

PRAIRIE PROVIDENT RESOURCES INC.

- and -

MACKIE RESEARCH CAPITAL CORPORATION

- and -

ALLIANCE TRUST COMPANY

SUBSCRIPTION RECEIPT AGREEMENT

**Providing for the Issue of
Subscription Receipts**

Dated March 16, 2017

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THIS SUBSCRIPTION RECEIPT AGREEMENT made as of the 16th day of March, 2017.

BETWEEN:

PRAIRIE PROVIDENT RESOURCES INC., a corporation incorporated under the laws of the Province of Alberta (hereinafter referred to as the "**Company**")

- and -

MACKIE RESEARCH CAPITAL CORPORATION., on behalf of the underwriters who are party to the Underwriting Agreement (as defined herein) providing for the issue and sale to investors of the Subscription Receipts (as defined herein) (hereinafter referred to as "**MRCC**")

- and -

ALLIANCE TRUST COMPANY, a trust company authorized to carry on business in the Provinces of Alberta, Saskatchewan and Manitoba (hereinafter referred to as the "**Subscription Receipt Agent**")

WHEREAS the Company is proposing to issue and sell Subscription Receipts representing the right to receive Underlying Securities (as defined herein);

AND WHEREAS the Company is duly authorized to create and issue the Subscription Receipts to be issued as herein provided;

AND WHEREAS the Company and MRCC, on behalf of the Underwriters, have agreed that:

- (a) the Escrowed Proceeds are to be delivered to and held by the Subscription Receipt Agent and invested in the manner set forth herein;
- (b) if the Release Time occurs prior to the Deadline, each holder of Subscription Receipts shall be entitled to receive from the Subscription Receipt Agent, without payment of additional consideration or further action on the part of such holder, one Underlying Share (as defined herein) and one-half of one Underlying Warrant (as defined herein) for each Subscription Receipt held; and
- (c) if a Termination Time occurs, the right to receive Underlying Securities represented by the Subscription Receipts shall be automatically terminated and cancelled and each holder of Subscription Receipts shall be entitled to receive from the Subscription Receipt Agent an amount equal to the Subscription Receipt Issue Price for each Subscription Receipt held by such holder together with such holder's *pro rata* share of the Earned Income, less any applicable withholding taxes;

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

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

ARTICLE 1 **INTERPRETATION**

1.1 **Definitions**

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

"**Acquisition**" means the proposed acquisition by the Company of the Assets from the Vendor pursuant to the terms of the Purchase Agreement;

"**affiliate**" has the meaning given to it in the *Securities Act* (Alberta);

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

"**AIF**" means the annual information form of the Company for the year ended December 31, 2015 dated November 18, 2016;

"**Assets**" means the petroleum and natural gas properties and related assets in the Greater Red Earth area of northern Alberta to be acquired by the Company pursuant to the Purchase Agreement;

"**Authenticate**" means (i) with respect to the issuance of a Subscription Receipt Certificate, one which has been duly signed by the Company and authenticated by manual signature of an authorized officer of the Subscription Receipt Agent, (ii) with respect to the issuance of an Uncertificated Subscription Receipt, one in respect of which the Subscription Receipt Agent has completed all Internal Procedures such that the particulars of such Uncertificated Subscription Receipt as required by Article 2 are entered in the register of holders of Subscription Receipts, and "**Authenticate**", "**Authenticating**" and "**Authentication**" have the appropriate correlative meanings;

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

"**Business Day**" means a day which is not a Saturday or Sunday or a statutory holiday in Calgary, Alberta, or Toronto, Ontario;

"**CDS**" means CDS Clearing and Depository Services Inc. and its successors;

"**Common Shares**" means common shares in the capital of the Company;

"**Conversion Notice**" means the notice executed by a duly appointed executive officer of the Company certifying that the Escrow Release Conditions have been satisfied, and acknowledged by MRCC, substantially in the form set forth in Schedule "B" hereto;

"**Company**" means Prairie Provident Resources Inc.;

"**Counsel**" means a barrister or solicitor or a firm of barristers or solicitors, who may be counsel for the Company, acceptable to the Subscription Receipt Agent, acting reasonably;

"**Deadline**" means 5:00 p.m. (Calgary time) on March 31, 2017, or such later date as may be consented to by MRCC, on behalf of the Underwriters;

"**Designated Office**" means the principal share transfer office of the Subscription Receipt Agent from time to time in the City of Calgary, Alberta;

"**Earned Income**" means the income (including interest) generated on (i) the investment of the Escrowed Proceeds and (ii) the reinvestment of such Escrowed Proceeds and/or any income generated thereon, pursuant to Article 5 between the date hereof and up to but excluding the date of the earlier to occur of the Release Time and the Termination Time;

"**Escrowed Proceeds**" means the gross proceeds of the Subscription Receipt Offering;

"**Escrow Release Conditions**" means (i) all conditions precedent to the completion of the Acquisition (except for the release of the Escrowed Proceeds to satisfy a portion of the purchase price of the Acquisition) have been satisfied in accordance with the terms of the Purchase Agreement or waived (any such waiver to be consent to by MRCC in writing, acting reasonably), and (ii) the Company has received all necessary regulatory and other approvals regarding the Subscription Receipt Offering, the Flow-Through Offering and the Acquisition;

"**Exempt Plan**" means trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans or tax-free savings accounts, each as defined in the Tax Act;

"**Flow-Through Issue Price**" means \$0.77 per Flow-Through Share;

"**Flow-Through Offering**" means the distribution of 5,195,000 Flow-Through Shares (5,974,250 Flow-Through Shares if the Flow-Through Over-Allotment Option is exercised in full) at the Flow-Through Issue Price per Flow-Through Share for aggregate gross proceeds of \$4,000,150 (\$4,600,173 if the Flow-Through Over-Allotment Option is exercised in full);

"**Flow-Through Over-Allotment Option**" means the option granted by the Company to the Underwriters to purchase, as agents for the purchasers, up to an additional 779,250 Flow-Through Shares, representing 15% of the Flow-Through Offering, at the discretion of the Underwriters at a price equal to \$0.77 per Flow-Through Share, on the same terms and conditions of the Flow-Through Offering;

"**Flow-Through Shares**" means the Common Shares to be issued as "flow-through shares" as defined in subsection 66(15) of the Tax Act pursuant to the Prospectus and, for greater certainty, includes the Flow-Through Shares issuable pursuant to the Flow-Through Over-Allotment Option;

"**Global Subscription Receipts**" means Subscription Receipts represented by Uncertificated Subscription Receipts, or, if requested by CDS or the Company, by one or more Subscription Receipt Certificates, that is registered in the name of CDS, or its nominee, for the purpose of being held by or on behalf of CDS;

"**Indemnified Parties**" has the meaning attributed thereto in Section 10.6(e);

"**Internal Procedures**" means in respect of the making of any one or more entries to, changes in or deletions of any one or more entries in the register at any time (including, without limitation, original issuance or registration of transfer of ownership), the Subscription Receipt Agent's internal procedures customary at such time for the entry, change or deletion made to be completed under the operating procedures followed at the time by the Subscription Receipt Agent;

"**Issue Date**" means the date upon which the documents contemplated by Section 3.1 have been delivered or issued, as applicable;

"**MRCC**" means Mackie Research Capital Corporation;

"**Offering**" means, collectively, the Flow-Through Offering and the Subscription Receipt Offering;

"**Original Purchasers**" has the meaning attributed thereto in Section 2.19(a);

"**Prospectus**" means the (final) short form prospectus of the Company dated March 8, 2017 relating to the distribution of the Subscription Receipts and the Flow-Through Shares in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador and, unless the context otherwise requires, includes all documents incorporated therein by reference and any amendments thereto;

"**Purchase Agreement**" means the purchase and sale agreement dated February 13, 2017 between the Company and the Vendor providing for the Acquisition;

"**Qualified Institutional Buyer**" means a "qualified institutional buyer" as defined in Rule 144A under the U.S. Securities Act;

"**Receiptholders**" or "**holders**" means the persons who are registered owners of Subscription Receipts;

"**Receiptholders' Request**" means an instrument signed in one or more counterparts by Receiptholders entitled to be issued in the aggregate not less than 25% of the aggregate number of the Underlying Shares and Underlying Warrant Shares which could be issuable pursuant to all Subscription Receipts then outstanding, requesting the Subscription Receipt Agent to take some action or proceeding specified therein;

"**Regulation S**" means Regulation S promulgated by the SEC under the U.S. Securities Act;

"**Release Time**" means the time at which (i) the Escrow Release Conditions are satisfied and (ii) the Conversion Notice has been delivered in accordance with Section 3.1;

"**Rule 144A**" means Rule 144A promulgated by the SEC under the U.S. Securities Act;

"**SEC**" means the United States Securities and Exchange Commission;

"**Shareholder**" means a holder of record of one or more Common Shares;

"Subscription Receipt Agent" means Alliance Trust Company or its successors from time to time under this Agreement;

"Subscription Receipt Certificate" means a certificate evidencing Subscription Receipts substantially in the form attached as Schedule "A", with such appropriate insertions, deletions, substitutions and variations as may be required or permitted by the terms of this Agreement or as may be required to comply with any law or the rules of any securities exchange or as may be consistent with the terms of this Agreement and as the Company may deem necessary or desirable;

"Subscription Receipt Issue Price" means \$0.67 per Subscription Receipt;

"Subscription Receipt Offering" means the distribution of 5,971,000 Subscription Receipts (6,866,650 Subscription Receipts if the Subscription Receipt Over-Allotment Option is exercised in full) at the Subscription Receipt Issue Price per Subscription Receipt for aggregate gross proceeds of \$4,000,570 (\$4,600,656 if the Subscription Receipt Over-Allotment Option is exercised in full);

"Subscription Receipts" means the subscription receipts issued and certified hereunder and from time to time outstanding, including, for greater certainty, the subscription receipts issuable pursuant to the Subscription Receipt Over-Allotment Option, each Subscription Receipt evidencing the rights set out in Section 2.3;

"Tax Act" means the *Income Tax Act* (Canada), together with the regulations thereto;

"Termination Time" means the earliest time at which a Termination Event occurs;

"Termination Event" shall occur if (i) the closing of the Acquisition has not occurred by the Deadline; (ii) the Acquisition is terminated in accordance with the terms of the Purchase Agreement at any earlier time; or (iii) the Company has advised the Underwriters or the public that it does not intend to proceed with the Acquisition;

"TSX" means the Toronto Stock Exchange;

"Uncertificated Subscription Receipts" means Subscription Receipts that are issued by electronic delivery to CDS, or its nominee, for the purpose of being held by or on behalf of CDS;

"Underlying Securities" means, collectively, Underlying Shares and Underlying Warrants, and **"Underlying Security"** means any one of them;

"Underlying Shares" means the Common Shares issuable to Receiptholders without payment of additional consideration or further action on the part of the Receiptholders in accordance with the terms and conditions of this Agreement;

"Underlying Warrants" means the Warrants issuable to Receiptholders without payment of additional consideration or further action on the part of the Receiptholders in accordance with the terms and conditions of this Agreement;

"Underlying Warrant Share" means a Common Share issuable pursuant to a Warrant in accordance with the provisions of the Warrant Indenture;

"**Underwriters**" means, collectively, MRCC, Beacon Securities Limited and Industrial Alliance Securities Inc.;

"**Underwriting Agreement**" means the underwriting agreement dated effective February 14, 2017 among the Company and the Underwriters relating to the Offering;

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

"**U.S. Exchange Act**" means the United States Securities Exchange Act of 1934, as amended;

"**U.S. Placement Memorandum**" has the meaning ascribed thereto in the Underwriting Agreement;

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

"**Vendor**" means the arm's length vendor party to the Purchase Agreement;

"**Warrant**" means a Common Share purchase warrant of the Company;

"**Warrant Agent**" means Alliance Trust Company, in its capacity as warrant agent under the Warrant Indenture;

"**Warrant Indenture**" means the warrant indenture to be dated as of the Issue Date governing the Warrants between the Company and the Warrant Agent;

"**written request of the Company**" and "**certificate of the Company**" mean, respectively, a written request and certificate signed in the name of the Company by any officer or director of the Company and may consist of one or more instruments so executed.

1.2 Headings

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

1.3 References

Unless otherwise specified in this Agreement:

(a) references to Articles, Sections, and Schedules are to Articles, Sections, and Schedules in this Agreement; and

(b) "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions, without reference to a particular provision, refer to this Agreement.

1.4 Certain Rules of Interpretation

Unless otherwise specified in this Agreement:

(a) the singular includes the plural and vice versa;

(b) references to any gender shall include references to all genders; and

(c) "person" includes any individual, company, corporation, firm, partnership, trust, trustee, government, governmental body, agency, instrumentality, unincorporated body of persons or association.

1.5 Day Not a Business Day

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

1.6 Applicable Law

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

1.7 Conflict

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

1.8 Currency

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

1.9 Severability

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

ARTICLE 2
ISSUE OF SUBSCRIPTION RECEIPTS

2.1 Issue and Form of Subscription Receipts

(a) 5,971,000 Subscription Receipts (6,866,650 Subscription Receipts if the Subscription Receipt Over-Allotment Option is exercised in full) providing for the exchange of such Subscription Receipts in certain circumstances, as provided herein, to acquire an aggregate of up to 5,971,000 Underlying Shares and 2,985,500 Underlying Warrants (6,866,650 Underlying Shares and 3,433,325 Underlying Warrants if the Subscription Receipt Over-Allotment Option is exercised in full) are hereby created and authorized to be issued by the Company for a price per Subscription Receipt equal to the Subscription Receipt Issue Price.

(b) Subscription Receipts may be issued in both certificated and uncertificated form; provided, however, that unless the Subscription Receipts cease to be eligible for the Book Entry Only System, whether as a result of a termination of the Company's agreement with CDS or otherwise, Subscription Receipt Certificates shall be in the form of one or more certificated Global Subscription Receipts registered in the name of CDS in accordance with Section 2.15, substantially in the form attached hereto as Schedule "A". Subject to applicable law, Subscription Receipts represented by a Global

Subscription Receipt shall, unless otherwise requested by CDS or the Company, be issued in uncertificated form. All Subscription Receipts issued electronically to CDS in uncertificated form through the uncertificated inventory system of CDS will be evidenced by a book position on the register of holders to be maintained by the Subscription Receipt Agent in accordance with Section 2.5. If Subscription Receipts represented by a Global Subscription Receipt are represented in certificated form, they shall be represented by a Subscription Receipt Certificate and, if so represented, such Subscription Receipt Certificate shall be delivered to CDS or its nominee. The Global Subscription Receipts will be subject to CDS's applicable rules and procedures of the Book Entry Only System and to Section 2.15. Upon the issue of the Subscription Receipts and upon receipt of the issue price therefor, any Subscription Receipt Certificate issued shall be Authenticated upon the written direction of the Company and delivered by the Subscription Receipt Agent to the Company or to the order of the Company pursuant to a written direction of the Company, without any further act of or formality on the part of the Company and without the Subscription Receipt Agent receiving any consideration therefor. The Company shall direct the Subscription Receipt Agent to proceed by way of an uncertificated issue with respect to the Subscription Receipts to be issued to purchasers other than purchasers to whom Subscription Receipt Certificates are issued. Such Subscription Receipts will be registered in the name of and deposited with CDS or its nominee in the Book Entry Only System. Subscription Receipt Certificates issued to Qualified Institutional Buyers acquiring Subscription Receipts pursuant to Rule 144A shall bear such distinguishing notations as the Company may, with the approval of the Subscription Receipt Agent and CDS, prescribe. Subscription Receipt Certificates shall be issuable in any whole number denominations.

2.2 Payment Acknowledgement

(a) As of the date hereof, the Subscription Receipt Agent hereby acknowledges receipt from the Underwriters of funds by wire transfer, in the aggregate amount of \$4,000,570 and confirms that such funds (i) have been deposited in accordance with Section 2.17 hereof, (ii) will be invested in accordance with Article 5 hereof and (iii) will be paid in accordance with Article 3 hereof. The Subscription Receipt Agent shall retain the Escrowed Proceeds as agent and bailee for and on behalf of the Receiptholders until the earlier of the Release Time and the Termination Time and shall invest, disburse and deal with the Escrowed Proceeds as provided herein.

(b) The Company hereby:

- (i) acknowledges that the amounts received by the Subscription Receipt Agent pursuant to Section 2.2(a) in accordance with the Company's direction to MRCC, on behalf of the Underwriters, represents payment in full by the Underwriters of the aggregate Subscription Receipt Issue Price for 5,971,000 Subscription Receipts;
- (ii) irrevocably directs the Subscription Receipt Agent to retain such amounts in accordance with the terms of this Agreement pending payment of such amounts in accordance with the terms of this Agreement; and
- (iii) irrevocably directs the Subscription Receipt Agent, immediately following the execution and delivery of this Agreement, to certify, in accordance with written directions provided by MRCC on behalf of the Underwriters, one or more Global Subscription Receipts registered in the name of CDS (or its nominee) in the form attached as Schedule "A" representing an aggregate of 5,971,000 Subscription Receipts.

(c) MRCC, on behalf of the Underwriters, acknowledges receipt of the Global Subscription Receipts in accordance with Section 2.2(b)(iii), and hereby agrees that such delivery satisfies the requirements of section 9 of the Underwriting Agreement.

(d) For greater certainty, the Subscription Receipt Agent shall expressly not be a trustee of the Receiptholders hereunder and the terms of this Agreement shall not create or be construed as a trust for the benefit of the Receiptholders. The Escrowed Proceeds shall not form part of the property, estate, assets, undertaking, or effects of the Subscription Receipt Agent, and, except as and subject to the terms provided herein, shall from the date of this Agreement until the Release Time or a Termination Event, be the property of the Receiptholders.

2.3 Terms of Subscription Receipts

Each Subscription Receipt shall evidence the right: (i) if the Release Time occurs prior to the Deadline, to receive from the Subscription Receipt Agent, without payment of additional consideration or further action on the part of the Receiptholder, one Underlying Share and one-half of one Underlying Warrant (subject to any applicable adjustment under Article 4); or (ii) if a Termination Event occurs, to receive from the Subscription Receipt Agent, an amount equal to the Subscription Receipt Issue Price together with such Receiptholder's *pro rata* share of the Earned Income, less any applicable withholding taxes, all in the manner and on the terms and conditions set out in this Agreement.

2.4 Fractional Subscription Receipts

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

2.5 Registers for Subscription Receipts

The Company hereby appoints the Subscription Receipt Agent as transfer agent and registrar of the Subscription Receipts, and the Company shall cause to be kept by the Subscription Receipt Agent at the Designated Office, a securities register in which shall be entered the names and addresses of Receiptholders and the number of Subscription Receipts held by each holder. The Company shall also cause to be kept by the Subscription Receipt Agent at the Designated Office a register of transfers, and may also cause to be kept by the Subscription Receipt Agent, branch registers of transfers in which shall be recorded the particulars of the transfers of Subscription Receipts registered in that branch register of transfers.

2.6 Registers Open for Inspection

The registers referred to in Section 2.5 shall be open at all reasonable times during business hours on a Business Day for inspection by the Company, the Subscription Receipt Agent or any Receiptholder. The Subscription Receipt Agent shall, from time to time when requested so to do by the Company, furnish the Company with a list of the names and addresses of Receiptholders entered in the registers kept by the Subscription Receipt Agent and showing the number of Subscription Receipts held by each holder.

2.7 Receiptholder Not a Shareholder

Nothing in this Agreement or in the holding of a Subscription Receipt evidenced by a Subscription Receipt Certificate or otherwise, shall confer or be construed as conferring upon a Receiptholder any right or interest whatsoever as a Shareholder, including, but not limited to, the right to vote at, to receive notice of, or to attend meetings of Shareholders, or the right to receive dividends or any

continuous disclosure materials of the Company. Receiptholders are entitled to exercise the rights expressly provided for in the Subscription Receipts and this Agreement on the terms and conditions set forth herein.

2.8 Subscription Receipts to Rank *Pari Passu*

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

2.9 Signing of Subscription Receipt Certificates

The Subscription Receipt Certificates, if issued, shall be signed by an officer or director of the Company on behalf of the Company. The signature of such officer or director may be mechanically reproduced in facsimile or other electronic means and Subscription Receipt Certificates bearing such facsimile or other electronic signature shall, subject to Section 2.10, be binding upon the Company as if they had been manually signed by such officer or director. Notwithstanding that the person whose signature appears on any Subscription Receipt Certificate as such officer or director may no longer hold such position at the date of such Subscription Receipt Certificate or at the date of certification or delivery thereof, any Subscription Receipt Certificate signed as aforesaid shall, subject to Section 2.10, be valid and binding upon the Company and the holder thereof shall be entitled to the benefits of this Agreement.

2.10 Authentication by the Subscription Receipt Agent

(a) The Subscription Receipt Agent shall Authenticate Subscription Receipt Certificates (in the form substantially as attached as Schedule "A" hereto) or Uncertificated Subscription Receipts to be issued by the Company upon the written direction of the Company. No Subscription Receipt will be issued or, if issued, will be valid or entitle the holder to the benefits hereof until it has been Authenticated by or on behalf of the Subscription Receipt Agent. The Authentication by the Subscription Receipt Agent on a Subscription Receipt Certificate or an Uncertificated Subscription Receipt will be conclusive evidence as against the Company that the Subscription Receipts represented by such Subscription Receipt Certificate or Uncertificated Subscription Receipt has been issued hereunder and that the holder thereof is entitled to the benefits hereof.

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

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

(a) In case any of the Subscription Receipt Certificates shall become mutilated or be lost, destroyed or stolen, the Company, subject to applicable law and compliance with paragraph (b) below, shall issue and thereupon the Subscription Receipt Agent shall certify and deliver, a new Subscription Receipt Certificate of like tenor as the one mutilated, lost, destroyed or stolen in exchange for and in place

of and upon cancellation of such mutilated, lost, destroyed or stolen Subscription Receipt Certificate, or in lieu of and in substitution for such mutilated, lost, destroyed or stolen Subscription Receipt Certificate, and the substituted Subscription Receipt Certificate shall be in a form approved by the Subscription Receipt Agent and shall be entitled to the benefits hereof and shall rank equally in accordance with its terms with all other Subscription Receipt Certificates issued or to be issued hereunder.

(b) The applicant for the issue of a new Subscription Receipt Certificate pursuant to this Section 2.11 shall bear the cost of the issue thereof and in case of mutilation, loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Company and to the Subscription Receipt Agent such evidence of ownership and of the mutilation, loss, destruction or theft of the Subscription Receipt Certificate so mutilated, lost, destroyed or stolen as shall be satisfactory to the Company and to the Subscription Receipt Agent in their sole discretion, and such applicant shall also furnish an indemnity and surety bond in amount and form satisfactory to the Company and the Subscription Receipt Agent in their sole discretion and shall pay the reasonable charges of the Company and the Subscription Receipt Agent in connection therewith.

2.12 Exchange of Subscription Receipt Certificates

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

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

2.13 Charges for Exchange

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

2.14 Transfer and Ownership of Subscription Receipts

(a) Subject to applicable securities laws, there are no restrictions on the transfer of Subscription Receipts. The Subscription Receipts may only be transferred on the register kept at the Designated Office by the holder or his legal representatives or his attorney duly appointed by an instrument in writing (i) in the case of a Subscription Receipt Certificate, surrendering to the Subscription Receipt Agent at the Designated Office the Subscription Receipt Certificates representing the Subscription Receipts to be transferred; and (ii) in the case of Uncertificated Subscription Receipts, in accordance with procedures prescribed by CDS under the Book Entry Only System.

(b) Upon surrender for registration of transfer of Subscription Receipts at the Designated Office, the Company shall issue and thereupon the Subscription Receipt Agent shall: (i) in the case of Uncertificated Subscription Receipts, in accordance with procedures prescribed by CDS in the Book Entry Only System under the Book Entry Only System as the holder in respect of such Subscription Receipts; or (ii) in the case of Subscription Receipt Certificates, Authenticate and deliver, in accordance with its Internal Procedures, a new Subscription Receipt Certificate of like tenor in respect of such Subscription Receipts in the name of the designated transferee. If less than all the Subscription Receipts

evidenced by the Subscription Receipt Certificates so surrendered are transferred, the transferor shall be entitled to receive, in the same manner, a new Subscription Receipt Certificate registered in its name evidencing the Subscription Receipts not transferred. However, notwithstanding the foregoing, Subscription Receipts shall only be transferred:

- (i) upon payment to the Subscription Receipt Agent of a reasonable sum for each new Subscription Receipt Certificate or Uncertificated Subscription Receipt issued upon such transfer, and reimbursement of the Subscription Receipt Agent or the Company for any and all stamp taxes or governmental or other charges required to be paid in respect of such transfer;
- (ii) in accordance with applicable securities laws, rules, regulations or policies; and
- (iii) upon satisfaction of such reasonable requirements as the Subscription Receipt Agent may prescribe,

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

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

(d) The transfer register in respect of Subscription Receipts shall be closed on the earlier to occur of 5:00 p.m. (Calgary time) on the date on which the Release Time occurs and the Termination Time (subject to settlement).

(e) The Subscription Receipt Agent shall promptly advise the Company of any requested transfer of Subscription Receipts on the register of holders of Subscription Receipts. The Company shall be entitled, and may direct the Subscription Receipt Agent, to refuse to recognize any transfer, or enter the name of any transferee, of any Subscription Receipts on the registers referred to in Section 2.5, if such transfer would constitute a violation of the securities laws of any jurisdiction or the rules, regulations or policies of any regulatory authority having jurisdiction or may recognize the transfer upon receipt of evidence of compliance with applicable securities laws in form and substance satisfactory to it.

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

2.15 Global Subscription Receipts

(a) Until the termination of the Book Entry Only System or unless required to do so by law, Subscription Receipt Certificates will only be represented by Global Subscription Receipts in uncertificated form. The Company will make a notation on its records with respect to any Subscription Receipts sold to Qualified Institutional Buyers pursuant to Rule 144A and give instructions to CDS or any registrar or transfer agent for the Subscription Receipts in order to implement the restrictions on transfer

set out and described in the U.S. Placement Memorandum provided to Original Purchasers of Subscription Receipts in the United States;

(b) The parties hereto understand, acknowledge and agree that (i) the Subscription Receipts and the Underlying Securities issued upon the exchange thereof have not been, and will not be, registered under the U.S. Securities Act or any securities laws of any state of the United States, (ii) the Subscription Receipts sold to Qualified Institutional Buyers in reliance on an exemption from the registration requirements of the U.S. Securities Act pursuant to Rule 144A and the Underlying Securities issued upon the exchange thereof are "restricted securities" within the meaning of Rule 144 under the U.S. Securities Act and, accordingly, may not be offered, sold, pledged or otherwise transferred, directly or indirectly, except (A) to the Company, (B) outside the United States in a transaction complying with the provisions of Rule 904 of Regulation S under the U.S. Securities Act; or (C) pursuant to an effective registration statement that has been declared effective under the U.S. Securities Act, and in each case of clauses (A) through (C), in accordance with any applicable state securities laws in the United States or securities laws of any other applicable jurisdictions;

(c) Until the termination of the Book Entry Only System or required to do so by law, owners of the beneficial interests in the Subscription Receipts shall not be entitled to have Subscription Receipts registered in their names, shall not receive or be entitled to receive Subscription Receipt Certificates in definitive form and shall not be considered owners or holders thereof under this Agreement or any supplemental agreement except in circumstances where CDS resigns or is removed from its responsibility and the Company is unable or does not wish to locate a qualified successor. Beneficial interests in Subscription Receipts represented by the Global Subscription Receipts will be represented only through the Book Entry Only System. Transfers of Subscription Receipts between CDS participants shall occur in accordance with CDS's rules and procedures. Neither the Company nor the Subscription Receipt Agent shall have any responsibility or liability for any aspects of the records relating to or payments made by CDS, or its nominee, on account of the beneficial interests in the Subscription Receipts. Nothing herein shall prevent the owners of beneficial interests in the Subscription Receipts from voting such Subscription Receipts using duly executed proxies in accordance with CDS's rules and procedures.

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

(e) For so long as Subscription Receipts are represented by the Global Subscription Receipts, if any notice or other communication is required to be given to Receiptholders, the Subscription Receipt Agent will give such notices and communications to CDS.

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

(g) For so long as Subscription Receipts are represented by Global Subscription Receipts in the form of definitive certificates, such certificates shall bear (or be deemed to bear, in the case of Uncertificated Subscription Receipts) the following legend, or such other legend as may be prescribed by CDS from time to time:

"UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITARY SERVICES INC. ("CDS") TO PRAIRIE PROVIDENT RESOURCES INC. (THE "ISSUER") OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE. THIS CERTIFICATE IS ISSUED PURSUANT TO A BOOK ENTRY ONLY SECURITIES SERVICES AGREEMENT BETWEEN THE ISSUER AND CDS, AS SUCH AGREEMENT MAY BE REPLACED OR AMENDED FROM TIME TO TIME."

2.16 Certain Transfers

If the Subscription Receipt Certificate tendered for transfer bears any of the legends set forth in Section 2.15 hereof the transfer restrictions set forth in such legend shall be complied with.

2.17 Escrowed Proceeds to be Placed in Escrow

Upon the issuance of Subscription Receipts, the Escrowed Proceeds in respect thereof shall be delivered by MRCC to the Subscription Receipt Agent to be held pursuant to the terms hereof. The Subscription Receipt Agent hereby agrees to hold the same as agent and bailee for and on behalf of the Receipholders and to disburse and deal with the same as provided herein.

2.18 Application for and Maintenance of Listing

The Company confirms that application has been made for the Underlying Shares, the Underlying Warrants and the Underlying Warrant Shares to be listed for trading on the TSX and that the conditional approval of such stock exchange for the listing of the Underlying Shares, the Underlying Warrants and the Underlying Warrant Shares has been obtained. The Company shall use its reasonable commercial efforts to satisfy all of the conditions of such conditional approval as may be required for the purpose of securing such listing.

2.19 Right of Rescission

(a) If the Prospectus, together with any amendment thereto, contains a misrepresentation (as such term is defined in the *Securities Act* (Alberta)) and it was a misrepresentation on the date thereof, purchasers of Subscription Receipts to whom the Prospectus was sent or delivered and who were the original purchasers of the Subscription Receipts (the "**Original Purchasers**") shall have a right of action against the Company for rescission to receive the Subscription Receipt Issue Price for each Subscription Receipt held by such Original Purchasers exercisable on notice given to the Company not more than 180 days subsequent to the date hereof. The right of action for rescission is only available to an Original Purchaser either while he is a holder of the Subscription Receipts purchased or while he is a holder of the Underlying Shares or the Underlying Warrants issued upon surrender of such Subscription Receipts.

(b) In no event shall the Company be liable under this Section 2.19 if the Original Purchaser purchased the Subscription Receipts with knowledge of the misrepresentation in the Prospectus.

2.20 Cancellation of Surrendered Subscription Receipt Certificates

All Subscription Receipt Certificates surrendered to the Subscription Receipt Agent pursuant to Sections 2.11, 2.12 and 6.1 shall be returned to or received by the Subscription Receipt Agent for cancellation and, if required by the Company, the Subscription Receipt Agent shall furnish the Company with a cancellation certificate identifying the Subscription Receipt Certificates so cancelled and the number of Subscription Receipts evidenced thereby.

ARTICLE 3

SATISFACTION OF ISSUANCE RIGHT OR REFUND OF SUBSCRIPTION RECEIPT ISSUE PRICE

3.1 Notice of Release Time

If the Escrow Release Conditions are satisfied prior to the Deadline, the Company shall: (i) forthwith cause a Conversion Notice executed by the Company to be delivered to the Subscription Receipt Agent and MRCC (on behalf of the Underwriters); (ii) issue a news release setting forth the occurrence of the Release Time; and (iii) deliver an irrevocable direction to the transfer agent of the Common Shares instructing such transfer agent to issue and electronically deposit to the Subscription Receipt Agent one Underlying Share and one-half of one Underlying Warrant for each Subscription Receipt then outstanding (subject to any applicable adjustment in accordance with this Agreement). Following receipt of the Conversion Notice following the Release Time in the manner and at the time set forth above, MRCC shall, on behalf of the Underwriters, forthwith execute and deliver to the Company and Subscription Receipt Agent the Conversion Notice.

3.2 Release of Funds on Release Time

If the Release Time occurs prior to the Deadline, the requirements set out in Section 3.1 have been satisfied, including the execution and delivery by MRCC of the Conversion Notice on behalf of the Underwriters in accordance with Section 3.1, the Company shall:

(a) be entitled to receive from the Subscription Receipt Agent the Escrowed Proceeds, together with the Earned Income, less any amount paid by the Subscription Receipt Agent to MRCC pursuant to Section 3.2(b); and

(b) be deemed to have instructed the Subscription Receipt Agent to pay from the Escrowed Proceeds to MRCC, on behalf of the Underwriters, in accordance with the Underwriting Agreement, an amount equal to 3.0% of the Escrowed Proceeds, together with the Earned Income thereon.

The Subscription Receipt Agent shall deliver the funds referred to in Section 3.2(a) to or at the direction of the Company forthwith upon the satisfaction of the requirements set out in Section 3.1 and promptly thereafter the Subscription Receipt Agent shall deliver or cause to be delivered to MRCC on behalf of the Underwriters, the amount referred to in Section 3.2(b).

3.3 Issue of Underlying Securities and Payment Thereon

(a) If the Release Time has occurred prior to the Deadline and upon receipt by the Subscription Receipt Agent of the Conversion Notice executed by the Company and MRCC in accordance with Section 3.1 and the irrevocable direction referred to in Section 3.1, the Underlying Securities shall be, and shall be deemed to be, issued at the Release Time, notwithstanding that a customer confirmation or certificates, as the case may be, representing the Underlying Shares and/or the Underlying Warrants may not have been issued or the Underlying Shares and/or the Underlying Warrants may not have yet been electronically deposited in accordance with the Book Entry Only System, and the persons to whom such Underlying Securities are to be issued shall be deemed to have become the holders of record of such Underlying Securities at the Release Time.

(b) Within two Business Days following the issuance or deemed issuance of the Underlying Securities pursuant to Section 3.3(a), the Company shall direct CDS to cause to be entered and issued, as the case may be, to the person or persons in whose name or names such Underlying Securities have been issued, a Book Entry Only System customer confirmation, or, subject to Section 2.15, the Subscription Receipt Agent to cause to be entered, issued, created and delivered, certificates representing the Underlying Securities, registered on the names of the person or persons to whom such Underlying Securities have been issued.

(c) Effective immediately after the Underlying Securities have been deemed to have been issued as contemplated in Section 3.3(a), the Subscription Receipts relating thereto shall be void and of no further value or effect other than representing the right to receive the certificates representing the Underlying Securities or a Book Entry Only System customer confirmation as contemplated in Section 3.3(b).

3.4 Fractions

Notwithstanding anything herein contained, fractional Underlying Shares or Underlying Warrants shall not be issued or otherwise provided for and shall be disregarded for all purposes and no cash amount will be payable in lieu thereof. If the exercise of any Subscription Receipt would result in a fraction of an Underlying Security being issued to any person, any such fraction shall be rounded down to the next whole number of Underlying Securities.

3.5 Payment on a Termination Event

(a) If a Termination Event occurs, the Company shall forthwith notify the Subscription Receipt Agent and MRCC thereof in writing and shall issue a news release setting forth the Termination Time.

(b) If a Termination Event occurs, the subscription evidenced by the Subscription Receipt shall be automatically terminated and cancelled and each Receiptholder (or a transferee thereof if all

applicable transfer requirements, other than registration, have been satisfied) shall be entitled from and after the Termination Time to a payment in the aggregate amount of (i) the Subscription Receipt Issue Price per Subscription Receipt held by such holder; and (ii) such holder's *pro rata* share of the Earned Income thereon from the date hereof up to but excluding the Termination Time, less any applicable withholding taxes. The amount paid to each Receiptholder under (i) shall be satisfied by the Escrowed Proceeds and the amount paid to each Receiptholder under (ii) shall be satisfied by the Earned Income.

(c) The obligation to make the payment of the amount specified in Section 3.5(b) shall be satisfied by mailing or delivering payment by cheque or wire transfer to the registered holders of the Subscription Receipts at their respective registered addresses. The mailing or delivering of such cheque or wire transfer shall occur no later than the second Business Day following the Termination Time.

(d) Upon the mailing or delivery of any cheque or wire transfer as provided in Sections 3.5(b) and 3.5(c) (and provided that any cheque has been honoured for payment, if presented for payment within six months of the date thereof) all rights evidenced by the Subscription Receipts relating thereto shall be satisfied and such Subscription Receipts shall be void and of no value or effect.

3.6 Additional Payments by the Company

The Company shall, no later than two (2) Business Days before the date upon which any amount is required to be paid pursuant to this Article 3, pay to the Subscription Receipt Agent any shortfall on such amount as will be sufficient to allow the Subscription Receipt Agent to pay in full, within the prescribed period, the amounts required to be paid under this Article 3.

3.7 Taxes and Other Source Deductions

Each of the Company and the Subscription Receipt Agent shall be authorized to deduct, withhold and/or remit from any amount paid or credited under this Article 3 such amount as may be necessary so as to ensure that the Company and the Subscription Receipt Agent will be able to comply with the applicable provisions of any federal, provincial, state or local law relating to the withholding of tax or other required deductions. For greater certainty, prior to making any payment under Sections 3.3(b) or 3.5(b)(ii), the Subscription Receipt Agent shall withhold and remit to the applicable governmental authority any applicable withholding taxes.

ARTICLE 4 **ADJUSTMENT**

4.1 Definitions

In this Article 4, references to "record date" refer to the particular time on such relevant date stipulated for such event and otherwise refer to 5:00 p.m. (Calgary time) on such date.

4.2 Adjustment

The rights attached to the Subscription Receipts are subject to adjustment from time to time in the events and in the manner provided as follows:

(a) Share Reorganization. If at any time after the issuance of the Subscription Receipts and before the Release Time, the Company:

- (i) subdivides or changes its outstanding Common Shares into a greater number of Common Shares,
- (ii) consolidates or changes its outstanding Common Shares into a lesser number of Common Shares, or
- (iii) issues to all or substantially all the holders of Common Shares by way of a stock distribution, stock dividend or otherwise, Common Shares,

(any of such events in Sections 4.2(a)(i), 4.2(a)(ii) and 4.2(a)(iii) being called a "**Share Reorganization**"), then the number of Underlying Securities with respect to each Subscription Receipt will be adjusted as of the record date at which the holders of the Common Shares are determined for the purpose of the Share Reorganization by multiplying the number of Underlying Shares and Underlying Warrants, respectively, theretofore obtainable immediately prior to such record date by a fraction, the numerator of which will be the number of Common Shares outstanding on the record date after giving effect to the Share Reorganization and the denominator of which will be the number of Common Shares outstanding on the record date before giving effect to the Share Reorganization.

(b) Capital Reorganization. If at any time after the issuance of the Subscription Receipts and before the Release Time there is a reclassification of Common Shares or a change of the Common Shares (other than a Share Reorganization) into other securities or property, or a consolidation, amalgamation, arrangement or merger of the Company with or into any corporation or other entity (other than a consolidation, amalgamation, arrangement or merger which does not result in any reclassification of the outstanding Common Shares or a change of the Common Shares into other securities or property), or a transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another entity, or a record date for any of the foregoing events occurs (any of such events being herein called a "**Capital Reorganization**"), any Receiptholder who is entitled to acquire Underlying Securities after the record date or effective date of such Capital Reorganization will be entitled to receive, and will accept for the same aggregate consideration, in lieu of the number of Underlying Securities to which such Receiptholder was theretofore entitled, the aggregate number of securities or property which such Receiptholder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date of such Capital Reorganization, the Receiptholder had been the registered holder of the number of Underlying Securities to which such Receiptholder was then entitled with respect to the Subscription Receipts, provided, however, that no such Capital Reorganization will be carried into effect unless all necessary steps have been taken to so entitle the Receiptholders. If determined appropriate by the Company, acting reasonably, appropriate adjustments will be made as a result of any such Capital Reorganization in the application of the provisions set forth in this Article 4 with respect to the rights and interests thereafter of the Receiptholders to the extent that the provisions set forth in this Article 4 will thereafter correspondingly be made applicable as nearly as may be reasonable in relation to any securities or property thereafter deliverable upon the exercise of any Subscription Receipt. Subject to TSX approval, any such adjustments will be made by and set forth in terms and conditions supplemental hereto approved by the Company, acting reasonably, and, absent manifest error, will for all purposes be conclusively deemed to be the appropriate adjustment.

(c) Special Distributions. If at any time after the issuance of the Subscription Receipts and prior to the Release Time, the Company issues or distributes to the holders of all or substantially all of the outstanding Common Shares, securities of the Company, including rights, options or warrants to acquire Common Shares or securities convertible into or exchangeable for Common Shares or property or assets, including evidences of indebtedness, other than dividends or distributions paid in the ordinary course and other than as a result of a Share Reorganization or a Capital Reorganization, or a record date for any of the foregoing events occurs, there will be an appropriate adjustment in the number of Underlying

Securities to be issued at the Release Time in accordance with this Section 4.2 or, at the option of the Company, such securities, property or assets may be issued to the Subscription Receipt Agent and delivered to the Receiptholders and, for the same aggregate consideration payable, if any, in addition to the number of Underlying Securities to which such Receiptholder was theretofore entitled, the Receiptholder will be entitled to receive such securities, property or assets as if, on the record date at which holders of Common Shares are determined for the purpose thereof, such Receiptholder had been the registered holder of the number of Underlying Securities to which the Receiptholder was then entitled.

(d) The adjustments provided for in this Section 4.2 are cumulative and shall apply to successive subdivisions, consolidations, changes, distributions, issues or other events resulting in any adjustment under the provisions of this Section 4.2.

(e) In case the Company, after the date hereof, shall take any action affecting the Common Shares, other than the actions described in this Section 4.2, which, in the reasonable opinion of the directors of the Company, would materially affect the rights of the Receiptholders and/or the rights attached to the Subscription Receipts, then the number of Underlying Securities which are to be received pursuant to the Subscription Receipts shall be adjusted in such manner, if any, and at such time as the directors of the Company may, in their direction, reasonably determine to be equitable to the Receiptholders in such circumstances, subject to TSX approval.

ARTICLE 5

INVESTMENT OF ESCROWED PROCEEDS

5.1 Investment of Escrowed Proceeds

Until released in accordance with this Agreement, the Escrowed Proceeds shall be kept segregated in the records of the Subscription Receipt Agent and shall be deposited in one or more interest-bearing trust accounts to be maintained by the Subscription Receipt Agent in the name of the Subscription Receipt Agent at Alberta Treasury Branches, provided that all such investments shall be "qualified investments", within the meaning of the Tax Act for Exempt Plans. The payment obligation of the Subscription Receipt Agent with respect to interest on the Escrowed Proceeds shall be calculated daily and paid as Earned Income within three (3) Business Days of each month-end.

5.2 Segregation of Escrowed Proceeds

The Escrowed Proceeds shall be received and shall be segregated and kept apart by the Subscription Receipt Agent, as agent and bailee for and on behalf of the Receiptholders, and, for greater certainty, shall not form part of the property, estate, assets, undertaking or effects of the Subscription Receipt Agent. The delivery of the Proceeds to the Subscription Receipt Agent shall not give rise to a debtor-creditor or similar relationship between the Subscription Receipt Agent and the Receiptholders.

ARTICLE 6

RIGHTS OF THE CORPORATION AND COVENANTS

6.1 Optional Purchases by the Company

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

6.2 General Covenants

(a) The Company covenants with the Subscription Receipt Agent and MRCC, on behalf of the Underwriters, that so long as any Subscription Receipts remain outstanding:

- (i) it will use its reasonable commercial efforts to maintain its existence;
- (ii) it will make all requisite filings under applicable Canadian securities legislation including those necessary to remain a reporting issuer (or equivalent) not in default in each of the provinces of Canada in which it is currently a reporting issuer (or equivalent);
- (iii) it will promptly announce by news release the occurrence of the Release Time or a Termination Event, as the case may be, and shall issue a news release promptly following the Release Time or the Termination Time, as the case may be, that the Underlying Securities have been issued, or that the payment on a Termination Event has been paid in accordance with Section 3.5, as the case may be;
- (iv) generally, it will use commercially reasonable efforts to perform and carry out all of the acts or things to be done by it as provided in this Agreement;
- (v) it will reserve and keep available a sufficient number of Common Shares to enable it to satisfy its obligations to issue Underlying Shares and Underlying Warrant Shares in respect of Subscription Receipts;
- (vi) it will cause the Underlying Shares and the Underlying Warrant Shares issuable in respect of Subscription Receipts to be duly issued as fully paid and non-assessable shares and delivered in accordance with the terms hereof;
- (vii) with respect to any notices to be given or other acts to be performed or which may be given or performed by MRCC and any other Underwriters under or pursuant to this Agreement (including the Conversion Notice), it will provide MRCC, on behalf of the Underwriters, in a timely manner all such information and documents as the Underwriters (or any of them) may reasonably request and which is within the knowledge or control of the Company in order to verify the factual circumstances relating to such notices or acts and, if requested, such information shall be certified correct by the Company;
- (viii) it will promptly advise MRCC, on behalf of the Underwriters, by notice in writing if the Company does not intend to proceed with the Acquisition prior to the Deadline;
- (ix) it is duly authorized to create and issue the Subscription Receipts and to perform all other obligations of the Company under this Agreement, and the Subscription Receipts, when issued and countersigned as herein provided, will be valid and enforceable obligations of the Company;
- (x) it will use its reasonable commercial efforts to ensure that all of the Underlying Shares, the Underlying Warrants and the Underlying Warrant Shares when issued will be listed and posted for trading on the TSX; and

- (xi) it will notify the TSX, or such other exchange on which the Common Shares may then be listed, of the issuance of the Underlying Shares, the Underlying Warrants and the Underlying Warrant Shares.

(b) In addition, the Company covenants with the Subscription Receipt Agent and MRCC, on behalf of the Underwriters, that, from the date hereof to the earlier of the Termination Time and the Issue Date, it will not do any of the following, without the prior written consent of MRCC:

- (i) subdivide or redivide the outstanding Common Shares into a greater number of Common Shares;
- (ii) reduce, combine or consolidate the outstanding Common Shares into a smaller number of Common Shares;
- (iii) issue Common Shares to holders of all or substantially all of the outstanding Common Shares by way of a dividend or distribution (other than the issue of Common Shares to holders of Common Shares who have elected to receive dividends or distributions in the form of Common Shares in lieu of cash dividends or cash distributions paid in the ordinary course on the Common Shares);
- (iv) fix a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of (i) shares of any class other than Common Shares and other than shares distributed to holders of Common Shares who have elected to receive dividends or distributions in the form of such shares in lieu of dividends or distributions paid in the ordinary course, or (ii) rights, options or warrants; or
- (v) reclassify the Common Shares or undertake a reorganization of the Company or a consolidation, amalgamation, arrangement or merger of the Company with any other person or other entity; or a sale or conveyance of the property and assets of the Company as an entity or substantially as an entirety to any other person or entity or a liquidation, dissolution or winding-up of the Company.

6.3 Subscription Receipt Agent's Remuneration and Expenses

The Company covenants that it will pay to the Subscription Receipt Agent from time to time reasonable remuneration for its services hereunder and will pay or reimburse the Subscription Receipt Agent upon its request for all reasonable expenses, disbursements and advances incurred or made by the Subscription Receipt Agent in the administration or execution of this Agreement (including the reasonable compensation and the disbursements of its counsel and all other advisers and assistants not regularly in its employ) both before any default hereunder and thereafter until all duties of the Subscription Receipt Agent hereunder shall be finally and fully performed, except any such expense, disbursement or advance as may arise out of or result from the Subscription Receipt Agent's negligence, willful misconduct, bad faith or fraud.

6.4 Performance of Covenants by Subscription Receipt Agent

If the Company shall fail to perform any of its covenants contained in this Agreement, the Subscription Receipt Agent may notify the Receiptholders and MRCC, on behalf of the Underwriters, of such failure on the part of the Company or may itself perform any of the said covenants capable of being

performed by it, but shall be under no obligation to perform said covenants or to notify the Receiptholders of such performance by it. All sums expended or advanced by the Subscription Receipt Agent in so doing shall be repayable as provided in Section 6.3. No such performance, expenditure or advance by the Subscription Receipt Agent shall relieve the Company of any default hereunder or of its continuing obligations under the covenants contained herein.

6.5 Accounting

The Subscription Receipt Agent shall maintain accurate books, records and accounts of the transactions effected or controlled by the Subscription Receipt Agent hereunder and the receipt, investment, reinvestment and disbursement of the Escrowed Proceeds, and shall provide to the Company and the Underwriters records and statements thereof periodically upon request. The Company and MRCC shall have the right to audit any such books, records, accounts and statements.

6.6 Payments by Subscription Receipt Agent

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

6.7 Regulatory Matters

The Company shall file all such documents, notices and certificates and take such steps and do such things as may be necessary under applicable securities laws to permit the issuance of the Underlying Securities in the circumstances contemplated by Section 3.3 such that: (i) such issuance will comply with, or will be exempt from, the prospectus and registration requirements of applicable securities laws, and (ii) the first trade in Underlying Shares or Underlying Warrants (other than from the holdings of a person who, alone or in combination with others, holds sufficient Common Shares to materially affect control of the Company) will not be subject to, or will be exempt from, the prospectus requirements of applicable securities laws.

6.8 SEC Matters

The Company confirms that as at the date hereof it does not have a class of securities registered pursuant to Section 12 of the U.S. Exchange Act or a reporting obligation under Section 15(d) of the U.S. Exchange Act. The Company covenants that in the event that (i) any class of its securities shall become registered pursuant to Section 12 of the U.S. Exchange Act, (ii) the Company shall become subject to reporting obligations under Section 15(d) of the U.S. Exchange Act, or (iii) any such registration or reporting obligation shall be terminated by the Company in accordance with the U.S. Exchange Act, the Company shall promptly deliver to the Subscription Receipt Agent an officers' certificate (in a form provided by the Subscription Receipt Agent) notifying the Subscription Receipt Agent of such registration or termination and such other information as the Subscription Receipt Agent may reasonably require at the time. The Company acknowledges that the Subscription Receipt Agent is relying upon the foregoing representation and covenants in order to meet certain obligations of the Subscription Receipt Agent with respect to those clients of the Subscription Receipt Agent that are required to file reports with the SEC under the U.S. Exchange Act.

ARTICLE 7
ENFORCEMENT

7.1 **Suits by Receiptholders**

Subject to the powers of Receiptholders exercisable by extraordinary resolution as described in Section 8.10, all or any of the rights conferred upon any Receiptholder by any of the terms of the Subscription Receipt Certificates or of this Agreement, or of both, may be enforced by the Receiptholder by appropriate proceedings but without prejudice to the right which is hereby conferred upon the Subscription Receipt Agent to proceed in its own name to enforce each and all of the provisions contained herein for the benefit of the Receiptholders.

7.2 **Immunity of Shareholders, etc.**

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

7.3 **Limitation of Liability**

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

ARTICLE 8
MEETINGS OF RECEIPTHOLDERS

8.1 **Right to Convene Meetings**

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

8.2 **Notice**

At least ten (10) days' prior notice of any meeting of Receiptholders shall be given to the Receiptholders in the manner provided for in Section 11.2 and a copy of such notice shall be sent by mail to the Subscription Receipt Agent (unless the meeting has been called by the Subscription Receipt Agent) and to the Company (unless the meeting has been called by the Company). Such notice shall state the

time when and the place where the meeting is to be held, shall state briefly the general nature of the business to be transacted thereat and shall contain such information as is reasonably necessary to enable the Receiptholders to make a reasoned decision on the matter, but it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article 8.

8.3 Chairman

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

8.4 Quorum

Subject to the provisions of Section 8.11, at any meeting of the Receiptholders a quorum shall consist of not less than two Receiptholders present in person or by proxy and entitled to receive at least 25% of the aggregate number of the Underlying Shares and the Underlying Warrant Shares which could be received pursuant to all the then outstanding Subscription Receipts. If a quorum of the Receiptholders shall not be present within 30 minutes from the time fixed for holding any meeting, the meeting, if summoned by the Receiptholders or on a Receiptholders' Request, shall be dissolved; but in any other case the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day, in which case it shall be adjourned to the next following Business Day) at the same time and place and no notice of the adjournment need be given. Any business may be brought before or dealt with at an adjourned meeting which might have been dealt with at the original meeting in accordance with the notice calling the same. No business shall be transacted at any meeting unless a quorum is present at the commencement of business. At the adjourned meeting the Receiptholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened notwithstanding that they may not be entitled to receive at least 25% of the aggregate number of Underlying Shares and Underlying Warrant Shares which may be received pursuant to all then outstanding Subscription Receipts.

8.5 Power to Adjourn

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

8.6 Show of Hands

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

8.7 Poll and Voting

On every extraordinary resolution, and on any other question submitted to a meeting and after a vote by show of hands when demanded by the chairman or by one or more of the Receiptholders acting in person or by proxy and entitled to receive in the aggregate at least 5% of the aggregate number

of Underlying Shares and Underlying Warrant Shares which could be received pursuant to all the Subscription Receipts then outstanding, a poll shall be taken in such manner as the chairman shall direct. Questions other than those required to be determined by extraordinary resolution shall be decided by a majority of the votes cast on a poll.

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

8.8 Regulations

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

- (a) the setting of the record date for a meeting of holders of Subscription Receipts for the purpose of determining Receiptholders entitled to receive notice of and vote at such meeting;
- (b) the issue of voting certificates by any bank, trust company or other depositary satisfactory to the Subscription Receipt Agent stating that the Subscription Receipt Certificates specified therein have been deposited with it by a named person and will remain on deposit until after the meeting, which voting certificate shall entitle the persons named therein to be present and vote at any such meeting and at any adjournment thereof or to appoint a proxy or proxies to represent them and vote for them at any such meeting and at any adjournment thereof in the same manner and with the same effect as though the persons so named in such voting certificates were the actual holders of the Subscription Receipt Certificates specified therein;
- (c) the deposit of voting certificates and instruments appointing proxies at such place and time as the Subscription Receipt Agent, the Company or the Receiptholders, convening the meeting, as the case may be, may in the notice convening the meeting direct;
- (d) the deposit of voting certificates and instruments appointing proxies at some approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxies to be mailed or telecopied before the meeting to the Company or to the Subscription Receipt Agent at the place where the same is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting;
- (e) the form of the instrument of proxy; and
- (f) generally for the calling of meetings of Receiptholders and the conduct of business thereat.

Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as such regulations may provide, the only persons who shall be recognized at any meeting as a Receiptholder, or be entitled to vote or be present at the meeting in respect thereof (subject to Section 8.9), shall be Receiptholders or their counsel, or proxies of Receiptholders.

8.9 Company and Subscription Receipt Agent May be Represented

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

8.10 Powers Exercisable by Extraordinary Resolution

In addition to all other powers conferred upon them by any other provisions of this Agreement or by law, the Receiptholders at a meeting shall, subject to the provisions of Section 8.11, have the power, exercisable from time to time by extraordinary resolution:

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

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

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

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

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

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

(g) to assent to any modification of, change in or omission from the provisions contained in the Subscription Receipt Certificates and this Agreement or any ancillary or supplemental instrument which may be agreed to by the Company, and to authorize the Subscription Receipt Agent to concur in and execute any ancillary or supplemental agreement embodying the change or omission;

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

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

provided however that at no time shall the rights of the Company hereunder be modified, altered or amended without its prior written consent.

8.11 Meaning of Extraordinary Resolution

(a) The expression "**extraordinary resolution**" when used in this Agreement means, subject as hereinafter provided in this Section 8.11 and in Section 8.14, a resolution proposed at a meeting of Receiptholders duly convened for that purpose and held in accordance with the provisions of this Article 8 at which there are present in person or by proxy at least two Receiptholders entitled to receive more than 25% of the aggregate number of Underlying Shares and Underlying Warrants which could be received pursuant to all of the then outstanding Subscription Receipts and passed by the affirmative votes of Receiptholders entitled to receive not less than $66\frac{2}{3}\%$ of the aggregate number of Underlying Shares and Underlying Warrants which could be received pursuant to all of the then outstanding Subscription Receipts represented at the meeting and voted on the poll upon such resolution.

(b) If, at any meeting called for the purpose of passing an extraordinary resolution, at least two Receiptholders entitled to receive more than 25% of the aggregate number of Underlying Shares and Underlying Warrants which could be received pursuant to all of the then outstanding Subscription Receipts are not present in person or by proxy within 30 minutes after the time appointed for the meeting, then the meeting, if convened by Receiptholders or on a Receiptholders' Request, shall be dissolved; but in any other case it shall stand adjourned to such day, being not less than 14 or more than 30 days later, and to such place and time as may be appointed by the chairman. Not less than seven days' prior notice shall be given of the time and place of such adjourned meeting in the manner provided for in Section 11.2. Such notice shall state that at the adjourned meeting the Receiptholders present in person or by proxy shall form a quorum but it shall not be necessary to set forth the purposes for which the meeting was originally called or any other particulars. At the adjourned meeting:

- (i) if the extraordinary resolution purports to exercise any of the powers conferred pursuant to Sections 8.10(a), 8.10(d) or 8.10(i) or purports to change the provisions of this Section 8.11 or of Section 8.14 or purports to amend, alter or repeal any extraordinary resolution previously passed or sanctioned by the Receiptholders in exercise of the powers referred to in this paragraph, a quorum for the transaction of business shall consist of Receiptholders entitled to receive more than 25% of the aggregate number of Underlying Shares and Underlying Warrants which could be received pursuant to all the then outstanding Subscription Receipts present in person or by proxy; and
- (ii) in any other case, a quorum for the transaction of business shall consist of such Receiptholders as are present in person or by proxy.

(c) At any such adjourned meeting, any resolution passed by the requisite votes as provided in Section 8.11(a) shall be an extraordinary resolution within the meaning of this Agreement notwithstanding that Receiptholders entitled to receive more than 25% of the aggregate number of Underlying Shares and Underlying Warrants which could be received pursuant to all the then outstanding Subscription Receipts are not present in person or by proxy at such adjourned meeting.

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

8.12 Powers Cumulative

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

8.13 Minutes

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

8.14 Instruments in Writing

All actions which may be taken and all powers that may be exercised by the Receiptholders at a meeting held as provided in this Article 8 may also be taken and exercised by an instrument in writing signed in one or more counterparts by such Receiptholders in person or by attorney duly appointed in writing, by Receiptholders entitled to receive at least 50% of the aggregate number of Underlying Shares and Underlying Warrants which could be received pursuant to all the then outstanding Subscription Receipts, and the expression "**extraordinary resolution**" when used in this Agreement shall include an instrument so signed by Receiptholders entitled to receive at least 66⅔% of the aggregate number of Underlying Shares and Underlying Warrants which could be received pursuant to all the then outstanding Subscription Receipts.

8.15 Binding Effect of Resolutions

Every resolution and every extraordinary resolution passed in accordance with the provisions of this Article 8 at a meeting of Receiptholders shall be binding upon all the Receiptholders, whether present at or absent from such meeting, and every instrument in writing signed by Receiptholders in accordance with Section 8.14 shall be binding upon all the Receiptholders, whether signatories thereto or not, and each and every Receiptholder and the Subscription Receipt Agent (subject to the provisions for indemnity herein contained) shall be bound to give effect accordingly to every such resolution and instrument in writing.

8.16 Holdings by Company Disregarded

In determining whether Receiptholders holding the required number of Underlying Shares and Underlying Warrants are present at a meeting of Receiptholders for the purpose of determining a quorum or have concurred in any consent, waiver, extraordinary resolution, Receiptholders' Request or other action under this Agreement, Subscription Receipts owned legally or beneficially by the

Company or any affiliate of the Company shall be disregarded in accordance with the provisions of Section 11.7.

ARTICLE 9
SUPPLEMENTAL AGREEMENTS

9.1 Provision for Supplemental Agreements for Certain Purposes

From time to time the Company, MRCC, on behalf of the Underwriters, and the Subscription Receipt Agent may, subject to the provisions hereof, and TSX approval, and they shall, when so directed in accordance with the provisions hereof, execute and deliver by their proper officers, agreements supplemental hereto, which thereafter shall form part hereof, for any one or more or all of the following purposes:

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

(b) giving effect to any extraordinary resolution passed as provided in Article 8;

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

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

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

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

ARTICLE 10
CONCERNING THE SUBSCRIPTION RECEIPT AGENT

10.1 Rights and Duties of Subscription Receipt Agent

(a) In the exercise of the rights and duties prescribed or conferred by the terms of this Agreement, the Subscription Receipt Agent shall exercise that degree of care, diligence and skill that a reasonably prudent subscription receipt agent would exercise in comparable circumstances. No provision

of this Agreement shall be construed to relieve the Subscription Receipt Agent from liability for its own negligence, willful misconduct, bad faith or fraud.

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

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

(d) Every provision of this Agreement that by its terms relieves the Subscription Receipt Agent of liability or entitles it to rely upon any evidence submitted to it is subject to the provisions of this Section 10.1 and of Section 10.2.

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

(f) The Subscription Receipt Agent shall not be responsible for ensuring that the Escrowed Proceeds are used in the manner contemplated by the Prospectus.

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

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

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

(j) The Subscription Receipt Agent shall not be liable to account to anyone for the profit it may earn, if any, while holding the Escrowed Proceeds.

10.2 Evidence, Experts and Advisers

(a) In addition to the reports, certificates, opinions and other evidence required by this Agreement, the Company shall furnish to the Subscription Receipt Agent such additional evidence of

compliance with any provision hereof, and in such form, as the Subscription Receipt Agent may reasonably require by written notice to the Company.

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

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

(d) Proof of the execution of an instrument in writing, including a Receiptholders' Request, by any Receiptholder may be made by the certificate of a notary public, or other officer with similar powers, that the person signing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution or in any other manner which the Subscription Receipt Agent may consider adequate.

(e) The Subscription Receipt Agent may act and rely and shall be protected in acting and relying upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, letter or other paper document believed by it to be genuine and to have been signed, sent or presented by or on behalf of the proper party or parties.

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

(g) The Subscription Receipt Agent may act and rely and shall be protected in acting or relying in good faith on the opinion or advice of or information obtained from Counsel, or any accountant, appraiser, engineer or other expert or adviser, whether retained or employed by the Company or by the Subscription Receipt Agent with respect to any matter arising in relation to the Agreement.

10.3 Documents, Monies, etc. Held by Subscription Receipt Agent

Any securities, documents of title or other instruments that may at any time be held by the Subscription Receipt Agent pursuant to this Agreement may be placed in the deposit vaults of the Subscription Receipt Agent or of any Canadian chartered bank or deposited for safekeeping with any such bank. If the Subscription Receipt Agent has not received a direction under Section 5.1, any monies so held pending the application or withdrawal thereof under any provisions of this Agreement may be deposited in the name of the Subscription Receipt Agent in any Canadian bank, or in the deposit department of the Subscription Receipt Agent or any other loan or trust company authorized to accept deposits under the laws of Canada or a province thereof, at the rate of interest (if any) then current on similar deposits.

10.4 Actions by Subscription Receipt Agent to Protect Interest

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

10.5 Subscription Receipt Agent Not Required to Give Security

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

10.6 Protection of Subscription Receipt Agent

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

(a) the Subscription Receipt Agent shall not be liable for or by reason of any statements of fact or recitals in this Agreement or in the Subscription Receipt Certificates (except the representation contained in Section 10.8 or in the certificate of the Subscription Receipt Agent on the Subscription Receipt Certificates) or be required to verify the same, but all such statements or recitals are and shall be deemed to be made by the Company;

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

(c) the Subscription Receipt Agent shall not be bound to give notice to any person or persons of the execution hereof;

(d) the Subscription Receipt Agent shall not incur any liability or responsibility whatsoever or be in any way responsible for the consequence of any breach on the part of the Company of any of the covenants herein contained or of any acts of any directors, officers, employees, agents or servants of the Company;

(e) the Company indemnifies and saves harmless the Subscription Receipt Agent, its successors and assigns, and its and each of their respective directors, officers, employees and agents (the "**Indemnified Parties**") from and against all liabilities, losses, costs, claims, actions or demands whatsoever which may be brought against the Subscription Receipt Agent or which it may suffer or incur as a result or arising out of the performance of its duties and obligations under this Agreement, except that no individual Indemnified Party shall be entitled to indemnification in the event such Indemnified Party is found to have acted negligently or in bad faith or engaged in willful misconduct or fraud;

(f) the Company's liability hereunder, in accordance with the terms hereof, shall be absolute and unconditional, regardless of the correctness of any representations of any third parties and regardless of any liability of third parties to the Indemnified Parties, and shall accrue and become enforceable without prior demand or any other precedent action or proceeding, and shall survive the resignation or removal of the Subscription Receipt Agent or the termination of this Agreement;

(g) the Subscription Receipt Agent shall be under no obligation to prosecute or defend any action or suit in respect of its agency relationship under this Agreement, but will do so at the request of

the Company provided that the Company furnishes indemnity satisfactory to the Subscription Receipt Agent against any liability, cost or expense which might be incurred;

(h) the Subscription Receipt Agent shall not be liable to the Company for any error in judgment or for any act done or step taken or omitted by it in good faith or for any mistake, of fact or law, or for anything which it may do or refrain from doing in connection herewith, such as relying upon or deferring to the instructions or decisions of the Company, its legal counsel, or the chairman of a meeting of holders with respect to such meetings, except in connection with any liability arising out of its negligence, bad faith, willful misconduct or fraud; and

(i) notwithstanding the foregoing, the Subscription Receipt Agent shall not be liable for special, indirect, incidental or consequential loss or damage of any kind whatsoever, even if the Subscription Receipt Agent has been advised of such loss or damage, except to the extent that the Subscription Receipt Agent has acted negligently or in bad faith or engaged in willful misconduct or fraud.

10.7 Replacement of Subscription Receipt Agent; Successor by Merger

(a) The Subscription Receipt Agent may resign its appointment and be discharged from all other duties and liabilities hereunder, subject to this Section 10.7, by giving to the Company not less than 30 days' prior notice in writing or such shorter prior notice as the Company may accept as sufficient. The Receiptholders by extraordinary resolution shall have power at any time to remove the existing Subscription Receipt Agent and to appoint a new subscription receipt agent. In the event of the Subscription Receipt Agent resigning or being removed as aforesaid or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, MRCC, on behalf of the Underwriters, shall forthwith appoint a new subscription receipt agent unless a new subscription receipt agent has already been appointed by the Receiptholders; failing such appointment by MRCC, on behalf of the Underwriters, the retiring Subscription Receipt Agent or any Receiptholder may apply to a justice of the Court of Queen's Bench of Alberta on such notice as such justice may direct, for the appointment of a new subscription receipt agent; but any new subscription receipt agent so appointed by MRCC, on behalf of the Underwriters, or by the Court of Queen's Bench of Alberta shall be subject to removal as aforesaid by the Receiptholders. Any new subscription receipt agent appointed under any provision of this Section 10.7 shall be a corporation authorized to carry on the business of a trust company in the Province of Alberta and, if required by the applicable legislation for any other provinces and territories, in such other provinces and territories. On any such appointment the new subscription receipt agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as subscription receipt agent hereunder. At the request of the Company or the new subscription receipt agent, the retiring Subscription Receipt Agent, upon payment of the amounts, if any, due to it pursuant to Section 6.3, shall duly assign, transfer and deliver to the new subscription receipt agent all property and money held and all records kept by the retiring Subscription Receipt Agent hereunder or in connection herewith.

(b) Upon the appointment of a successor subscription receipt agent, the Company shall promptly notify MRCC, on behalf of the Underwriters, and the Receiptholders thereof in the manner provided for in Article 11.

(c) Any corporation into or with which the Subscription Receipt Agent may be merged or consolidated or amalgamated, or any corporation resulting therefrom to which the Subscription Receipt Agent shall be a party, or any corporation succeeding to the corporate trust business of the Subscription Receipt Agent shall be the successor to the Subscription Receipt Agent hereunder without any further act

on its part or any of the parties hereto, provided that such corporation would be eligible for appointment as a successor subscription receipt agent under Section 10.7(a).

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

10.8 Conflict of Interest

(a) The Subscription Receipt Agent represents to the Company and MRCC, on behalf of the Underwriters, that at the time of execution and delivery hereof no material conflict of interest exists between its role as a Subscription Receipt Agent hereunder and its role in any other capacity and agrees that in the event of a material conflict of interest arising hereafter it will, within 30 days after ascertaining that it has such material conflict of interest, either eliminate the same or assign its appointment as Subscription Receipt Agent hereunder to a successor subscription receipt agent approved by the Company and meeting the requirements set forth in Section 10.7(a). Notwithstanding the foregoing provisions of this Section 10.8(a), if any such material conflict of interest exists or hereafter shall exist, the validity and enforceability of this Agreement and the Subscription Receipt Certificates shall not be affected in any manner whatsoever by reason thereof.

(b) Subject to Section 10.8(a), the Subscription Receipt Agent, in its personal or any other capacity, may buy, lend upon and deal in securities of the Company and generally may contract and enter into financial transactions with the Company or any affiliate of the Company without being liable to account for any profit made thereby.

10.9 Acceptance of Appointment

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

10.10 Subscription Receipt Agent Not to be Appointed Receiver

The Subscription Receipt Agent and any person related to the Subscription Receipt Agent shall not be appointed a receiver, a receiver and manager or liquidator of all or any part of the assets or undertaking of the Company.

ARTICLE 11 GENERAL

11.1 Notice to the Company, Subscription Receipt Agent and MRCC

(a) Unless herein otherwise expressly provided, any notice to be given hereunder to the Company, MRCC (on behalf of the Underwriters) or the Subscription Receipt Agent shall be deemed to be validly given if delivered by hand courier or if transmitted by facsimile or other electronic transmission:

- (i) if to the Company:

Prairie Provident Resources Inc.
1100, 6400 – 5th Avenue S.W.
Calgary, Alberta T2P 3G4

Attention: Tim Granger, President and Chief Executive Officer
Facsimile: (403) 292-8000
Email: tgranger@ppr.ca

- (ii) if to MRCC, on behalf of the Underwriters:

Mackie Research Capital Corporation
199 Bay Street, Suite 4500
Commerce Court West, Box 369
Toronto, Ontario M5L 1G2

Attention: Kevin Shaw
E-mail: kshaw@mackieresearch.com

- (iii) if to the Subscription Receipt Agent:

Alliance Trust Company
#1010, 407 – 2nd Street S.W.
Calgary, Alberta T2P 273

Attention: Zinat Damji
Facsimile: (403) 237-6181

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

(b) The Company, MRCC, on behalf of the Underwriters, or the Subscription Receipt Agent, as the case may be, may from time to time notify the other in the manner provided in Section 11.1(a) of a change of address which, from the effective date of such notice and until changed by like notice, shall be the address of the Company, MRCC, on behalf of the Underwriters, or the Subscription Receipt Agent, as the case may be, for all purposes of this Agreement.

11.2 Notice to Receiptholders

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

(b) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Receiptholders hereunder could reasonably be considered unlikely to reach its destination, such notice shall be valid and effective if: (i) it is delivered to such

Receiptholder; or (ii) notice is given by means of publication once in each of two successive weeks in one English language daily newspaper of general circulation published in each of the provinces and territories of Canada and once in a French language daily newspaper of general circulation published in Montréal and notice so published shall be deemed to have been given on the date on which the first publication has taken place in the last of the provinces of Canada.

11.3 Ownership and Transfer of Subscription Receipts

The Company and the Subscription Receipt Agent may deem and treat the person in whose name any Subscription Receipt is registered as the name appears on the register, or, in the case of a transferee, such transferee, as the absolute owner of such Subscription Receipt for all purposes, and the Company and the Subscription Receipt Agent shall not be affected by any notice or knowledge to the contrary except where the Company or the Subscription Receipt Agent is required to take notice by statute or by order of a court of competent jurisdiction. A Receiptholder shall be entitled to the rights represented thereby free from all equities or rights of set-off or counterclaim between the Company and the original or any intermediate holder thereof and all persons may act accordingly and the receipt of any such Receiptholder for the Underlying Securities which may be issued pursuant thereto shall be a good discharge to the Company and the Subscription Receipt Agent for the same and neither the Company nor the Subscription Receipt Agent shall be bound to inquire into the title of any such holder except where the Company or the Subscription Receipt Agent is required to take notice by statute or by order of a court of competent jurisdiction.

11.4 Evidence of Ownership

(a) Upon receipt of a certificate of any bank, trust company or other depositary satisfactory to the Subscription Receipt Agent stating that the Subscription Receipts specified therein have been deposited by a named person with such bank, trust company or other depositary and will remain so deposited until the expiry of the period specified therein, the Company and the Subscription Receipt Agent may treat the person so named as the owner, and such certificate as sufficient evidence of the ownership by such person of such Subscription Receipt during such period, for the purpose of any requisition, direction, consent, instrument or other document to be made, signed or given by the holder of the Subscription Receipt so deposited.

(b) The Company and the Subscription Receipt Agent may accept as sufficient evidence of the fact and date of the signing of any requisition, direction, consent, instrument or other document by any person (i) the signature of any officer of any bank, trust company, or other depositary satisfactory to the Subscription Receipt Agent as witness of such execution, (ii) the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded at the place where such certificate is made that the person signing acknowledged to him the execution thereof, or (iii) a statutory declaration of a witness of such execution.

11.5 Satisfaction and Discharge of Agreement

Upon the earlier of:

(a) the issuance and delivery of the Underlying Securities, to all registered holders of Subscription Receipts as provided in Section 3.3; and

(b) the payment of all monies required where a Termination Event occurs by the Deadline, as provided in Sections 3.5(b) and 3.5(c),

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

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

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

11.7 Subscription Receipts Owned by the Company or its Affiliates – Certificate to be Provided

For the purpose of disregarding any Subscription Receipts owned legally or beneficially by the Company or any affiliate of the Company in Section 8.16, the Company shall provide to the Subscription Receipt Agent, from time to time, a certificate of the Company setting forth as at the date of such certificate the number of Subscription Receipts owned legally or beneficially by the Company or any affiliate of the Company, and the Subscription Receipt Agent, in making the computations in Section 8.16, shall be entitled to rely on such certificate without requiring further evidence thereof.

11.8 Anti-Money Laundering Clause

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

11.9 Privacy

The parties acknowledge that the Subscription Receipt Agent may, in the course of providing services hereunder, collect or receive financial and other personal information about such parties and/or their representatives, as individuals, or about other individuals related to the subject matter hereof, and use such information for the following purposes:

(a) to provide the services required under this Agreement and other services that may be requested from time to time;

- (b) to help the Subscription Receipt Agent manage its servicing relationships with such individuals;
- (c) to meet the Subscription Receipt Agent's legal and regulatory requirements; and
- (d) if Social Insurance Numbers are collected by the Subscription Receipt Agent, to perform tax reporting and to assist in verification of an individual's identity for security purposes.

Each party hereto acknowledges and agrees that the Subscription Receipt Agent may receive, collect, use and disclose personal information provided to it or acquired by it in the course of its acting as agent under this Agreement for the purposes described above and, generally, in the manner and on the terms described at www.alliancetrust.ca/privacy. The Subscription Receipt Agent may transfer personal information to other companies in or outside of Canada that provide data processing and storage or other support in order to facilitate the services it provides.

Further, each party hereto agrees that it shall not provide or cause to be provided to the Subscription Receipt Agent any personal information relating to an individual who is not a party to this Agreement unless that party has assured itself that such individual understands and has consented to the aforementioned uses and disclosures.

11.10 Force Majeure Clause

No party hereto shall be liable to another party hereto, or held in breach of this Agreement, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, economic sanctions, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Agreement shall be extended for a period of time equivalent to the time lost because of any delay that is reasonably excusable under this Section 11.10.

11.11 Third Parties

Each party to this Agreement hereby represents to the Subscription Receipt Agent that any account to be opened by, or interest to be held by, the Subscription Receipt Agent in connection with this Agreement, for or to the credit of such party is not intended to be used by or on behalf of any third party, provided that in the event of a Termination Event, each beneficial holder of a Subscription Receipt shall be entitled to receive: (i) the Subscription Receipt Issue Price in respect of such holder's Subscription Receipts; and (ii) such holder's *pro rata* share of the Earned Income, less any applicable withholding taxes, as set forth in Section 3.5.

11.12 Effect of Execution

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

11.13 Time of Essence

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

11.14 **Counterparts**

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

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IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

PRAIRIE PROVIDENT RESOURCES INC.

Per: (signed) "Tim Granger"
Tim Granger
President and Chief Executive Officer

**MACKIE RESEARCH CAPITAL
CORPORATION**

Per: (signed) "Kevin Shaw"
Kevin Shaw
Managing Director

ALLIANCE TRUST COMPANY

Per: (signed) "Zinat H. Damji"
Zinat H. Damji
President & CEO

Per: (signed) Debbie LeBlanc
Debbie LeBlanc
Director, Securities & Special Projects

SCHEDULE A

FORM OF SUBSCRIPTION RECEIPT CERTIFICATE

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS") TO PRAIRIE PROVIDENT RESOURCES INC. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE. THIS CERTIFICATE IS ISSUED PURSUANT TO A BOOK ENTRY ONLY SECURITIES SERVICES AGREEMENT BETWEEN THE ISSUER AND CDS, AS SUCH AGREEMENT MAY BE REPLACED OR AMENDED FROM TIME TO TIME.

PRAIRIE PROVIDENT RESOURCES INC.
(A corporation existing under the laws of Alberta)

Number: [•]

CUSIP: 73965Q128

ISIN: CA 73965Q1283

THIS IS TO CERTIFY THAT _____ (the "**holder**") is the registered holder of _____ Subscription Receipts represented hereby. The Subscription Receipts represented by this subscription receipt certificate (the "**Certificate**") are issued pursuant to a subscription receipt agreement (the "**Agreement**") dated March 16, 2017 between Prairie Provident Resources Inc. (the "**Company**"), Alliance Trust Company (the "**Subscription Receipt Agent**") and Mackie Research Capital Corporation, on its own behalf and on behalf of Beacon Securities Limited and Industrial Alliance Securities Inc.

Capitalized terms used in the Agreement have the same meaning herein as therein, unless otherwise defined.

Each Subscription Receipt entitles the holder:

- (a) if the Release Time occurs prior to the Deadline, to receive, without payment of additional consideration or further action on the part of the holder, one Underlying Share and one-half of one Underlying Warrant; or
- (b) in the event that a Termination Event occurs, to be paid an amount equal to the Subscription Receipt Issue Price for each Subscription Receipt held by such holder together with such holder's *pro rata* share of the Earned Income, less any applicable withholding taxes.

The Certificate also evidences the receipt by the Company of the Subscription Receipt Issue Price per Subscription Receipt, which amount shall be delivered to the Subscription Receipt Agent and held by it, pursuant to the Agreement.

Upon the delivery to the holder of Underlying Securities or delivery of the amount equal to the sum of the aggregate Subscription Receipt Issue Price and such holder's share of Earned Income, if any, all rights evidenced by the Subscription Receipts shall be satisfied and such Subscription Receipts shall be void, cancelled and of no value or effect.

If a Termination Event occurs, the Company shall forthwith notify the Subscription Receipt Agent and MRCC thereof and shall issue a press release setting forth the Termination Time.

If a Termination Event occurs, the subscription evidenced by each Subscription Receipt shall be automatically terminated and cancelled and each Receiptholder (or a transferee thereof if all applicable transfer requirements, other than registration, have been satisfied) shall be entitled from and after the Termination Time to, but shall receive no later than on the fifth Business Day following the Termination Time, a cheque or wire transfer, in immediately available funds, a payment in the aggregate amount of (i) the Subscription Receipt Issue Price in respect of each of such holder's Subscription Receipts; and (ii) such Receiptholder's *pro rata* share of the Earned Income thereon from the date of the Agreement up to but excluding the Termination Time, less applicable withholding taxes. Subject in each case to Sections 3.5(c) and 3.5(d) of the Agreement, the amount paid to each Receiptholder under (i) shall be satisfied by the Escrowed Proceeds and the amount in (ii), if any, shall be satisfied by the Earned Income.

The Subscription Receipts represented hereby are issued under and pursuant to the Agreement. Reference is hereby made to the Agreement and any and all other instruments supplemental or ancillary thereto for a full description of the rights of the holders of the Subscription Receipts and the terms and conditions upon which the Subscription Receipts are, or are to be, issued and held, all to the same effect as if the provisions of the Agreement and all instruments supplemental or ancillary thereto were herein set forth, and to all of which provisions the holder of the Subscription Receipts by acceptance hereof assents. In the event of a conflict or inconsistency between the terms of the Agreement and the Certificate, the terms of the Agreement shall prevail.

The Subscription Receipts, the Underlying Shares, the Underlying Warrants and the Underlying Warrant Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, or under the securities laws of any state or other jurisdiction of the United States.

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

The Agreement provides for adjustment in the number of Common Shares to be issued upon exchange in certain events therein set forth. The Agreement contains provisions making binding upon all holders of Subscription Receipts outstanding thereunder resolutions passed at meetings of such holders held in accordance with such provisions and by instruments in writing signed by the holders of a specified majority of the outstanding Subscription Receipts.

The Subscription Receipts evidenced by the Certificate may be transferred on the register kept at the Designated Office by the holder or his or her attorney duly appointed by an instrument in writing in form and execution satisfactory to the Subscription Receipt Agent, only upon payment of the

charges provided for in the Agreement and upon compliance with such reasonable requirements as the Subscription Receipt Agent may prescribe. The transfer register shall be closed at 5:00 p.m. (Calgary time) on the earlier to occur of the Release Time and the Termination Time (subject to settlement).

The Certificate shall not be valid for any purpose whatsoever unless and until it has been countersigned by or on behalf of the Subscription Receipt Agent.

After the Release Time, the Certificate and all rights hereunder other than to receive the Underlying Securities will be void and of no value.

Time shall be of the essence hereof. The Certificate is governed by the laws of Alberta and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has caused the Certificate to be signed by its duly authorized representatives as of the 16th day of March, 2017.

ALLIANCE TRUST COMPANY, as
Subscription Receipt Agent

PRAIRIE PROVIDENT RESOURCES INC.

By: _____
Authorized Signature

Per: _____

Dated: _____

Dated: _____

SCHEDULE B

CONVERSION NOTICE

TO: MACKIE RESEARCH CAPITAL CORPORATION

AND TO: ALLIANCE TRUST COMPANY

This irrevocable Conversion Notice is being provided pursuant to Section 3.1 of the subscription receipt agreement (the "**Subscription Receipt Agreement**") dated March 16, 2017 among Prairie Provident Resources Inc. (the "**Company**"), Alliance Trust Company (the "**Subscription Receipt Agent**") and Mackie Research Capital Corporation, on its own behalf and on behalf of Beacon Securities Limited and Industrial Alliance Securities Inc. (collectively, the "**Underwriters**").

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

I, Tim Granger, President and Chief Executive Officer of the Company, do hereby certify, for and on behalf of the Company and not in my personal capacity and without personal liability, that the Escrow Release Conditions have been satisfied all in accordance with the provisions of the Subscription Receipt Certificates and the Subscription Receipt Agreement.

DATED at Calgary, Alberta, this [●] day of [●], 2017

PRAIRIE PROVIDENT RESOURCES INC.

Per: _____

Acknowledged and accepted this __ day of _____, 2017

MACKIE RESEARCH CAPITAL CORPORATION

Per: _____