAR at www.sedar.com.

Additional information including remuneration and indebtedness of directors and officers of the Administrator, principal holders of the Units, and securities authorized for issuance under equity compensation plans, will be contained in the management information circular of the Trust for its annual meeting of unitholders to be held May 23, 2013.

Additional financial information is provided in the Trust's consolidated financial statements and accompanying management's discussion and analysis for the year ended December 31, 2012, which have been filed on SEDAR at www.sedar.com.

SCHEDULE "A"
FORM 51-101F2 – REPORTS ON RESERVES DATA BY INDEPENDENT QUALIFIED RESERVES EVALUATORS

To the Board of Directors of Argent Energy Ltd. (the "**Administrator**"), as administrator of Argent Energy Trust (the "**Trust**"):

1. We have evaluated the Trust's reserves data as at December 31, 2012. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2012, estimated using forecast prices and costs.

2. The reserves data are the responsibility of the management of the Administrator ("**Management**"). Our responsibility is to express an opinion on the reserves data based on our evaluation.

   We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "**COGE Handbook**"), prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society

3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

4. The following table sets forth the estimated future net revenue in US dollars (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Trust evaluated by us as of December 31, 2012, and identifies the respective portions thereof that we have audited, evaluated and reviewed and reported on Management and the board of directors of the Administrator:

			Net Present Value of Future Net Revenue Before Income Taxes (10% Discount Rate) US Dollars			
Independent Qualified Reserves Evaluator	**Description and Preparation Date of Evaluation Report**	**Location of Reserves (Country)**	**Audited (M$US)**	**Evaluated (M$US)**	**Reviewed (M$US)**	**Total (M$US)**
Sproule.....	As of December 31, 2012, prepared December 2012 to February 2013	United States	**Nil**	**361,036**	**Nil**	**361,036**

5. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are presented in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.

6. We have no responsibility to update the report referred to in paragraph 4 for events and circumstances occurring after its preparation date.

7. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

EXECUTED as to our report referred to above:

Sproule Associates Limited
Calgary, Alberta
February 26, 2013

"Robert R. Warholm"	*"Attila A. Szabo"*
Robert R. Warholm, P.Eng. Manager, Engineering and Partner	Attila A. Szabo, P.Eng. Senior Petroleum Engineer and Partner
"Matthew J. Tymchuk"	*"Ian K. Kirkland"*
Matthew J. Tymchuk, P.Eng. Petroleum Engineer	Ian K. Kirkland, P.Geol. Senior Petroleum Geologist and Associate

"Victor Verkhogliad"	*"Harry J. Helwerda"*
Victor Verkhogliad, P.Geol. Senior Petroleum Geologist	Harry J. Helwerda, P.Eng., FEC Executive Vice-President and Director

To the Board of Directors of Argent Energy Ltd. (the "**Administrator**"), as administrator of Argent Energy Trust (the "**Trust**"):

1. We have prepared an evaluation of the Trust's reserves data as at December 31, 2012. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2012, estimated using forecast prices and costs.

2. The reserves data are the responsibility of the management of the Administrator ("**Management**"). Our responsibility is to express an opinion on the reserves data based on our evaluation.

   We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "**COGE Handbook**"), prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society

3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

4. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Trust evaluated by us for the year ended December 31, 2012, and identifies the respective portions thereof that we have audited, evaluated and reviewed and reported on to the Trust's board of directors:

			Net Present Value of Future Net Revenue Before Income Taxes (10% Discount Rate) US Dollars			
Independent Qualified Reserves Evaluator	**Description and Preparation Date of Evaluation Report**	**Location of Reserves (Country)**	**Audited (M$US)**	**Evaluated (M$US)**	**Reviewed (M$US)**	**Total (M$US)**
GLJ Petroleum Consultants	Corporate Summary February 4, 2013	United States	**Nil**	**154,130**	**Nil**	**154,130**

5. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are presented in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.

6. We have no responsibility to update the report referred to in paragraph 4 for events and circumstances occurring after their respective preparation dates.

7. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

EXECUTED as to our report referred to above:

GLJ Petroleum Consultants Ltd
Calgary, Alberta
February 13, 2013

"Myron J. Hladyshevsky"
Myron J. Hladyshevsky, P.Eng.
VP Corporate Evaluations

SCHEDULE "B"
FORM 51-101F3- REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE

Management of Argent Energy Ltd., as administrator (the "**Administrator**") of Argent Energy Trust (the "**Trust**"), is responsible for the preparation and disclosure of information with respect to the Trust's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data, which are estimates of proved reserves and probable reserves and related future net revenues as at December 31, 2012 estimated using forecast prices and costs.

An independent qualified reserves evaluator has evaluated the reserves data in respect to the Trust's reserves data. The report of the independent qualified reserves evaluator is presented on the preceding page. The Reserves & Environment, Health & Safety Committee (the "**Committee**") of the board of directors of the Administrator has:

(a) reviewed the Trust's procedures for providing information to the independent qualified reserves evaluator;

(b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservations; and

(c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The Committee has reviewed the Trust's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The Committee has approved:

(a) the content and filing with the securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;

(b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator on the reserves data; and

(c) the content and filing of this report.

Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

DATED February 28, 2013.

(signed) *"Brian Prokop"*
Brian Prokop
Chief Executive Officer and Director

(signed) *"Sean Bovingdon"*
Sean Bovingdon
Chief Financial Officer

(signed) *"Glen Schmidt*"
Glen Schmidt
Director

(signed) "*William Robertson*"
William Robertson
Director

SCHEDULE "C"
AUDIT COMMITTEE CHARTER

Argent Energy Ltd.

Audit Committee Charter

General

Argent Energy Ltd. (the "**Corporation**") is the administrator of Argent Energy Trust (the "**Trust**") and as such, the board of directors of the Corporation (the "**Board of Directors**") is responsible for the stewardship of the affairs of the Trust and the Trust's direct and indirect subsidiary entities (together with the Corporation and the Trust, the "**Argent Group**"), for the benefit of the unitholders of the Trust (the "**Unitholders**"). The Board of Directors has established an Audit Committee (the "**Committee**") the primary role of which is to assist the Board of Directors in fulfilling its oversight responsibilities regarding the following matters:

1. the integrity, accuracy and completeness of the Trust's consolidated financial statements and related management discussion and analysis ("**MD&A**");
2. the design and implementation of an effective system of internal financial controls and disclosure controls and procedures of the Argent Group;
3. the selection (subject to approval by the Unitholders), engagement and monitoring of the activities of the Trust's external auditor;
4. the Argent Group's risk management strategy;
5. the Argent Group's compliance with legal, statutory and regulatory requirements as they relate to financial statements and taxation matters; and
6. any additional duties set out in this Charter or otherwise delegated to the Committee by the Board of Directors.

While the Committee has the responsibilities and powers set forth in this Charter, the role of the Committee is oversight. It is not the duty of the Committee to plan or conduct audits or to determine that the Trust's consolidated financial statements are complete and accurate and are in accordance with Canadian generally accepted accounting principles applicable to publicly accountable enterprises being International Financial Reporting Standards as adopted by the Canadian Accounting Standards Board ("**IFRS**"). These are the responsibility of senior financial management of the Corporation (the "**Management**") on behalf of the Trust and it is the responsibility of the Trust's external auditor to express an opinion on the Trust's consolidated financial statements based on their audit.

Composition and Operation

The Board of Directors will in each year appoint a minimum of three (3) directors ("**Directors**") as members of the Committee. All members of the Committee shall be "independent" Directors as such term is defined in Sections 1.4 and 1.5 of National Instrument 52-110 – *Audit Committees*, such that each member of the Committee shall have no direct or indirect material relationship with the Argent Group that could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of his or her independent judgment.

The Board of Directors will in each year appoint a chairman of the Committee (the "**Committee Chair**"). In the Committee Chair's absence, or if the position is vacant, the Committee may select another member as Committee Chair. The Committee Chair will have the right to exercise all powers of the Committee between meetings but will attempt to involve all other members of the Committee as appropriate prior to the exercise of any powers and will, in any event, advise all other members of the Committee of any decisions made or powers exercised.

All members of the Committee shall be financially literate. While the Board of Directors shall determine the definition of and criteria for financial literacy, this shall, at a minimum, include the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Trust's financial statements.

Directors who are not members of the Committee may attend all or any part of meetings of the Committee, but shall not be entitled to vote on any questions before the Committee. Other than members of the Board of Directors, entitlement to attend all or any portion of any Committee meeting shall be determined by the Committee Chair or by the members of the Committee.

Mandate

The Committee's duties and responsibilities include, but are not limited to, the following matters:

Financial Reporting and Disclosure

In connection with the financial reporting and disclosure obligations of the Trust, the Committee will:

1. review the audited consolidated annual financial statements of the Trust as prepared by Management in conjunction with the external auditors, the related MD&A and the associated press releases for submission to the Board of Directors for approval;
2. review the unaudited consolidated quarterly financial statements of the Trust as prepared by Management, the related MD&A and the associated press releases for submission to the Board of Directors for approval;
3. review with Management and the external auditor, significant accounting practices employed by the Argent Group and disclosure issues, including complex or unusual transactions, judgment-related areas such as the financial implications of reserves or estimates, and significant changes to accounting principles, with a view to gaining reasonable assurance that the accounting policies and critical accounting estimates are appropriate and that the financial statements are accurate within reasonable levels of materiality, are complete, do not contain any misrepresentations and present fairly the Trust's financial position and results of operations in accordance with IFRS;
4. review and assess any new or proposed developments in accounting and reporting standards that may affect or have an impact on the Trust;
5. confirm through discussions with Management and the external auditor that Canadian IFRS and all applicable laws or regulations related to financial reporting and disclosure have been complied with;
6. review any unresolved significant issues between Management and the external auditor that could affect the financial reporting or internal controls of the Argent Group;
7. review any actual or anticipated litigation or other events, including tax assessments, which could have a material current or future effect on the Trust's consolidated financial statements, and the disclosure of such in the financial statements;
8. discuss with Management the effect of any off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons that may have a material current or future effect on the Trust's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues and expenses;
9. review and discuss with the Chief Executive Officer and Chief Financial Officer of the Corporation the procedures undertaken in connection with the Chief Executive Officer and Chief Financial Officer certifications for the annual and/or quarterly filings with applicable securities regulatory authorities;
10. review disclosures made by the Chief Executive Officer and Chief Financial Officer to the Corporation during their certification process for annual and/or quarterly financial statements with applicable securities regulatory authorities about any significant deficiencies in the design or operation of internal controls which adversely affect the Argent Group's ability to record, process, summarize and report financial data or any material weaknesses in the internal controls, and any fraud involving management or other employees of the Argent Group or the Corporation who have a significant role in the Argent Group's internal controls; and
11. review or satisfy itself that adequate procedures are in place for the review of the Trust's public disclosure of financial information extracted from the Trust's financial statements and periodically assess the adequacy of those procedures.

Oversight of Internal Controls

The Committee will:

1. monitor the quality and integrity of the Argent Group's system of internal controls, disclosure controls and management information systems through discussions with Management and the external auditor;
2. oversee the system of internal controls by:
   (a) consulting with the external auditor regarding the effectiveness of the Argent Group's internal controls;

(b) monitoring policies and procedures for internal accounting, financial controls and management information, electronic data controls and computer security;

(c) obtaining from Management adequate assurances that all statutory payments and withholdings have been made; and

(d) taking other actions as considered necessary;

3. oversee investigations of alleged fraud and illegality relating to the Argent Group's finances and any resulting actions; and

4. establish procedures for the receipt, retention and treatment of complaints received by the Argent Group regarding accounting, internal accounting controls or auditing matters, the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters and for the protection from retaliation of those who report such complaints in good faith.

External Auditor Appointment and Removal

The Committee will:

1. recommend the appointment or replacement of the external auditor to the Board of Directors, who will consider the recommendation prior to submitting the nomination to the Unitholders for their approval;

2. review Management's plans for an orderly transition to a new external auditor, if required;

3. pre-approve, in accordance with applicable law, any non-audit services to be provided to the Trust by the external auditor, with reference to compatibility of the service with the external auditors' independence and, where appropriate, delegate to one or more members of the Committee the authority to grant pre-approvals of non-audit services with the members of the Committee being informed of any such pre-approvals at the next regularly scheduled meeting of the Committee; and

4. review and approve the Argent Group's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor.

External Auditor Liaison

The external auditor will report directly to the Committee and will be accountable to the Committee and the Board of Directors, as representatives of the Unitholders.

In its role as liaison with the external auditor, the Committee will:

1. be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Trust, including the resolution of any disagreements between Management and the external auditor regarding financial reporting;

2. review all material written communications between the external auditor and the Argent Group, including any post-audit management letter containing the recommendations of the external auditor, Management's response and, subsequently, follow up on identified weaknesses; and

3. meet with the external auditor independently from Management at least annually to discuss and review specific issues and any significant matters that the auditor may wish to bring to the Committee for its consideration.

External Auditor Review

The Committee will:

1. review with Management, and make recommendations to the Board of Directors, regarding the fee related to the audit. In making a recommendation with respect to the fee, the Committee shall consider the number and nature of reports issued by the external auditor, the quality of internal controls, the size, complexity and financial condition of the Argent Group, and the extent of other support provided by the Argent Group and Management to the external auditor;

2. review with Management the terms of the external auditors' engagement, accountability, experience, qualifications and performance;

3. evaluate the performance of the external auditor;

4. review the audit plan and scope of the external audit with the external auditor and Management, and consider the nature and scope of the planned audit procedures prior to the commencement of the audit;
5. discuss with the external auditor any significant changes required in the approach or scope of their audit plan, Management's handling of any proposed adjustments identified by the external auditor, and any actions or inactions by Management that limited or restricted the scope of their work;
6. review, independently from Management, the results of the annual external audit, the audit report thereon and the auditors' review of the related MD&A, and discuss with the external auditor the quality (not just the acceptability) of accounting principles used, any alternative treatments of financial information that have been discussed with Management, the ramifications of their use and the auditors' preferred treatment, and any other material communications with Management;
7. engage the external auditor to review all interim financial statements and review the results of the auditors' review of the interim financial statements and the auditors' review of the related MD&A independently of and without Management present;
8. review any other matters related to the external audit that are to be communicated to the Committee under generally accepted auditing standards or that relate to the external auditor;
9. review with Management and the external auditor any correspondence with regulators or governmental agencies, employee complaints or published reports that raise material issues regarding the Argent Group's financial statements or accounting policies; and
10. at least annually, and before the external auditor issues its report on the annual financial statements, review and confirm the independence of the external auditor through discussions with the auditor on their relationship with the Argent Group, including details of all non-audit services provided. Consider the safeguards implemented by the external auditor to minimize any threats to their independence, and take action to eliminate all factors that might impair, or be perceived to impair, the independence of the external auditor. Consider the number of years the lead audit partner has been assigned to the Corporation, and consider whether it is appropriate to recommend to the Board of Directors a policy of rotating the lead audit partner more frequently than every seven years, as is required under the rules of the Canadian Public Accountability Board.

Risk Management

The Committee will:

1. review and assess the adequacy of the Argent Group's risk management policies and procedures with respect to the Argent Group's principal business risks;
2. review with Management, at least annually, the Argent Group's major risk exposures and the steps taken by Management to monitor and control such exposures;
3. review and monitor the results of Management's commodity price, financial and credit exposure management activities including oil and natural gas, foreign currency and interest rate hedging activities and the use of derivative instruments;
4. review and assess the adequacy of the implementation of appropriate systems to mitigate and manage the risks, and report regularly to the Board of Directors; and
5. review the Argent Group's insurance program.

Regulatory Compliance

The Committee will review with Management the Trust's relationship with regulators and the timeliness and accuracy of the Trust's filings with regulatory authorities.

Related Party Transactions

The Committee will review with Management all related party transactions and the development of policies and procedures related to those transactions.

Complaint Procedures

The Committee will establish and review procedures relating to the receipt, retention and treatment of complaints received by the Argent Group respecting accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

Board of Directors Relationship and Reporting

The Committee will:

1. report regularly to the Board of Directors on Committee activities, issues and related recommendations;
2. oversee appropriate disclosure of the Committee mandate, and other information required to be disclosed by applicable securities laws, in the Trust's annual information form and all other applicable disclosure documents, including any management information circular distributed in connection with the solicitation of proxies from Unitholders; and
3. conduct an annual review and assessment of its performance, including compliance with this Charter and its role, duties and responsibilities, and submit such report to the Board of Directors.

Administrative Matters

The following general provisions shall have application to the Committee:

1. A quorum of the Committee shall be the attendance of two (2) members thereof present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by a resolution in writing signed by all the members of the Committee.
2. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee, by resolution of the Board of Directors. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, each member of the Committee shall hold such office until the close of the annual meeting of Unitholders next following the date of appointment as a member of the Committee or until a successor is duly appointed.
3. The Committee may invite such officers, directors and employees of the Argent Group or the Corporation, as it may see fit, from time to time to attend at meetings of the Committee and to assist thereat in the discussion of matters being considered by the Committee. The external auditor is to appear before the Committee when requested to do so by the Committee.
4. The time and place for the Committee meetings, the calling and the procedure at such meetings shall be determined by the Committee having regard to the by-laws of the Corporation.
5. The Committee shall meet a minimum of four (4) times a year.
6. The Committee Chair shall preside at all meetings of the Committee. In the absence of the Committee Chair or in the event of a vacancy in the position of the Committee Chair, the other members of the Committee shall appoint a representative amongst them to act as Committee Chair for that particular meeting.
7. Notice of meetings of the Committee shall be given to the external auditor. The external auditor has the right to appear before and to be heard at any meeting of the Committee. Upon the request of the external auditor, the Committee Chair shall convene a meeting of the Committee to consider any matters which the external auditor believes should be brought to the attention of the Directors or Unitholders.
8. The Committee shall report to the Board of Directors on such matters and questions relating to the financial position of the Argent Group as the Board of Directors may from time to time refer to the Committee.
9. The members of the Committee shall, for the purpose of performing their duties, have the right to inspect all the books and records of the Argent Group, and to discuss such books and records that are in any way related to the financial position of the Trust with the officers and employees of the Argent Group and the external auditor of the Trust.
10. The Committee shall meet, in separate, non-management, *in camera* sessions at each regularly scheduled meeting.
11. Minutes of the Committee meetings shall be recorded and maintained. The Committee Chair will report to the Board of Directors on the activities of the Committee and/or the minutes of the Committee meetings will be promptly circulated to the Directors or otherwise made available at the next meeting of Directors.
12. The external auditors shall report directly to the Committee and the external auditors and internal auditors (if any) shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Corporation as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

Duties and Reliance

In exercising their powers and discharging their duties under this charter and applicable law, each member of the Committee must:

1. act honestly and in good faith with a view to the best interests of the Corporation and the Argent Group (on a consolidated basis); and
2. exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Each member of the Committee will be entitled to reasonable reliance, or reliance in good faith, on:

1. financial statements of the Trust represented to the member of the Committee by an officer of the Corporation or in a written report of the external auditor of the Argent Group to reflect fairly the financial condition of the Argent Group;
2. the Argent Group's disclosure compliance system and on the Corporation's officers, employees and others whose duties would in the ordinary course have given them knowledge of the relevant facts; and
3. a report, statement or opinion of an expert, being a person or company whose profession gives authority to a statement made in a professional capacity by the person or company including, without limitation, an accountant, actuary, appraiser, auditor, engineer, financial analyst, geologist or lawyer.

In order to carry out its duties, the Committee may retain or appoint, at the Corporation's expense, such independent counsel and other experts and advisors, as it deems necessary and may set and pay the compensation for any counsel or advisor so engaged. The Committee may also request any officer or employee of the Corporation or the Argent Group to attend a meeting of the Committee or to meet with any members of, or consultants or advisors to, the Committee.