

## UNDERWRITING AGREEMENT

September 22, 2017

Western Energy Services Corp.  
1700, 215 – 9<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 1K3

**Attention: Mr. Alex R.N. MacAusland,  
President and Chief Executive Officer**

Dear Sir:

**Re: Offering of Common Shares of Western Energy Services Corp.**

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Peters & Co. Limited (the "**Lead Underwriter**"), AltaCorp Capital Inc., HSBC Securities (Canada) Inc., RBC Dominion Securities Inc., CIBC World Markets Inc., Raymond James Ltd. and TD Securities Inc. (collectively with the Lead Underwriter, the "**Underwriters**") understand that Western Energy Services Corp. (the "**Corporation**" or "**Western**") proposes to issue and sell common shares of the Corporation (the "**Common Shares**").

Subject to the terms and conditions hereof, the Underwriters hereby severally, and not jointly, nor jointly and severally, agree to purchase 9,100,000 Common Shares (the "**Offered Shares**") from the Corporation at a purchase price of \$1.25 per Offered Share at the Closing Time (as defined herein) in the respective percentages set forth in section 18 hereof, and the Corporation hereby agrees to issue and sell to the Underwriters, or purchasers identified by the Underwriters, at the Closing Time all, but not less than all, of the Offered Shares at a purchase price of \$1.25 per Offered Share.

### 1. Definitions

In this Agreement:

"**Agency Agreement**" means the agency agreement dated September 22, 2017 between the Corporation and the agents in connection with the AIMCo Private Placement;

"**Agreement**" means this underwriting agreement, including any schedules or exhibits attached hereto, and not any particular article or section or other portion except as may be specified, and words such as "hereof", "hereto", "herein" and "hereby" refer to this Agreement as the context requires;

"**AIF**" means the annual information form of the Corporation for the year ended December 31, 2016 dated February 22, 2017;

"**AIMCo**" means Alberta Investment Management Corporation;

"**AIMCo Commitment Letter**" means the commitment letter between the Corporation and AIMCo in respect of a \$215 million second lien senior secured term loan facility in favour of the Corporation to be established under the AIMCo Credit Facility Agreement;

"**AIMCo Credit Facility Agreement**" means the credit agreement to be entered into between the Corporation and AIMCo substantially on the terms set out in the AIMCo Commitment Letter;

"**AIMCo Private Placement**" means the issuance and sale of 9,100,000 Common Shares to AIMCo at a price of \$1.25 per Common Share for total gross proceeds of \$11,375,000 pursuant to the Agency Agreement and on the basis described in the AIMCo Subscription Agreement;

"**AIMCo Shares**" means the Common Shares to be issued to AIMCo pursuant to the AIMCo Private Placement;

"**AIMCo Subscription Agreement**" means the subscription agreement dated September 21, 2017 between the Corporation and AIMCo in connection with the AIMCo Private Placement;

"**Applicable Securities Laws**" means all applicable securities and corporate laws, rules, regulations, notices, policies and similar instruments in the Qualifying Provinces;

"**ASC**" means the Alberta Securities Commission;

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

"**Closing Date**" means October 17, 2017, or such other date as the Lead Underwriter and the Corporation may agree, acting reasonably, which date is not later than 42 days following the date of the receipt for the Prospectus;

"**Closing Time**" means 6:00 a.m. (Calgary time) or such other time on the Closing Date, as the Underwriters and the Corporation may agree;

"**Common Shares**" means common shares in the capital of the Corporation and, where appropriate in the context, includes the Offered Shares;

"**Corporation's counsel**" means Blake, Cassels & Graydon LLP or such other legal counsel as the Corporation may appoint;

"**Deloitte**" means Deloitte LLP, Chartered Accountants, Calgary, Alberta, independent auditors of the Corporation;

"**distribution**" means "**distribution**" or "**distribution to the public**", as the case may be, as defined under the Applicable Securities Laws and "**distribute**" has a corresponding meaning;

"**Documents**" means, collectively, the documents incorporated by reference in the Prospectuses and any Supplementary Material including, without limitation:

- (a) the AIF;
- (b) the Financial Statements and management's discussion and analysis in respect thereof;
- (c) the information circular of the Corporation dated April 6, 2017 relating to the annual and special meeting of the shareholders held on May 9, 2017;
- (d) any material change report of the Corporation filed since December 31, 2016;
- (e) any template version of marketing materials provided to potential investors in connection with the distribution of the Offered Shares; and

- (f) any other documents that are required by Applicable Securities Laws to be incorporated by reference in the Prospectuses;

**"Due Diligence Responses"** means the written and oral (only to the extent such oral responses are subsequently reduced to writing by the Corporation at the request of the Underwriters, acting reasonably) responses provided by the Corporation, as given by any director or senior officer of the Corporation, in relation to the Due Diligence Session;

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

**"Environmental Laws"** means all applicable federal, provincial, municipal, local or other laws, regulations, orders, government decrees or ordinances with respect to environmental, health or safety matters;

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

**"Financial Statements"** means, collectively:

- (a) the audited financial statements of the Corporation as at and for the years ended December 31, 2016 and 2015; and
- (b) the unaudited interim financial statements of the Corporation as at and for the three and six month periods ended June 30, 2017 and 2016,

in each case including the notes thereto and, where applicable, the auditor's report thereon;

**"Governmental Authorities"** means governments, regulatory authorities, governmental departments, agencies, commissions (including the Securities Commissions), bureaus, officials, ministers, Crown corporations, courts, bodies (including the Exchange), boards, tribunals or dispute settlement panels or other law, rule or regulation-making organizations or entities having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them or exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;

**"HSBC Commitment Letter"** means the commitment letter between the Corporation and HSBC Bank Canada dated September 21, 2017 in respect of the first lien senior secured credit facilities in favour of the Corporation;

**"Indemnified Person"** has the meaning ascribed thereto in subsection 8(a);

**"Laws"** means any and all applicable federal, state, provincial, municipal or local laws in Canada and the United States including all statutes, ordinances, decrees, regulations, by-laws, orders in council, Governmental Authority judgments, orders, decisions, decrees, directives and policies of (or issued by) Governmental Authorities;

**"Marketing Documents"** means, collectively, all (i) standard term sheets, and (ii) marketing materials (including any template version, revised template version or limited use version thereof), as applicable, and in either case provided to a potential investor in connection with the distribution of Offered Shares;

**"marketing materials"** has the meaning ascribed thereto under NI 41-101;

"**Material Adverse Change**" or "**Material Adverse Effect**" means any change, effect, event occurrence or circumstance which:

- (a) is or would reasonably be expected to be material and adverse to the business, operations, revenues, properties, results of operations, assets, capitalization, condition (financial or otherwise) or liabilities (contingent or otherwise) of the Corporation and the Subsidiaries (taken as a whole); or
- (b) would reasonably be expected to impair the ability of the Corporation to consummate the transactions contemplated hereby or to duly observe and perform its obligations contained in the Transaction Agreements;

"**misrepresentation**", "**material change**" and "**material fact**" have the meanings ascribed thereto under the Applicable Securities Laws;

"**NI 41-101**" means National Instrument 41-101 – *General Prospectus Requirements*;

"**NI 44-101**" means National Instrument 44-101 – *Short Form Prospectus Distributions*;

"**NI 51-102**" means National Instrument 51-102 – *Continuous Disclosure Obligations*;

"**NP 11-202**" means National Policy 11 202 – *Process for Prospectus Reviews in Multiple Jurisdictions*;

"**Options**" means options to purchase Common Shares pursuant to the Corporation's stock option plan;

"**Passport System**" means the system and procedures for prospectus filing and review under Multilateral Instrument 11-102 – *Passport System* and NP 11-202;

"**Preliminary Prospectus**" means the preliminary short form prospectus of the Corporation to be dated September 28, 2017 in respect of the distribution of the Offered Shares, including the documents incorporated by reference therein;

"**Prospectus**" means the (final) short form prospectus of the Corporation in respect of the distribution of the Offered Shares, including the documents incorporated by reference therein;

"**Prospectus Amendment**" means any amendment to either the Preliminary Prospectus or the Prospectus;

"**Prospectuses**" means, collectively, the Preliminary Prospectus and the Prospectus;

"**provide**" in the context of sending or making available Marketing Documents to a potential investor of Offered Shares has the meaning ascribed thereto under Applicable Securities Laws, whether in the context of a "road show" (as defined in NI 41-101) or otherwise;

"**Public Record**" means all information filed by or on behalf of Western or its predecessors on or after January 1, 2015 with the Securities Commissions, including without limitation, the Documents, the Preliminary Prospectus, the Prospectus, any Supplementary Material and any other information filed with any Securities Commission, in compliance, or intended compliance, with any Applicable Securities Laws;

"**Qualifying Provinces**" means all provinces of Canada, other than Québec;

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

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators;

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

"**Shareholders**" means holders of Common Shares;

"**Subsidiaries**" means, collectively, Stoneham Drilling Corporation and Western Production Services Corp.;

"**subsidiary**" has the meaning ascribed thereto under the *Securities Act* (Alberta);

"**Supplementary Material**" means, collectively, any Prospectus Amendment and any ancillary material, information, evidence, return, report, application, statement or document which may be filed by or on behalf of the Corporation under the Applicable Securities Laws;

"**Swaps**" means any transaction which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, forward sale, exchange traded futures contract or any other similar transaction (including any option with respect to any of these transactions or any combination of these transactions);

"**Tax Act**" means the *Income Tax Act* (Canada);

"**template version**" has the meaning ascribed thereto under NI 41-101 and includes any revised template version of marketing materials as contemplated by NI 41-101;

"**to the best of the Corporation's knowledge, information and belief, after due inquiry**" means, a statement as to the knowledge of each of the executive officers of the Corporation about the facts or circumstances to which such phrase related, after having made due and applicable inquiries and investigations in connection with such facts and circumstances that would ordinarily be made by executive officers of oilfield services companies in the discharge of their duties, without special inquiry for the purpose of the offering and sale of the Offered Shares;

"**to the knowledge of the Corporation**" means a statement as to the actual knowledge of each of the executive officers of the Corporation about the facts or circumstances to which such phrase related;

"**Transaction Agreements**" means, collectively, this Agreement, the Agency Agreement, the AIMCo Subscription Agreement, the AIMCo Commitment Letter, the AIMCo Credit Facility Agreement and the HSBC Commitment Letter;

"**Underwriters' counsel**" means Burnet, Duckworth & Palmer LLP or such other legal counsel as the Underwriters may appoint;

"**Underwriting Fee**" shall have the meaning ascribed thereto in section 2;

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

"**Warrant Shares**" means the Common Shares issuable pursuant to the Warrants; and

"**Warrants**" means the common share purchase warrants to be issued to AIMCo pursuant to the AIMCo Commitment Letter and AIMCo Credit Facility Agreement.

In addition, references in this Agreement to any statute or section thereof shall be deemed to be a reference to such statute or section as amended or substituted and inclusive of any regulations promulgated thereunder from time to time in effect.

## **2. Underwriting Fee**

In consideration for their services hereunder, the Corporation agrees to pay to the Lead Underwriter, on behalf of the Underwriters at the Closing Time, a fee equal to the amount of \$0.0625 (5.0%) for each Offered Share purchased (being an aggregate amount of \$568,750) (the "**Underwriting Fee**").

The Underwriting Fee may, at the sole option of the Lead Underwriter, be deducted from the aggregate gross proceeds of the sale of the Offered Shares and withheld for the account of the Underwriters.

For greater certainty, the services provided by the Underwriters in connection herewith will not be subject to the Goods and Services Tax or the Harmonized Sales Tax provided for in the *Excise Tax Act* (Canada) (collectively, the "**GST**") and taxable supplies provided will be incidental to the exempt financial services provided. However, in the event that the Canada Revenue Agency determines that GST is exigible on the Underwriting Fee, the Corporation agrees to pay the amount of GST forthwith upon the request of the Underwriters. The Corporation also agrees to pay the Underwriters' expenses incurred in connection with this underwriting as set forth in section 10 hereof, and such fees may also be deducted from the aggregate gross proceeds of the sale of the Offered Shares and withheld for the account of the Underwriters.

## **3. Qualification for Sale**

- (a) The Corporation represents and warrants to the Underwriters that it is qualified to file a prospectus pursuant to NI 44-101 for the distribution of the Offered Shares.
- (b) The Corporation shall comply with the Passport System and shall:
  - (i) not later than 5:00 p.m. (Calgary time) on September 28, 2017, have prepared and filed the Preliminary Prospectus and other documents required under the Applicable Securities Laws with the Securities Commissions and designated the ASC as the principal regulator under the Passport System;
  - (ii) have obtained a preliminary decision document dated not later than September 28, 2017, from the ASC, evidencing that a receipt has been issued for the Preliminary Prospectus in Alberta and Ontario and has been deemed to have been issued in each of the Qualifying Provinces other than Alberta and Ontario, or otherwise obtained a receipt for the Prospectus from each of the Securities Commissions;

(iii) forthwith after any comments with respect to the Preliminary Prospectus have been received from the Securities Commissions and resolved, have:

(A) prepared and filed (and in any event not later than 5:00 p.m. (Calgary time) on October 6, 2017 (or such later date as may be agreed to in writing by the Corporation and the Underwriters)) the Prospectus and other documents required under the Applicable Securities Laws with the Securities Commissions; and

(B) obtained a final decision document dated no later than October 6, 2017 (or such later date as may be agreed to in writing by the Corporation and the Underwriters) from the ASC, evidencing that a receipt has been issued for the Prospectus in Alberta and Ontario and has been deemed to have been issued in each of the Qualifying Provinces other than Alberta and Ontario, or otherwise obtained a receipt for the Prospectus from each of the Securities Commissions;

and otherwise fulfilled all requirements of Applicable Securities Laws to enable the Offered Shares to be offered and sold to the public in each of the Qualifying Provinces through the Underwriters or any member of the Selling Dealer Group registered in the appropriate category in the applicable Qualifying Province; and

(iv) until the completion of the distribution of the Offered Shares, promptly take all additional steps and proceedings that from time to time may be required under the Applicable Securities Laws to continue to qualify the Offered Shares for distribution in the Qualifying Provinces or, in the event that the Offered Shares have, for any reason, ceased to so qualify, to again qualify the Offered Shares for distribution in the Qualifying Provinces.

(c) Prior to the filing of the Prospectuses and, during the period of distribution of the Offered Shares, prior to the filing with any of the Securities Commissions of any Supplementary Material or any documents incorporated by reference therein after the date hereof, the Corporation shall have allowed the Underwriters and the Underwriters' counsel to participate fully in the preparation of, and to approve the form of, such documents and to have reviewed any documents incorporated by reference therein.

(d) During the period from the date hereof until completion of the distribution of the Offered Shares, the Corporation shall allow the Underwriters to conduct all due diligence which they may reasonably require in order to fulfill their obligations as underwriters and in order to enable the Underwriters to responsibly execute the certificates required to be executed by them in the Prospectuses or in any Supplementary Material. Without limiting the generality of the foregoing, the Corporation shall make available its directors and officers, and shall use its commercially reasonable efforts to cause its auditors, legal counsel and other experts to be available to answer any questions which the Underwriters may have and to participate in one or more due diligence sessions to be held prior to the Closing Time (collectively, the "**Due Diligence Session**"). The Underwriters shall distribute a list of written questions to be answered in advance of such Due Diligence Session and the Corporation shall provide written responses to such questions and shall use its commercially reasonable efforts to have its auditors, legal counsel and other

experts provide written responses to such questions in advance of the Due Diligence Session.

- (e) The Corporation shall take or cause to be taken all such other steps and proceedings, including fulfilling all legal, regulatory and other requirements, as required under Applicable Securities Laws to qualify the Offered Shares for distribution to the public in the Qualifying Provinces.
- (f) During the period from the date hereof until completion of the distribution of the Offered Shares:
  - (i) the Corporation shall prepare, in consultation with the Lead Underwriter, and the Corporation and the Lead Underwriter shall approve in writing, prior to such time any marketing materials are provided to potential investors in Offered Shares, a template version of any marketing materials reasonably requested to be provided by the Underwriters to any such potential investor, such marketing materials to comply with Applicable Securities Laws; and
  - (ii) the Corporation shall file a template version of any such marketing materials on SEDAR as soon as reasonably practicable after such marketing materials are so approved in writing by the Corporation and the Lead Underwriter and in any event on or before the day the marketing materials are first provided to any potential investor of Offered Shares, and any comparables shall be removed from the template version in accordance with NI 44-101 prior to filing such on SEDAR (provided that if any such comparables are removed, the Corporation shall deliver a complete template version of any such marketing materials to the Securities Commissions), and the Corporation shall provide a copy of such filed template version to the Underwriters as soon as practicable following such filing.
- (g) The Corporation, and the Underwriters, on a several basis (and not joint, nor joint and several), covenant and agree:
  - (i) not to provide any potential investor of Offered Shares with any marketing materials unless a template version of such marketing materials has been filed by the Corporation with the Securities Commissions on or before the day such marketing materials are first provided to any potential investor of Offered Shares;
  - (ii) not to provide any potential investor with any materials or information in relation to the distribution of the Offered Shares or the Corporation other than: (a) such marketing materials that have been approved and filed in accordance with Section 3(f); (b) the Preliminary Prospectus and the Prospectus; and (c) any standard term sheets approved in writing by the Corporation and the Lead Underwriter; and
  - (iii) that any marketing materials approved and filed in accordance with Section 3(f), and any standard term sheets approved in writing by the Corporation and the Lead Underwriter, shall only be provided to potential investors in the Qualifying Provinces.

#### **4. Delivery of Prospectuses and Related Documents**

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

- (a) prior to or contemporaneously, as nearly as practicable, with, and in any event not later than one Business Day following the filing with the Securities Commissions of each of the Preliminary Prospectus and the Prospectus, as applicable:
  - (i) copies of the Preliminary Prospectus and the Prospectus, signed as required by Applicable Securities Laws; and
  - (ii) upon request from the Underwriters, copies of any documents incorporated by reference therein which have not previously been delivered to the Underwriters;
- (b) as soon as they are available, copies of any Supplementary Material as may be required, signed as required by the Applicable Securities Laws and including, in each case, copies of any documents incorporated by reference therein which have not been previously delivered to the Underwriters; and
- (c) prior to the filing of the Prospectus with the Securities Commissions, a "comfort letter" from Deloitte dated the date of the Prospectus, addressed to the Underwriters and reasonably satisfactory in form and substance to the Underwriters and the Underwriters' counsel, respecting the Financial Statements and to the effect that they have carried out certain procedures performed for the purposes of comparing certain specified financial information and percentages appearing in the Prospectus and the documents incorporated therein by reference with indicated amounts in the financial statements or accounting records of the Corporation and have found such information and percentages to be in agreement, which comfort letter shall be based on Deloitte's review having a cut-off date of not more than two Business Days prior to the date of the Prospectus.

Comfort letters similar to the foregoing shall be provided to the Underwriters with respect to any Supplementary Material at the time the same is presented to the Underwriters for their signature or, if the Underwriters' signatures are not required, at the time the same are filed. All such letters and opinions shall be in form and substance reasonably satisfactory to the Underwriters and the Underwriters' counsel.

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

#### **5. Commercial Copies**

- (a) The Corporation shall deliver, as soon as possible but in any event not later than noon (local time at the place of delivery) on the Business Day following the date of the filing of the Preliminary Prospectus or the Prospectus, as the case may be, and no later than noon (local time) on the first Business Day after the execution of any Supplementary Material, or cause to be delivered to the Underwriters, without charge, commercial copies of the Preliminary Prospectus, the Prospectus and any Supplementary Material, in such numbers and in such cities as the Underwriters may reasonably request by oral or written

instructions to the Corporation or the printer thereof given no later than the time when the Corporation authorizes the printing of the commercial copies of such documents (it being agreed that deliveries outside of the cities of Calgary or Toronto may be delivered not later than noon (local time at the place of delivery) on the day that is two Business Days after the date of filing of the Preliminary Prospectus, the Prospectus or Supplementary Material, as the case may be, with the Securities Commissions.

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

## **6. Material Change**

- (a) During the period of distribution of the Offered Shares, the Corporation will promptly inform the Underwriters in writing of the full particulars of:
  - (i) any material change (actual, anticipated or, to the knowledge of the Corporation, threatened) in or affecting the business, operations, revenues, properties, results of operations, assets, capitalization, condition (financial or otherwise), liabilities (contingent or otherwise) or ownership of the Corporation and the Subsidiaries (taken as a whole) or, to its knowledge, the AIMCo Private Placement or the AIMCo Commitment Letter;
  - (ii) any change in any material fact contained or referred to in the Prospectuses, any other part of the Public Record (other than a change in a material fact that has been publicly disclosed) or any Supplementary Material; and
  - (iii) the occurrence or discovery of a material fact or event which is, or may be, of such a nature as to:
    - (A) render the Preliminary Prospectus, the Prospectus or any Supplementary Material untrue, false or misleading in a material respect;
    - (B) result in a misrepresentation in the Preliminary Prospectus, the Prospectus or any Supplementary Material; or
    - (C) result in the Preliminary Prospectus, the Prospectus or any Supplementary Material not complying in any material respect with Applicable Securities Laws;

provided that if there may be any reasonable doubt as to whether a material change, change, occurrence or event of the nature referred to in this subsection has occurred or been discovered, the Corporation shall promptly and in good faith inform the Underwriters of the full particulars of the occurrence giving rise to the uncertainty and shall consult with the Underwriters as to whether the occurrence is of such nature.

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

- (i) any request of any Securities Commission or similar regulatory authority for any amendment to the Preliminary Prospectus, the Prospectus or any other part of the Public Record or for any additional information of a material nature;
  - (ii) the issuance by any Securities Commission or similar regulatory authority, by the Exchange or by any other competent authority of any order to cease or suspend trading of any securities of the Corporation or of the institution or any threat of institution of any proceedings for that purpose; and
  - (iii) the receipt by the Corporation of any material communication from any Securities Commission or similar regulatory authority, the Exchange or any other competent authority relating to the Preliminary Prospectus, the Prospectus, any other part of the Public Record or the distribution of the Offered Shares.
- (c) The Corporation will promptly comply to the reasonable satisfaction of the Underwriters and the Underwriters' counsel with Applicable Securities Laws with respect to any material change, change, occurrence, discovery or event of the nature referred to in subsection 6(a) or (b) above and the Corporation will prepare and file promptly at the Underwriters' reasonable request any amendment to the Preliminary Prospectus, the Prospectus or any Supplementary Material as may be required under Applicable Securities Laws; provided that the Corporation shall have allowed the Underwriters and the Underwriters' counsel to participate fully in the preparation of any Supplementary Material, to have reviewed any other documents incorporated by reference therein and to conduct all due diligence investigations which the Underwriters may reasonably require in order to fulfill their obligations as underwriters and in order to enable the Underwriters to execute responsibly the certificate required to be executed by them in, or in connection with, any Supplementary Material, such approval not to be unreasonably withheld and to be provided in a timely manner. The Corporation shall further promptly deliver to each of the Underwriters and the Underwriters' counsel a copy of any Supplementary Material as filed with the Securities Commissions, and letters with respect to any such Supplementary Material substantially similar to those referred to in section 4 above.
- (d) During the period of distribution of the Offered Shares, the Corporation will promptly provide to the Underwriters, for review by the Underwriters and the Underwriters' counsel, prior to the filing or issuance thereof:
- (i) any financial statements or management's discussion and analysis of the Corporation;
  - (ii) any proposed document, including, without limitation, any amendment to the Documents and any new annual information form, material change report, business acquisition report, interim report or information circular, which may be incorporated, or deemed to be incorporated, by reference in the Prospectuses;
  - (iii) any press release of the Corporation; and
  - (iv) any Supplementary Material.
- (e) During the period of distribution of the Offered Shares, the Corporation will promptly advise the Underwriters: (i) of any material amendment or proposed material amendment

to any of the Agency Agreement, the AIMCo Subscription Agreement, the AIMCo Commitment Letter or the AIMCo Credit Facility Agreement or waiver or proposed waiver of any material term, provision or condition thereof and prior to proceeding with such amendment, waiver or proposed amendment or waiver, obtain the consent of the Lead Underwriter, on behalf of the Underwriters, in accordance with subsection 20(a)(iii); (ii) if it becomes aware that any of the representations and warranties of any parties to the Agency Agreement, the AIMCo Subscription Agreement, the AIMCo Commitment Letter or the AIMCo Credit Facility Agreement cease to be true and correct in any material respect or if the Corporation becomes aware that there is any change of any material fact or event which is, or may become of such a nature as to, render any such representations and warranties, or any information provided to the Underwriters in respect of the AIMCo Private Placement or the AIMCo Credit Facility Agreement, untrue, false or misleading in any material respect; and (iii) if any of the Agency Agreement, the AIMCo Subscription Agreement, the AIMCo Commitment Letter or AIMCo Credit Facility Agreement is terminated, or the Corporation determines it or any of the parties to the Agency Agreement, the AIMCo Subscription Agreement, the AIMCo Commitment Letter or the AIMCo Credit Facility Agreement will not be proceeding with the AIMCo Private Placement or entering into the AIMCo Credit Facility Agreement, as applicable.

## **7. Representations, Warranties and Covenants**

- (a) Each delivery of the Preliminary Prospectus, the Prospectus and any Supplementary Material pursuant to section 4 above shall constitute a representation and warranty to the Underwriters by the Corporation (and it hereby acknowledges that each of the Underwriters is relying on such representations and warranties in entering into this Agreement) that:
  - (i) all of the information and statements (except information and statements furnished in writing by and relating solely to the Underwriters) contained in the Preliminary Prospectus, the Prospectus or any Supplementary Material, as applicable, including, without limitation, the documents incorporated by reference, as the case may be:
    - (A) are, at the respective dates of such documents, true and correct in all material respects;
    - (B) contain no misrepresentation; and
    - (C) constitute full, true and plain disclosure of all material facts relating to the Corporation and the Offered Shares as required under Applicable Securities Laws; and
  - (ii) the Preliminary Prospectus, the Prospectus or any Supplementary Material, as applicable, including, without limitation, the documents incorporated by reference therein, as the case may be, comply in all material respects with Applicable Securities Laws, including, without limitation, NI 44-101.
- (b) In addition to the representations and warranties contained in subsection 7(a) hereof, the Corporation represents and warrants to and with the Underwriters, and acknowledges that

each of the Underwriters is relying upon such representations and warranties in entering into this Agreement, that:

- (i) each of the Corporation and the Subsidiaries has been duly organized and is validly existing under the laws of its jurisdiction of organization and has all requisite corporate, partnership or trust authority, as applicable, and power to carry on its business as described in the Public Record and to own or lease and to operate its properties and assets;
- (ii) each of the Corporation and the Subsidiaries is qualified to carry on business under the laws of each jurisdiction in which it carries on a material portion of its respective business;
- (iii) the Corporation has no subsidiaries other than Stoneham Drilling Corporation and Western Production Services Corp.;
- (iv) the Corporation is not in default or breach of, and the execution and delivery of, and the performance of and compliance with the terms of the Transaction Agreements by the Corporation or any of the transactions contemplated hereby or thereby does not and will not result in any breach of, or constitute a default under, and does not and will not create a state of facts which, after notice or lapse of time or both, would result in a breach of or constitute a default under:
  - (A) any term or provision of the articles, by-laws or resolutions of the directors (including any committee thereof) or shareholders, as the case may be, of the Corporation or any of the Subsidiaries;
  - (B) any indenture, mortgage, note, contract, agreement (written or oral), instrument, lease or other document to which the Corporation or any of the Subsidiaries is a party or by which the Corporation or any of the Subsidiaries is bound; or
  - (C) any Laws applicable to the Corporation or any of the Subsidiaries,

which default or breach could, individually or in the aggregate, constitute a Material Adverse Effect;

- (v) the Corporation has full corporate capacity, power and authority to enter into the Transaction Agreements and to perform its obligations set out herein and therein (including, without limitation, to create, issue and sell, as applicable, the Offered Shares), and this Agreement is and each of the other Transaction Agreements will, on the Closing Date be, duly authorized, executed and delivered by the Corporation and this Agreement is and the other Transaction Agreements will, on the Closing Date be, legal, valid and binding obligations of the Corporation enforceable against the Corporation in accordance with their terms, subject to the discretionary nature of equitable remedies, all Laws relating to creditors' rights generally and except as rights to indemnity may be limited by Law;
- (vi) no approval, authorization, consent or other order of, and no filing, registration or recording with, any Governmental Authority or any other third party is required

of the Corporation in connection with the execution and delivery of this Agreement or with the performance of its obligations hereunder, except as required to comply with Applicable Securities Laws applicable to the sale of the Offered Shares and the approval of the Exchange;

- (vii) the Financial Statements fairly present in accordance with international financial reporting standards ("**IFRS**"), consistently applied, the financial position and condition, the results of the operations, cash flows and other information purported to be shown therein of the Corporation and the Subsidiaries on a consolidated basis as at the dates thereof and for the periods then ended and reflect all assets, liabilities and obligations (absolute, accrued, contingent or otherwise) of the Corporation and the Subsidiaries on a consolidated basis as at the dates thereof required to be disclosed in accordance with IFRS, and include all adjustments necessary for a fair presentation;
- (viii) the Corporation's auditors, who have audited or reviewed the Financial Statements and delivered their reports with respect to the audited Financial Statements, are independent chartered accountants with respect to the Corporation within the meaning of Applicable Securities Laws as of the date of this Agreement and during the period covered by the Financial Statements on which they reported and there has not been any reportable event (within the meaning of NI 51-102) with the present or any former auditor of the Corporation;
- (ix) there are no actions, suits, claims, proceedings or inquiries pending and outstanding or (to the knowledge of the Corporation) threatened against or affecting the Corporation or any of the Subsidiaries at law or in equity or before or by any Governmental Authority which, individually or in the aggregate, constitute a Material Adverse Effect and the Corporation is not aware of any existing ground on which such action, suit, proceeding or inquiry might be commenced with any reasonable likelihood of success;
- (x) there has not been any material change in the business, operations, revenues, properties, results of operations, assets, capitalization, condition (financial or otherwise), liabilities (contingent or otherwise) or ownership of the Corporation and the Subsidiaries (taken as a whole), from the position of the Corporation set forth in the Financial Statements as at and for the year ended December 31, 2016 and since that date there have been no material facts, transactions, events or occurrences which, to the best of the knowledge, information and belief of the Corporation, would, individually or in the aggregate, constitute a Material Adverse Change;
- (xi) except as otherwise disclosed in the Financial Statements and the Transaction Agreements, and since December 31, 2016, none of the Corporation or any of the Subsidiaries has incurred, assumed or suffered any liability (absolute, accrued, contingent or otherwise), including tax liabilities, or entered into any transaction which is or may be material to the business, revenues, properties, results of operations, assets, capitalization, operations, capital, liabilities or condition (financial or otherwise) of the Corporation and the Subsidiaries (taken as a whole);

- (xii) the information and statements set forth in the Public Record were true, correct, and complete and did not contain any misrepresentation, as of the date of such information or statements;
- (xiii) the Corporation is a "reporting issuer" or equivalent in each of the provinces of Canada within the meaning of Applicable Securities Laws in such provinces;
- (xiv) to the best of the knowledge, information and belief of the Corporation, none of its directors or officers are subject to an order or ruling of any securities regulatory authority or stock exchange prohibiting such individual from acting as a director or officer of a public entity or of an entity listed on a particular stock exchange;
- (xv) the Corporation is not in default of any material requirement of Applicable Securities Laws and has not filed any confidential material change reports which continue to be confidential. Since December 31, 2016, the Corporation has not received any correspondence or notice from a Securities Commission or from the Exchange concerning a review of any of the Corporation's continuous disclosure documents in respect of which any matters remain outstanding;
- (xvi) the authorized capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series, of which as at the date hereof there were 73,974,594 Common Shares issued and outstanding, which Common Shares are validly issued, fully paid and non-assessable and nil preferred shares issued and outstanding;
- (xvii) no person holds any securities convertible or exchangeable into shares of the Corporation or has any agreement, warrant, option, right or privilege being or capable of becoming an agreement, warrant, option or right (whether or not on condition(s)) for the purchase or other acquisition of any unissued securities of the Corporation, except: (i) in respect of an aggregate of 7,080,308 Common Shares issuable upon exercise of outstanding Options; (ii) 203,817 Common Shares issuable pursuant to outstanding equity settled restricted share units on the terms disclosed in the Financial Statements; (iii) an aggregate of 9,100,000 Common Shares issuable pursuant to the AIMCo Subscription Agreement; and (iv) 7,099,546 Warrants issuable pursuant to the AIMCo Commitment Letter and AIMCo Credit Facility Agreement;
- (xviii) all of the issued and outstanding shares of each of the Subsidiaries have been duly authorized and validly issued as fully paid and non-assessable; and all of the outstanding shares of each Subsidiary are owned directly by the Corporation;
- (xix) no person holds any securities convertible or exchangeable into shares of any of the Subsidiaries or has any agreement, warrant, option, right or privilege being or capable of becoming an agreement, warrant, option or right (whether or not on condition(s)) for the purchase or other acquisition of unissued securities of the Subsidiaries;

- (xx) the Corporation and the Subsidiaries do not directly or indirectly hold any shares or other securities, options or rights to subscribe for shares or other securities of any corporation, partnership, trust or other entity other than the Subsidiaries;
- (xxi) no Securities Commission, other securities commission or similar Governmental Authority has issued any order which is currently outstanding preventing or suspending trading in any securities of the Corporation, no such proceeding is, to the knowledge of the Corporation, pending, contemplated or threatened and the Corporation is not in material default of any requirement of Applicable Securities Laws;
- (xxii) the issued and outstanding Common Shares are listed and posted for trading on the Exchange and the Corporation is in compliance, in all material respects, with all applicable rules and policies of the Exchange;
- (xxiii) the Corporation and each of the Subsidiaries has conducted and is conducting its business in compliance in all material respects with all applicable Laws, and, in particular, all Environmental Laws and holds all licences, permits, registrations and qualifications in all jurisdictions in which it carries or proposes to carry on its business which are necessary or desirable to carry on its business as now conducted and as presently proposed to be conducted, except where the failure to hold such licenses, permits, registrations and qualifications would not have a Material Adverse Effect; all such licences, permits, registrations or qualifications are valid and existing and in good standing and none of such licences, permits, registrations or qualifications contains any burdensome term, provision, condition or limitation which, individually or in the aggregate, constitutes a Material Adverse Effect, and the Corporation is not aware of any Law presently in force or proposed to be brought into force which the Corporation anticipates the Corporation or any of the Subsidiaries, as applicable, will be unable to comply with without constituting a Material Adverse Effect;
- (xxiv) the Corporation and each of the Subsidiaries has filed all domestic, foreign, federal, provincial, state and local tax returns that are or were required to be filed, all such tax returns are complete and correct and the Corporation and each of the Subsidiaries has timely paid all taxes required to be paid by them and any other assessment, fine or penalty levied against them, to the extent that any of the foregoing is due and payable, except for any such assessment, fine or penalty that is currently being contested in good faith; no tax return of the Corporation or any of the Subsidiaries is under audit or examination by any tax authority, no written or, to the knowledge of the Corporation, unwritten notice of such an audit or examination has been received by the Corporation or any of the Subsidiaries and there is no assessed deficiency, refund litigation, proposed adjustment or matter in controversy with respect to any taxes due and owing by the Corporation or any of the Subsidiaries;
- (xxv) the Corporation is not aware of any material contingent tax liability of the Corporation or any of the Subsidiaries or any grounds which will prompt a reassessment;

- (xxvi) no labour problem or dispute with the employees of the Corporation or the Subsidiaries exists or, to the knowledge of the Corporation, is threatened or imminent and the Corporation is not aware of any existing or imminent labour disturbance by the employees of the Corporation or any of the Subsidiaries, which, individually or in the aggregate, constitutes a Material Adverse Effect;
- (xxvii) the Corporation and each of the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are customary in the businesses in which it is engaged; all policies of insurance and fidelity or surety bonds insuring the Corporation or any of the Subsidiaries or its respective businesses, assets, employees, officers, trustees and directors are in full force and effect; the Corporation and the Subsidiaries are in compliance with the terms of such policies and instruments in all material respects; there are no material claims by the Corporation or any of the Subsidiaries under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause; and neither the Corporation nor any such Subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not constitute a Material Adverse Effect;
- (xxviii) no Subsidiary is currently prohibited, directly or indirectly, from paying (directly or indirectly) any distributions, dividends or interest payments to the Corporation, from making any other distribution on such Subsidiary's capital stock or other ownership interest, from repaying to the Corporation any notes, loans or advances to such Subsidiary from the Corporation or from transferring any of such Subsidiary's property or assets to the Corporation or any other Subsidiary;
- (xxix) the Corporation has established and maintains disclosure controls and procedures and internal control over financial reporting (within the meaning of Applicable Securities Laws). The Corporation's disclosure controls and procedures are reasonably designed to ensure that all material information required to be disclosed by the Corporation in the reports that it files or has filed under Applicable Securities Laws are or were recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities Commissions and that all such material information is or was, as applicable, accumulated and communicated to the management of the Corporation to allow timely decisions regarding required disclosure and to make the certifications required pursuant to Applicable Securities Laws. Management of the Corporation has completed its assessment of the effectiveness of its internal control over financial reporting in compliance with the requirements of Applicable Securities Laws for the year ended December 31, 2016, and such assessment concluded that such controls were effective. The Corporation disclosed, based on the most recent evaluations, to the Corporation's auditors and the audit committee of the Corporation's board of directors: (i) all significant deficiencies in the design or operation of internal control over financial reporting and any material weaknesses, that have more than a remote chance to materially adversely affect the Corporation's ability to record, process, summarize and

report financial data, if any; and (ii) any fraud, regardless of whether material, that involves management or other employees who have or had a significant role in the Corporation's internal control over financial reporting;

- (xxx) since January 1, 2017, to the best of the knowledge, information and belief of the Corporation, neither the Corporation nor any director, officer, employee, auditor, accountant or representative of the Corporation has received or otherwise had or obtained knowledge of any material complaint, allegation, assertion or claim, whether written or oral, regarding the accounting or auditing practices, procedures, methodologies or methods of the Corporation including any material complaint, allegation, assertion or claim that the Corporation has or had a "material weakness" (as such terms are defined in Applicable Securities Laws, in each case as in effect on the date hereof), in the Corporation's internal control over financial reporting;
- (xxxi) except to the extent that any violation or other matter referred to in this subparagraph does not, individually or in the aggregate, constitute a Material Adverse Effect:
  - (A) the Corporation and each of the Subsidiaries has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws;
  - (B) there have been no spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes into the earth, air or into any body of water or any municipal or other sewer or drain water systems by the Corporation or any of the Subsidiaries that have not been remedied;
  - (C) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of the Corporation or any of the Subsidiaries;
  - (D) neither the Corporation nor any of the Subsidiaries has failed to report to the proper Governmental Authority, the occurrence of any event which is required to be so reported by any Environmental Law;
  - (E) neither the Corporation nor any of the Subsidiaries has received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, or any licence, permit or approval issued pursuant thereto, or that any licence, permit or approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated; and
  - (F) neither the Corporation nor any of the Subsidiaries has received any notice of, or been prosecuted for an offence alleging, non-compliance with any Environmental Laws, and neither the Corporation nor any of the Subsidiaries has settled any allegation of non-compliance short of prosecution;

- (xxxii) each of the Corporation and the Subsidiaries has fulfilled its obligations, if any, under the minimum funding standards of Section 302 of the United States *Employee Retirement Income Security Act of 1974* ("ERISA") and the regulations and published interpretations thereunder with respect to each "plan" (as defined in Section 3(3) of ERISA and such regulations and published interpretations) in which employees of the Corporation and the Subsidiaries are eligible to participate and each such plan is in compliance in all material respects with the presently applicable provisions of ERISA and such regulations and published interpretations. The Corporation and the Subsidiaries have not incurred any unpaid liability to the Pension Benefit Guaranty Trust (other than for the payment of premiums in the ordinary course) or to any such plan under Title IV of ERISA;
- (xxxiii) each of the Corporation and the Subsidiaries has fulfilled all material obligations, if any, under all pension plans (including any supplemental pension arrangement) and retirement allowances and plans, health and welfare plans, employee savings and similar plans, and each such plan is in compliance and has been administered in all material respects with all Laws. All such plans that are registered pension plans are in full compliance with all investment, administration, solvency and funding requirements under Laws with respect to pension standards and tax law matters, no event has occurred which could give rise to a partial or full termination of any such plan, no improper withdrawals or application of plan assets have been made, no Governmental Authority has imposed any restrictions on the payment or settlement of benefits under such plans, no solvency funding relief has been applied for or is expected to be applied for. All other such plans are fully funded or secured, and no events have occurred which could give rise to immediate or accelerated funding of such other plans. The Corporation and the Subsidiaries have not received any claim or demand in respect of any employee plan except for routine claims for benefits and no claims are anticipated;
- (xxxiv) each of the Corporation and the Subsidiaries owns or leases or is entitled to own or lease all such assets or properties as are necessary to the conduct of its operations as presently conducted, except such as would not, individually or in the aggregate, constitute a Material Adverse Effect;
- (xxxv) the Corporation and each Subsidiary has good and sufficient title to all items of real property and improvements and to all equipment and personal property owned by each of them, in each case, free and clear of any liens, and the real property, improvements, equipment and personal property held under lease by the Corporation or any Subsidiary are held under valid, subsisting and enforceable leases, except which, individually or in the aggregates, would not have a Material Adverse Effect;
- (xxxvi) except for any rights, infringement, action, suit, proceeding or claim that may exist that would not, individually or in the aggregate, cause a Material Adverse Effect:
- (A) the Corporation and the Subsidiaries own, possess, license or have other rights to use, all patents, patent applications, trade and service marks, trade and service mark registrations, trade names, copyrights, industrial

designs, licenses, inventions, trade secrets, technology, know how, confidential information and other intellectual or industrial property rights (collectively, "**Intellectual Property**") necessary for the conduct of the Corporation's and the Subsidiaries' business as now conducted and as proposed to be conducted;

- (B) there are no rights of third parties to any Intellectual Property owned by the Corporation or the Subsidiaries (the "**Owned Intellectual Property**");
- (C) the Corporation and each Subsidiary, as applicable, has obtained, possesses and is not in material breach of valid licenses to use all of the material Intellectual Property used or proposed to be used in the Corporation's or each Subsidiary's business that is not Owned Intellectual Property;
- (D) the conduct of the Corporation's and the Subsidiaries' business has not and does not materially infringe, misappropriate or violate any Intellectual Property of others;
- (E) to the knowledge of the Corporation, there is and has not been any material infringement by third parties of any material Owned Intellectual Property;
- (F) there is no pending or, to the knowledge of the Corporation, threatened action, suit, proceeding or claim by others challenging the rights of the Corporation or any of the Subsidiaries in or to any Owned Intellectual Property;
- (G) there is no pending or, to the knowledge of the Corporation, threatened action, suit, proceeding or claim by others challenging the validity, enforceability or scope of any Owned Intellectual Property, and the Corporation is unaware of any facts which would form a reasonable basis for any such claim;
- (H) there is no pending or, to the knowledge of the Corporation, threatened action, suit, proceeding or claim by others that the Corporation or the Subsidiaries infringes, misappropriates or otherwise violates any Intellectual Property of others;
- (I) each employee and consultant involved in the development of the Owned Intellectual Property has assigned to the Corporation or a Subsidiary, as applicable, all rights that he or she owns or has held in respect of the material Owned Intellectual Property; and
- (J) each of the Corporation and the Subsidiaries has taken reasonable security measures to protect the secrecy, confidentiality and value of all material trade secrets and confidential information held or used in its business;

- (xxxvii) except as would not, individually or in the aggregate, cause a Material Adverse Effect, the information technology and systems used by the Corporation and the Subsidiaries are reasonably maintained, subject to reasonable disaster recovery and business continuity plans, and are sufficient for the conduct of the Corporation's and the Subsidiaries' business as now conducted, and such technology and systems do not, to the best of the Corporation's knowledge, contain any viruses, malware, time-bombs, key-locks or any other devices designed to, without the knowledge and authorization of the Corporation or the Subsidiaries, as applicable, disrupt, disable, harm or interfere with the operation of their business;
- (xxxviii) except for the employment agreements in effect between the Corporation and each of its officers as described in the Public Record or as otherwise disclosed to the Underwriters, neither the Corporation nor any of the Subsidiaries is a party to any written contracts of employment which may not be terminated on one month's notice or which provide for payments occurring on a change of control of the Corporation;
- (xxxix) neither the Corporation nor any of the Subsidiaries currently has any outstanding Swaps;
- (xl) neither the Corporation nor any of the Subsidiaries has received any notice from any Governmental Authority of any restriction on its ability to conduct its business as it is currently conducted or proposed to be conducted, or to own, lease or operate their respective properties and assets;
- (xli) except for the proposed amendments to the Corporation's senior credit facilities or as otherwise disclosed in writing to the Underwriters, there has been no material change in the amounts, interest rates, sinking funds, installment payments or maturities of any indebtedness of the Corporation or the Subsidiaries from that disclosed in the Public Record. None of the Corporation or any of the Subsidiaries is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any indebtedness of the Corporation or the Subsidiaries and no event or condition exists with respect to any indebtedness of the Corporation or the Subsidiaries that would permit (or that with notice or the lapse of time, or both, would permit) one or more persons to cause such indebtedness to become due and payable before its stated maturity or before its regularly scheduled dates of payment (as applicable);
- (xlii) the Corporation has not completed any "significant acquisition" (as such term is defined in NI 51-102) and the Corporation is not proposing or party to any agreement with respect to any "proposed acquisition" (as such term is used in Item 10 of Form 44-101F1 to NI 44-101), that in any such case would require the inclusion of any financial statements or pro forma financial statements in a "business acquisition report" filed under Applicable Securities Laws;
- (xliii) except for this Agreement, the Agency Agreement, the AIMCo Subscription Agreement, the AIMCo Commitment Letter and the HSBC Commitment Letter, the Corporation is not a party to nor bound by any agreement of guarantee (other than pursuant to banking arrangements), indemnification (other than an

indemnification of directors and officers in accordance with the by-laws of the Corporation and the Subsidiaries, as applicable, and applicable laws and indemnities given in agreements completed for purchase and sale transactions and in the ordinary course of business or in prior underwriting or agency agreements) or any other like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other person;

- (xliv) the Corporation does not have any indebtedness outstanding which has been made to or from any of its shareholders, officers, directors or employees or any other person not dealing at arm's length with the Corporation that is currently outstanding;
- (xlv) the minute books or record books, as the case may be, of the Corporation and each of the Subsidiaries are true and correct in all material respects and contain the minutes of all meetings and all resolutions of their respective directors and shareholders, and all such meetings were duly called and properly held and all consent resolutions were properly adopted;
- (xlvi) other than in connection with the Transaction Agreements, the Corporation has not incurred any obligation or liability (absolute, accrued, contingent or otherwise) for brokerage fees, finder's fees, agent's or underwriter's commission or other similar forms of compensation with respect to the transactions contemplated herein;
- (xlvii) all material filings made by the Corporation and any of the Subsidiaries or under which such entity has received or is entitled to government incentives, have been made in accordance, in all material respects, with all applicable legislation and contain no misrepresentations which could cause any material amount previously paid to the Corporation or any of the Subsidiaries or previously accrued on the accounts thereof to be recovered or disallowed;
- (xlviii) any and all operations of the Corporation and the Subsidiaries and, to the knowledge of the Corporation, any and all operations by third parties, on or in respect of the assets and properties of the Corporation or the Subsidiaries, have been conducted in accordance with good oil and gas services industry practices;
- (xlix) the books of account and other records of the Corporation, whether of a financial or accounting nature or otherwise, have been maintained in accordance with prudent business practices;
- (l) no action, approval, consent or vote on the part of the shareholders of the Corporation is or shall be necessary to consummate the transactions contemplated by the Transaction Agreements provided that AIMCo does not hold any Common Shares as of the date hereof and does not subsequently acquire any Common Shares except as provided by the Transaction Documents;
- (li) the Corporation has the necessary corporate power and authority to execute, deliver and file the Prospectuses and, prior to the filing of the Prospectuses, all requisite action will have been taken by the Corporation to authorize the execution, delivery and filing of the Prospectuses;

- (lii) the attributes and characteristics of the Offered Shares conform in all material respects to the attributes and characteristics thereof described in the Prospectuses;
- (liii) at the Closing Date, the Offered Shares will have been reserved and allotted for issuance and, when issued in accordance with the terms hereof (assuming receipt by the Corporation of full consideration for the Offered Shares), will be validly issued as fully paid and non-assessable;
- (liv) the Corporation has not taken and will not take, directly or indirectly, any action independent of actions that may be undertaken by the Underwriters on the Corporation's behalf designed to, or that might reasonably be expected to cause or result in, stabilization and manipulation of the price of the Common Shares (including the Offered Shares);
- (lv) except as disclosed in the Prospectus and pursuant to the terms and conditions governing the Corporation's senior credit facilities, the Corporation is not contractually prohibited, directly or indirectly, from paying any dividends or distributions, from making any other distribution on its share capital, the Offered Shares or its other securities, or from paying any interest or repaying loans, advances or other indebtedness;
- (lvi) to the knowledge of the Corporation, no insider of the Corporation has a present intention to sell any securities of the Corporation held by it;
- (lvii) the form and terms of definitive certificates representing the Common Shares (including the Offered Shares) have been duly approved and adopted by the Corporation and comply with all legal requirements relating thereto including the requirements of the Exchange;
- (lviii) except for the Transaction Agreements and as disclosed in the Public Record, there are no material contracts or agreements out of the ordinary course of business to which the Corporation or any of the Subsidiaries is a party or by which it or the Subsidiaries is bound and neither the Corporation nor any of the Subsidiaries is in default under any material agreement and the Corporation is not aware of any material breaches thereof by any other party thereto, in any such case which default or breach, individually or in the aggregate, could constitute a Material Adverse Effect. For the purposes of this subsection, any contract or agreement pursuant to which it will, or may reasonably be expected to, result in a requirement of it to expend more than an aggregate of \$1,500,000 or receive or be entitled to receive revenue of more than \$1,500,000 in either case in the next 12 months, or is out of the ordinary course of business, shall be considered to be material;
- (lix) the Corporation does not have in place a shareholder rights protection plan or any other form of plan, agreement, contract or instrument that shall trigger any rights to acquire Common Shares or other securities of the Corporation;
- (lx) no officer or director of the Corporation is subject to any limitations or restrictions on their activities or investments, including any non-competition

provisions, that would in any way limit or restrict their involvement with the Corporation or business affairs of the Corporation;

- (lxi) neither the Corporation nor, to the knowledge of the Corporation, any of its shareholders is a party to any unanimous shareholders agreement, pooling agreement, voting trust or other similar type of arrangement in respect of outstanding securities of the Corporation;
- (lxii) the Due Diligence Responses will be true and correct in all material respects where they relate to matters of fact, as at the time such responses are given, and the Corporation and its directors and officers will have responded in a thorough and materially complete fashion. Where the Due Diligence Responses reflect the opinion or view of the Corporation or its directors or officers (including, Due Diligence Responses or portions of such Due Diligence Responses, which are forward looking or otherwise relate to projections, forecasts or estimates of future performance or results (operating, financial or otherwise)) ("**Forward-looking Statements**"), such opinions or views are subject to the qualifications and provisions set forth in the Due Diligence Responses and will be honestly held and believed to be reasonable at the time they are given; provided, however, it shall not constitute a breach of this paragraph solely if the actual results vary or differ from those contained in Forward-looking Statements;
- (lxiii) neither the Corporation nor any of the Subsidiaries has been, nor to the best of the knowledge, information and belief of the Corporation, has any director, officer, agent, employee, affiliate or person acting on behalf of the Corporation or any of the Subsidiaries been or is currently subject to any United States sanctions administered by the Office of Foreign Assets Control of the United States Treasury Department ("**OFAC**") or any other relevant sanctions authority; and the Corporation will not, directly or indirectly, use any proceeds of the distribution of the Offered Shares, or lend, contribute or otherwise make available such proceeds to any affiliated entity, joint venture partner or other person or entity, to finance any investments in, or make any payments to, any country or person targeted by any of the sanctions of the United States administered by OFAC;
- (lxiv) the Corporation and each of the Subsidiaries is now and at all times has been in compliance with all Laws respecting anti-bribery or anti-corruption law matters; neither the Corporation nor any of the Subsidiaries has authorized, offered or made payments directly or indirectly to any individual, person that would result in a violation of such Laws; and no part of the proceeds received from the offering of the Offered Shares or the AIMCo Private Placement will be used for any purpose that could constitute a violation such Laws;
- (lxv) the Corporation and each of the Subsidiaries have complied with all Law respecting anti-money laundering matters;
- (lxvi) Computershare Trust Company of Canada acts as the registrar and transfer agent for the Common Shares; and

- (lxvii) as at the date hereof, the representations and warranties made by the Corporation in the Agency Agreement, the AIMCo Subscription Agreement and the AIMCo Commitment Letter are, and as at the Closing Date, the representations and warranties made by the Corporation in the AIMCo Credit Facility Agreement will be, true and correct in all material respects as of the date at which they are made (except for such representations and warranties which refer to or are made as of another specified date, in which case, such representations and warranties will have been true and correct as of that date and for such representations and warranties which are already qualified as to materiality or with respect to a Material Adverse Effect, in which case, such representations and warranties will be true and correct in all respects); and
- (lxviii) as at the date hereof, the Corporation does not have any reason to believe that the representations and warranties of AIMCo in the AIMCo Subscription Agreement and AIMCo Commitment Letter are not, and as the Closing Date, the Corporation will not have any reason to believe that the representations and warranties of AIMCo in the AIMCo Credit Facility Agreement will not be, true and correct in all material respects as of the date such representations and warranties are made (except for such representations and warranties which refer to or are made as of another specified date, in which case, such representations and warranties will have been true and correct as of that date and for such representations and warranties which are already qualified as to materiality or with respect to a Material Adverse Effect, in which case, such representations and warranties will be true and correct in all respects) or that AIMCo is or will be in breach of any covenants in the AIMCo Subscription Agreement, AIMCo Commitment Letter or AIMCo Credit Facility Agreement (solely as at the Closing Date) except, in any case, such as would not have or could not reasonably be expected to have a Material Adverse Effect.

## 8. Indemnity

- (a) The Corporation shall indemnify and save the Underwriters, and each of the Underwriters' affiliates and each of their respective agents, directors, officers, partners, shareholders and employees (each an "**Indemnified Person**") harmless against and from all liabilities, claims, demands, losses (other than losses of profit in connection with the distribution of the Offered Shares), costs (including, without limitation, reasonable legal fees and disbursements on a full indemnity basis), actions, suits, proceedings, damages and expenses to which any Indemnified Person may be subject or which the Indemnified Person may suffer or incur, whether under the provisions of any statute or otherwise, in any way caused by, or arising directly or indirectly from or in consequence of:
- (i) any information or statement contained in or incorporated by reference into the Preliminary Prospectus, the Prospectus, any Supplementary Material or any other part of the Public Record or in any other document or material filed or delivered pursuant hereto (other than any information or statement relating solely to the Underwriters and furnished in writing to the Corporation by the Underwriters or the Underwriters' counsel expressly for inclusion in the Preliminary Prospectus, the Prospectus or any Supplementary Material or in any other document or material filed or delivered pursuant hereto) which is or is alleged to be untrue or any omission or alleged omission to provide any information or state any fact

(other than any information or fact relating solely to the Underwriters and furnished to the Corporation in writing by the Underwriters or the Underwriters' counsel expressly for inclusion in the Preliminary Prospectus, the Prospectus or any Supplementary Material or in any other document or material filed or delivered pursuant hereto) the omission of which makes or is alleged to make any such information or statement untrue or misleading in light of the circumstances in which it was made;

- (ii) any misrepresentation or alleged misrepresentation (except a misrepresentation which is based upon information relating solely to the Underwriters and furnished in writing to the Corporation by the Underwriters or the Underwriters' counsel, as the case may be, expressly for inclusion in the Preliminary Prospectus, the Prospectus or any Supplementary Material or in any other document or material filed or delivered pursuant hereto) contained in or incorporated by reference into the Preliminary Prospectus, the Prospectus or any Supplementary Material or in any other document or any other part of the Public Record filed by or on behalf of the Corporation;
- (iii) any prohibition or restriction of trading in the securities of the Corporation or any prohibition or restriction affecting the distribution of the Offered Shares imposed by any Governmental Authority if such prohibition or restriction is based on any misrepresentation or alleged misrepresentation of a kind referred to in subsection 8(a)(ii);
- (iv) any order made or any inquiry, investigation (whether formal or informal) or other proceeding commenced or threatened by any one or more Governmental Authorities (not based upon the activities or the alleged activities of the Underwriters or their banking or Selling Dealer Group members, if any) prohibiting, restricting, relating to or materially affecting the trading or distribution of the Offered Shares; or
- (v) any breach of, default under or non-compliance by the Corporation with any requirements of Applicable Securities Laws, the by-laws, rules or regulations of the Exchange or any representation, warranty, term or condition of the Transaction Agreements or in any certificate or other document delivered by or on behalf of the Corporation pursuant to this Agreement,

provided, however, if and to the extent that a court of competent jurisdiction determines, in a final judgment that is non-appealable, that a party has engaged in fraud, wilful misconduct or gross negligence, such party shall cease to be entitled, to the extent that the liabilities, claims, losses, costs, damages or expenses were solely caused by such activity, to claim indemnification from any person who has not been determined by a court of competent jurisdiction in a final judgment that is non-appealable to have also engaged in such fraud, wilful misconduct or gross negligence (provided that for greater certainty, an Underwriter's failure to conduct such reasonable investigation as to provide reasonable grounds for a belief that the Prospectus contained no misrepresentation (or, colloquially, to permit the Underwriter to sustain a "due diligence defence" under Applicable Securities Laws) shall not constitute "gross negligence" for purposes of this section 8 or otherwise disentitle an Indemnified Person from claiming indemnification).

(b) If any claim contemplated by subsection 8(a) shall be asserted against any Indemnified Person, such Indemnified Person shall notify the Corporation in writing with particulars of such claim (provided that failure to so notify the Corporation of the nature of such claim in a timely fashion shall relieve the Corporation of liability hereunder only if and to the extent that such failure materially prejudices the Corporation's ability to defend such claim) as soon as possible of the nature of such claim and the Corporation shall be entitled (but not required) to assume the defence of any suit brought to enforce such claim, provided, however, that the defence shall be through legal counsel selected by the Corporation and acceptable to the Indemnified Person acting reasonably and that no settlement or admission of liability may be made by the Corporation or the Indemnified Person without the prior written consent of the other, such consent not to be unreasonably withheld. The Indemnified Person shall have the right to retain its own counsel in any proceeding relating to a claim contemplated by subsection 8(a) if the:

- (i) Indemnified Person has been advised by counsel that there may be a reasonable legal defence available to the Indemnified Person which is different from or additional to a defence available to the Corporation and that representation of the Indemnified Person and the Corporation by the same counsel would be inappropriate due to the actual or potential differing interests between them (in which case the Corporation shall not have the right to assume the defence of such proceedings on the Indemnified Person's behalf);
- (ii) Corporation shall not have taken the defence of such proceedings and employed counsel within seven days after notice has been given to the Corporation of commencement of such proceedings; or
- (iii) employment of such counsel has been authorized by the Corporation in connection with the defence of such proceedings;

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

(c) The Corporation hereby waives its rights to recover contribution from an Indemnified Person with respect to any liability of the Corporation by reason of or arising out of any misrepresentation in the Preliminary Prospectus, the Prospectus, any Supplementary Material or any other part of the Public Record, provided, however, that such waiver shall not apply in respect of liability caused or incurred by reason of any misrepresentation which is based upon information relating solely to the Indemnified Person contained in such document and furnished in writing to the Corporation by the Underwriters expressly for inclusion in the Preliminary Prospectus, the Prospectus or any Supplementary Material.

(d) If any legal proceedings shall be instituted against the Corporation in respect of the Preliminary Prospectus, the Prospectus, any Supplementary Material or any other part of the Public Record or the distribution of the Offered Shares or if any regulatory authority or stock exchange shall carry out an investigation of an Corporation in respect of the

Preliminary Prospectus, the Prospectus, any Supplementary Material or any other part of the Public Record or the distribution of the Offered Shares and, in either case, any Indemnified Person is required to testify, or respond to procedures designed to discover information, in connection with or by reason of the services performed by the Underwriters hereunder, the Indemnified Persons may employ their own legal counsel and the Corporation shall pay and reimburse the Indemnified Persons for the reasonable fees, charges and disbursements (on a full indemnity basis) of such legal counsel, the other expenses reasonably incurred by the Indemnified Persons in connection with such proceedings or investigation and a fee at the normal per diem rate for any director, officer or employee of the Underwriters involved in the preparation for or attendance at such proceedings or investigation.

- (e) The rights and remedies of the Indemnified Persons set forth in sections 8 and 9 hereof are to the fullest extent possible in law cumulative and not alternative and the election by any Underwriter or other Indemnified Person to exercise any such right or remedy shall not be, and shall not be deemed to be, a waiver of any other rights and remedies.
- (f) The Corporation hereby acknowledges that the Underwriters are acting as agents for the Underwriters' respective agents, directors, officers, partners, shareholders and employees under this section 8 and under section 9 with respect to all such agents, directors, officers, partners, shareholders and employees.
- (g) The Corporation waives any right it may have of first requiring an Indemnified Person to proceed against or enforce any other right, power, remedy, security or claim, or to claim payment from any other person before claiming under this indemnity. It is not necessary for an Indemnified Person to incur expense or make payment before enforcing such indemnity.
- (h) The rights of indemnity contained in this section 8 shall not apply if the Corporation has complied with the provisions of sections 3 and 4 and the person asserting any claim contemplated by this section 8 was not provided with a copy of the Prospectus or any amendment to the Prospectus or other document which corrects any misrepresentation or alleged misrepresentation which is the basis of such claim and which was required under Applicable Securities Laws to be delivered to such person by the Underwriters.
- (i) If the Corporation has assumed the defence of any suit brought to enforce a claim hereunder, the Indemnified Person shall promptly provide the Corporation copies of all documents and information in its possession pertaining to the claim, take all reasonable actions necessary to preserve its rights to object to or defend against the claim, consult and reasonably cooperate with the Indemnifying Parties in determining whether the claim and any legal proceeding resulting therefrom should be resisted, compromised or settled and reasonably cooperate and assist in any negotiations to compromise or settle, or in any defence of, a claim undertaken by the Corporation.

## **9. Contribution**

In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in this Agreement is due in accordance with its terms but is, for any reason, held by a court to be unavailable from the Corporation on grounds of policy or otherwise, the Corporation and the party or parties seeking indemnification shall contribute to the aggregate liabilities, claims, demands, losses

(other than losses of profit in connection with the distribution of the Offered Shares), costs (including, without limitation, reasonable legal fees and disbursements on a full indemnity basis), damages and expenses to which they may be subject or which they may suffer or incur:

- (a) in such proportion as is appropriate to reflect the relative benefit received by the Corporation on the one hand, and by the Underwriters on the other hand, from the offering of the Offered Shares; or
- (b) if the allocation provided by subsection 9(a) above is not permitted by applicable Law, in such proportion as is appropriate to reflect not only the relative benefits referred to in subsection 9(a) above but also to reflect the relative fault of the Underwriters on the one hand, and the Corporation, on the other hand, in connection with the statements, commissions or omissions or other matters which resulted in such liabilities, claims, demands, losses, costs, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Corporation, on the one hand, and the Underwriters, on the other hand, shall be deemed to be in the same proportion that the total proceeds of the offering of Offered Shares received by the Corporation (net of fees but before deducting expenses) bear to the fees received by the Underwriters. In the case of liability arising out of the Preliminary Prospectus, the Prospectus, any Supplementary Material or any other part of the Public Record, the relative fault of the Corporation, on the one hand, and of the Underwriters, on the other hand, shall be determined by reference, among other things, to whether the misrepresentation or alleged misrepresentation, order, inquiry, investigation or other matter or thing referred to in section 8 relates to information supplied or which ought to have been supplied by, or steps or actions taken or done on behalf of or which ought to have been taken or done on behalf of, the Corporation or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such misrepresentation or alleged misrepresentation, order, inquiry, investigation or other matter or thing referred to in section 8.

The amount paid or payable by an Indemnified Person as a result of liabilities, claims, demands, losses (other than losses of profit in connection with the distribution of the Offered Shares), costs, damages and expenses (or claims, actions, suits or proceedings in respect thereof) referred to above shall, without limitation, include any legal or other expenses reasonably incurred by the Indemnified Person in connection with investigating or defending such liabilities, claims, demands, losses, costs, damages and expenses (or claims, actions, suits or proceedings in respect thereof) whether or not resulting in any action, suit, proceeding or claim.

Each of the Corporation and the Underwriters agree that it would not be just and equitable if contributions pursuant to this Agreement were determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to in the immediately preceding sections. The rights to contribution provided in this section 9 shall be in addition to, and without prejudice to, any other right to contribution which the Underwriters or other Indemnified Persons may have.

Any liability of an Underwriter under this section 9 shall be limited to the amount actually received by such Underwriter under section 2.

## 10. Expenses

Whether or not the transactions contemplated herein shall be completed, all costs and expenses (including applicable GST and other provincial sales taxes) of or incidental to the transactions contemplated hereby including, without limitation, those relating to the distribution of the Offered Shares shall be borne by the Corporation including, without limitation, all costs and expenses of or incidental to the preparation, filing, reproduction (including the commercial copies thereof) of the Preliminary Prospectus, the Prospectus and any Supplementary Material and the delivery thereof to the Underwriters, the fees and expenses of the Corporation's counsel, the fees and expenses of agent counsel retained by the Corporation or the Corporation's counsel, the fees and expenses of the Corporation's transfer agent, auditors and other outside consultants and all stock exchange listing fees and the reasonable fees of the Underwriters' counsel of up to \$100,000 (in aggregate pursuant to this Agreement and the Agency Agreement) (plus applicable taxes, expenses and disbursements) and the reasonable out-of-pocket expenses of the Underwriters including, but not limited to, travel and road show expenses (in total up to a maximum of \$25,000 plus applicable taxes).

## 11. Termination

- (a) The Underwriters, or any of them, may, without liability, terminate their obligations hereunder, by written notice to the Corporation in the event that after the date hereof and at or prior to the Closing Time:
- (i) *Trading Order* – any order to cease or suspend trading in any securities of the Corporation or prohibiting or restricting the distribution of any of the Offered Shares, AIMCo Shares, Warrants or Warrant Shares, is made, or proceedings are announced, commenced or threatened for the making of any such order, by any Governmental Authority, and has not been rescinded, revoked or withdrawn, or such announced, commenced or threatened proceeding has not been terminated or withdrawn;
  - (ii) *Regulatory Investigation* – any inquiry, action, suit, investigation (whether formal or informal) or other proceeding is announced, commenced or threatened by any Governmental Authority or any order is issued under or pursuant to any Law, or there is any change in Law, enactment of a Law, or any change in the interpretation or administration thereof, if, in the reasonable opinion of the Underwriters or any one of them, announcement or commencement thereof or change, as the case may be, materially adversely affects, or may materially adversely affect, the Corporation, or the trading or distribution of the Offered Shares, AIMCo Shares, Warrants or Warrant Shares or any other securities of the Corporation;
  - (iii) *Material Adverse Change* – there should occur or have been discovered any change, event, fact or circumstance (actual, contemplated or threatened) of the nature referred to in Section 6(a) hereof which, in the sole opinion of the Underwriters (or any one of them), could be expected to have a materially adverse effect on the market price or value or the marketability of the Offered Shares, AIMCo Shares, Warrants or Warrant Shares or any other securities of the Corporation;

- (iv) *Disaster* – there should develop, occur or come into effect or existence any event, action, state, condition (including, without limitation, terrorism or accident) or major financial occurrence of national or international consequence or any Law or regulation, which, in the sole opinion of the Underwriters (or any one of them), acting reasonably, seriously adversely affects, or involves, or will seriously adversely affect, or involve, the financial markets or the business, operations or affairs of the Corporation and the Subsidiaries (taken as a whole);
  - (v) *Due Diligence* – the Underwriters (or any one of them) shall become aware, whether as a result of their due diligence review or otherwise, of any material fact or material change with respect to the Corporation or the Subsidiaries (in the sole opinion of the Underwriters, or any of them, acting reasonably) which had not been publicly disclosed or disclosed in writing to the Underwriters at or prior to the date hereof which, in the sole opinion of the Underwriters (or any one of them), acting reasonably, could be expected to have a significant adverse effect on the value or market price of the Common Shares or any other securities of the Corporation or the investment quality, value, market price or marketability of the Offered Shares, AIMCo Shares, Warrants or Warrant Shares or any other securities of the Corporation; or
  - (vi) *Default* – the Underwriters (or any one of them) determine in their sole discretion, acting reasonably that the Corporation shall be in breach or default or under non-compliance with any representation, warranty, term or condition of any of the Transaction Agreements, in any material respect.
- (b) The Underwriters, or any of them, may exercise any or all of the rights provided for in subsection 11(a) or sections 12 or 16 notwithstanding any material change, change, event or state of facts and notwithstanding any act or thing taken or done by the Underwriters or any inaction by the Underwriters, whether before or after the occurrence of any material change, change, event or state of facts, including, without limitation, any act of the Underwriters related to the offering or continued offering of the Offered Shares for sale and any act taken by the Underwriters in connection with any amendment to the Prospectus (including the execution of any amendment or any other Supplementary Material) and the Underwriters shall only be considered to have waived or be estopped from exercising or relying upon any of their rights under or pursuant to subsection 11(a) or section 12 or 16 if such waiver or estoppel is in writing and specifically waives or estops such exercise or reliance.
  - (c) Any termination pursuant to the terms of this Agreement shall be effected by notice in writing delivered to the Corporation, with a copy of such notice to be delivered to the Underwriters, provided that no termination shall discharge or otherwise affect any obligation of the Corporation under sections 8, 9, 10 or 16. The rights of the Underwriters to terminate their obligations hereunder are in addition to, and without prejudice to, any other remedies they may have.
  - (d) If an Underwriter elects to terminate its obligation to purchase the Offered Shares as aforesaid, whether the reason for such termination is within or beyond the control of the Corporation, the liability of the Corporation hereunder shall be limited to the indemnity referred to in section 8, the contribution rights referred to in section 9 and the payment of expenses referred to in section 10.

## 12. Closing Documents

The obligations of the Underwriters hereunder as to the Offered Shares to be purchased at the Closing Time shall be conditional upon the Corporation having performed, at the Closing Time all of its obligations hereunder theretofore to be performed and the Underwriters receiving at the Closing Time:

- (a) favourable legal opinions of the Corporation's counsel addressed to the Underwriters, in form and substance satisfactory to the Underwriters, acting reasonably, with respect to all matters as the Underwriters may reasonably request relating to the offering of the Offered Shares and the transactions contemplated by the Transaction Agreements, including, without limitation, the matters set forth in Schedule "A" and as to all other legal matters, including compliance with Applicable Securities Laws, in any way connected with the offering, issuance, sale and delivery of the Offered Shares as the Underwriters may reasonably request.

It is understood that the Corporation's counsel may rely on the opinions of local counsel acceptable to it as to matters governed by the laws of jurisdictions other than the jurisdiction of residence of such counsel or Canada and on certificates of officers of the Corporation, the transfer agent of the Common Shares and the auditors of the Corporation as to relevant matters of fact;

- (b) a certificate of the Corporation dated the Closing Date addressed to the Underwriters and signed on behalf of the Corporation by the President and Chief Executive Officer and the Senior Vice President, Finance and Chief Financial Officer of the Corporation or such other officers or directors of the Corporation satisfactory to the Underwriters, acting reasonably, certifying that:
  - (i) the Corporation has complied with and satisfied in all material respects all terms and conditions of this Agreement on its part to be complied with or satisfied at or prior to the Closing Time;
  - (ii) the representations and warranties of the Corporation set forth in the Transaction Agreements are true and correct in all material respects at the Closing Time, as if made at such time (except for (A) such representations and warranties which refer to or are made as of another specified date, in which case, such representations and warranties will have been true and correct as of that date and for such representations and warranties which are already qualified as to materiality or with respect to a Material Adverse Effect, in which case, such representations and warranties will be true and correct in all respects; and (B) any inaccuracy which results from the transactions contemplated herein or in the other Transaction Agreements);
  - (iii) no event of a nature referred to in subsections 6(a), 6(b), 11(a)(i), (ii), (iii) or (vi) has occurred or, to the knowledge of such officer, is pending, contemplated or threatened; and
  - (iv) such other matters as may be reasonably requested by the Underwriters or the Underwriters' counsel;

- (c) a comfort letter of Deloitte to the Underwriters and dated the Closing Date, satisfactory in form and substance to the Underwriters, acting reasonably, bringing the information contained in the comfort letter or letters referred to in subsection 4(c) hereof up to the Closing Time, which comfort letter shall be not more than two Business Days prior to the Closing Date;
- (d) evidence satisfactory to the Underwriters that the Corporation has obtained all necessary third party approvals and all necessary approvals of the Exchange for the issuance and listing of the Offered Shares, subject only to the filing of required documents which are in the possession of the Corporation on the Closing Date and payment of applicable fees;
- (e) evidence satisfactory to the Underwriters that all conditions under the AIMCo Private Placement, the AIMCo Commitment Letter and the HSBC Commitment Letter have been satisfied or waived such that the closing of the AIMCo Private Placement, entering into of the AIMCo Credit Facility Agreement and entering into of the amendments to the first lien senior secured credit facilities as contemplated in the HSBC Commitment Letter will occur contemporaneously; and
- (f) such other certificates and documents as the Underwriters may request, acting reasonably.

### **13. Deliveries**

- (a) The purchase and sale of the Offered Shares shall be completed at the Closing Time at the offices of the Corporation's counsel in Calgary, Alberta or at such other place as the Corporation and the Underwriters may agree. Subject to the conditions set forth in section 12, the Underwriters, on the Closing Date shall deliver to the Corporation, by certified cheque, bank draft or wire transfer of immediately available funds to an account specified by the Corporation, the purchase price for the Offered Shares, against delivery by the Corporation of:
  - (i) the opinions, certificates and documents referred to in section 12;
  - (ii) definitive certificates or evidence of non-certificated registration as set out in subsection 13(b) representing, in the aggregate, all of the Offered Shares registered in the name of CDS & Co. or in such name or names as the Underwriters shall notify the Corporation in writing not less than 24 hours prior to the Closing Time;
  - (iii) payment to the Lead Underwriter, on behalf of the Underwriters, by certified cheque, bank draft or wire transfer or such other means as the Corporation and the Underwriters may agree, of the Underwriting Fee payable; and
  - (iv) such further documentation as may be contemplated by this Agreement or that may reasonably be requested by Underwriters' counsel,

or the Underwriters may, in their sole discretion, deliver by certified cheque, bank draft or wire transfer, the net amount of the amount in respect of the Offered Shares referred to above and the amount referred to in subsection 13(a)(iii) above.

- (b) If the Corporation determines to issue the Offered Shares on a non-certificated basis in accordance with the rules and procedures of CDS Clearing and Depository Services Inc. ("CDS"), then, as an alternative to the Corporation delivering to the Underwriters definitive certificates representing the Offered Shares in the manner and at the times set forth in this section 13:
- (i) the Underwriters will provide a direction to CDS with respect to the crediting of the Offered Shares to the accounts of the participants of CDS as shall be designated by the Underwriters in writing in sufficient time prior to the Closing Date to permit such crediting; and
  - (ii) the Corporation shall cause Computershare Trust Company of Canada as registrar and transfer agent of the Offered Shares, to electronically deposit to CDS, on behalf of the Underwriters, the Offered Shares to be purchased hereunder (or such portion of the Offered Shares that are to be issued as a non-certificated security), in the name of "CDS & Co." as the nominee of CDS, in accordance with the rules and procedures of CDS.

#### **14. Restrictions on Offerings and Future Sales**

The Corporation agrees that, except: (i) pursuant to the offering of the Offered Shares, the AIMCo Private Placement, the AIMCo Commitment Letter and the AIMCo Credit Facility Agreement; (ii) in respect of the issuance of share awards eligible to be issued under the Corporation's existing restricted share unit plan; (iii) in respect of Options to be granted under the Corporation's existing stock option plan; or (iv) to satisfy existing instruments already issued as of the Closing Date, it will not, from the date hereof until that date that is 90 days following the Closing Date, offer, or announce the offering of, or enter into or make any agreement or understanding, or announce the making or entry into of any agreement or understanding, to issue, sell or exchange any Common Shares, preferred shares of the Corporation or securities exchangeable or convertible into Common Shares or preferred shares of the Corporation without the prior written consent of the Lead Underwriter, not to be unreasonably withheld.

#### **15. Notices**

Any notice or other communication to be given hereunder shall, in the case of notice to be given to the Corporation, be addressed to Western Energy Services Corp., to Alex R.N. MacAusland, President and Chief Executive Officer at the above address, Fax No. (403) 984-5917 with a copy to:

Blake, Cassels & Graydon LLP  
3500, 855 – 2nd Street S.W.  
Calgary, Alberta T2P 4J8

Attention: Dan McLeod  
Fax No.: (403) 260-9700

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

Peters & Co. Limited  
2300, 308 – 4th Avenue S.W.  
Calgary, Alberta T2P 0H7

Attention: Callum J. Moore  
Fax No.: (403) 261-7565

AltaCorp Capital Inc.  
410, 585 – 8th Avenue S.W.  
Calgary, Alberta T2P 1G1

Attention: J. Cameron Bailey  
Fax No.: (403) 539-8575

HSBC Securities (Canada) Inc.  
900, 70 York Street  
Toronto, Ontario M5J 1S9

Attention: Jay Lewis  
Fax No.: (416) 868-3800

RBC Dominion Securities Inc.  
3900, 888 – 3rd Street S.W.  
Calgary, Alberta T2P 5C5

Attention: Andrew MacNiven  
Fax No.: (403) 299-6900

CIBC World Markets Inc.  
855 – 2nd Street S.W.  
Calgary, Alberta T2P 4J7

Attention: Chris Folan  
Fax No.: (403) 260-0524

Raymond James Ltd.  
4250, 525 – 8th Avenue S.W.  
Calgary, Alberta T2P 1G1

Attention: Jason Holtby  
Fax No.: (403) 509-0535

TD Securities Inc.  
3600, 421 – 7th Avenue S.W.  
Calgary, Alberta T2P 4K9

Attention: Scott Barron  
Fax No.: (403) 292-2776

and a copy to:

Burnet, Duckworth & Palmer LLP  
2400, 525 – 8th Avenue S.W.  
Calgary, Alberta T2P 1G1

Attention: Alyson F. Goldman  
 Fax No.: (403) 260-0332

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

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

## 16. Conditions

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

## 17. Survival of Representations and Warranties

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

## 18. Several Liability of Underwriters

- (a) The Underwriters' obligations to purchase the Offered Shares at the Closing Time shall be several and not joint and several and the Underwriters' respective obligations in this respect shall be as to the following percentages of the Offered Shares:

Peters & Co. Limited	50.0%
AltaCorp Capital Inc.	10.0%
HSBC Securities (Canada) Inc.	10.0%
RBC Dominion Securities Inc.	9.0%
CIBC World Markets Inc.	7.0%
Raymond James Ltd.	7.0%
TD Securities Inc.	7.0%

**TOTAL** 100.0%

- (b) If any one or more of the Underwriters fails or refuses to purchase at the Closing Time its or their applicable percentages of the Offered Shares, the other Underwriter or Underwriters shall have the right, but shall not be obligated, to purchase on a pro rata basis (or such other basis as such other Underwriters may agree) all, but not less than all, of the Offered Shares which would otherwise have been purchased by the Underwriter or Underwriters which fail or refuse to purchase; provided, however, that in the event that the percentage of the total number of the Offered Shares which one or more of the Underwriters has failed or refused to purchase is not more than 7% of the total number of the Offered Shares which the Underwriters have agreed to purchase, the other Underwriters shall be obligated severally to purchase on a pro rata basis (or such other basis as such other Underwriters may agree) all, but not less than all, of the Offered Shares which would otherwise have been purchased by the one or more Underwriters which failed or refused to purchase. In any such case, either a non-defaulting Underwriter or the Corporation shall have the right to postpone the Closing Time for such period, not exceeding five Business Days, in order that the required changes, if any, to the Prospectus or to any other documents or arrangements may be effected. In the event that the right to assume the entire obligations of the defaulting Underwriters set forth in this subsection 18(b) is not exercised, the Underwriter or Underwriters which are able and willing to purchase their own applicable percentages of the total number of Offered Shares shall be relieved of all obligations to the Corporation on submission to the Corporation of reasonable evidence of its or their ability and willingness to fulfil its or their obligations hereunder at the Closing Time.
- (c) Nothing in this Agreement shall obligate the Corporation to sell to one or any of the Underwriters less than all of the Offered Shares or shall relieve any Underwriter in default from liability to the Corporation, or to any non-defaulting Underwriter in respect of its default hereunder. In the event of a termination by the Corporation of their obligations under this Agreement, there shall be no further liability on the part of the Corporation to the Underwriters except in respect of any liability which may have arisen or may thereafter arise under sections 8, 9, 10 and 17.

## **19. Authority to Bind Underwriters**

The Corporation shall be entitled to and shall act on any notice, waiver, extension or communication given by or on behalf of the Underwriters by the Lead Underwriter, whom shall represent the Underwriters and shall have the authority to bind the Underwriters in respect of all matters hereunder, except in respect of any notice of termination pursuant to section 11, which notice may be given by any of the Underwriters exercising such right, any settlement or admission of liability under section 8 or 9 or any matter referred to in or any agreement under section 18. While not affecting the foregoing, the Lead Underwriter shall consult with the other Underwriters with respect to any such notice, waiver, extension or other communication.

## **20. Covenants**

- (a) The Corporation covenants and agrees with and in favour of the Underwriters:
- (i) to use the net proceeds from the offering of the Offered Shares, the AIMCo Private Placement, the AIMCo Commitment Letter and the AIMCo Credit

Facility Agreement in accordance with the disclosure provided in the Prospectus (subject to the qualifications set out therein);

- (ii) to fulfill its obligations and covenants set forth in and comply with the terms and conditions of the Transaction Agreements in all material respects;
  - (iii) prior to the Closing Time, not to amend or waive or propose to amend or waive any material term, condition or provision of the Agency Agreement, the AIMCo Subscription Agreement, the AIMCo Commitment Letter or the AIMCo Credit Facility Agreement without the prior written consent of the Lead Underwriter, on behalf of the Underwriters, acting reasonably;
  - (iv) that it will file all necessary forms and reports in connection with the issuance of the Offered Shares with the appropriate Securities Commissions and other regulatory authorities;
  - (v) that it will use its commercially reasonable efforts to obtain, prior to the Closing Time, all necessary third party approvals and all necessary approvals of the Exchange for the issuance of the Offered Shares and the issuance of the AIMCo Shares, Warrants and Warrant Shares subject only to filing of required documents and will comply with all requirements of the Exchange in connection with the issuance and listing of such Offered Shares and the AIMCo Shares and Warrant Shares on the Exchange including filing of all necessary documentation in accordance with the requirements of the Exchange; and
  - (vi) the Corporation will use its reasonable commercial efforts to expeditiously pursue the satisfaction of all conditions to the completion, and the closing, of the offering of the Offered Shares and the AIMCo Private Placement.
- (b) Each of the Underwriters covenants and agrees, severally, and not jointly, nor jointly and severally, with and in favour of the Corporation that it will:
- (i) offer the Offered Shares for sale to the public in the Qualifying Provinces;
  - (ii) conduct activities in connection with the proposed offer and sale of the Offered Shares in compliance with all Applicable Securities Laws and cause a similar covenant to be contained in any agreement entered into with each member of any Selling Dealer Group established in connection with the distribution of the Offered Shares;
  - (iii) not solicit subscriptions for the Offered Shares, trade in Offered Shares or otherwise do any act in furtherance of a trade of Offered Shares outside of the Qualifying Provinces, except in such other jurisdictions outside of Canada and the United States with the consent of the Corporation, provided that such sales are made in accordance with the applicable securities laws of such jurisdictions, do not subject the Corporation (or any of its directors, officers or employees) to any requirement to register, complete or obtain filings or approvals or to any inquiry, investigation or proceeding by any regulatory authority in such other jurisdictions; and

- (iv) use all reasonable commercial efforts to complete the distribution of the Offered Shares as soon as possible and to use all reasonable commercial efforts to cause each member of the Selling Dealer Group to complete the distribution of the Offered Shares as soon as possible and as soon as reasonably practicable after the Closing Date provide the Corporation with a breakdown in writing of the number of Offered Shares sold in each of the Qualifying Provinces and, upon completion of the distribution of the Offered Shares, provide to the Corporation, the Exchange and the Securities Commissions prompt notice in writing to that effect.
- (c) No Underwriter will be liable to the Corporation under this section 20, or any other section of this Agreement, with respect to a default by any of the other Underwriters or any member of the Selling Dealer Group but will be liable to the Corporation only for its own default.

## **21. Severance**

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

## **22. Relationship Between the Corporation and the Underwriters**

- (a) The Corporation hereby acknowledges that: (i) the purchase and sale of the Offered Shares pursuant to this Agreement is an arm's-length commercial transaction between the Corporation, on the one hand, and each of the Underwriters, on the other; (ii) each of the Underwriters is acting as principal and not as an agent or fiduciary of the Corporation; and (iii) the Corporation's engagement of each of the Underwriters in connection with the offering of the Offered Shares and the process leading up to the offering of the Offered Shares is as independent contractors and not in any other capacity. Furthermore, the Corporation agrees that it is solely responsible for making its own judgments in connection with the offering of the Offered Shares (irrespective of whether any of the Underwriters has advised or is currently advising the Corporation on related or other matters).
- (b) The Corporation acknowledges and agrees that: (i) the Underwriters have certain statutory obligations as registrants under Applicable Securities Laws and have relationships with their clients; and (ii) consents to the Underwriters acting hereunder while continuing to act for their clients. To the extent that the Underwriters' statutory obligations as registrants under the Applicable Securities Laws or relationships with their clients conflicts with their obligations hereunder, the Underwriters shall be entitled to fulfill their statutory obligations as registrants under the Applicable Securities Laws and their duties to their clients. Nothing in this Agreement shall be interpreted to prevent the Underwriters from fulfilling their statutory obligations as registrants under Applicable Securities Laws or duties to their clients.

## **23. No Requirement to List Securities as a Condition for Services Provided**

Each of CIBC World Markets Inc. and TD Securities Inc., or an affiliate thereof, owns or controls an equity interest in TMX Group Limited ("**TMX Group**") and has a nominee director serving on the TMX

Group's board of directors. As such, each such investment dealer may be considered to have an economic interest in the listing of securities on any exchange owned or operated by TMX Group, including the Exchange, the TSX Venture Exchange and the Alpha Exchange (each, an "exchange"). No person or company is required to obtain products or services from TMX Group or its affiliates as a condition of any such dealer supplying or continuing to supply a product or service. Neither of CIBC World Markets Inc. nor TD Securities Inc. requires the Corporation to list securities on any of the exchanges as a condition of supplying or continuing to supply underwriting and/or any other services, including any services provided pursuant to the terms hereof.

#### **24. Stabilization**

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

#### **25. Reduced Price Distributions**

The Underwriters may offer the Offered Shares at a price less than the purchase price of \$1.25 per Offered Share in compliance with Applicable Securities Laws and, specifically in the case of any Offered Shares offered in the Qualifying Provinces, the requirements of NI 44-101 and the disclosure concerning the same which is contained in the Preliminary Prospectus and the Prospectus. Notwithstanding any such reduction in the purchase price of \$1.25 per Offered Share hereunder, the Corporation will still receive a price of \$1.25 per Offered Share sold pursuant to the offering of Offered Shares.

#### **26. Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein. The Corporation and the Underwriters hereby attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta.

#### **27. Time of the Essence**

Time shall be of the essence of this Agreement.

#### **28. Counterpart Execution**

This Agreement may be executed in one or more counterparts each of which so executed shall constitute an original and all of which together shall constitute one and the same agreement. Delivery of counterparts may be effected by facsimile or other form of electronic transmission.

#### **29. Further Assurances**

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

**30. Entire Agreement**

It is understood that this Agreement represents the entire agreement between the parties with respect to the subject matter hereof and the terms and conditions of this Agreement, including the Schedules hereto, supersede any previous verbal or written agreement between the Underwriters and the Corporation.

*[Remainder of page intentionally left blank]*

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

ACCEPTED AND AGREED as of the date first written above.

**PETERS & CO. LIMITED**

Per: (signed) "Callum J. Moore"

**ALTACORP CAPITAL INC.**

Per: (signed) "J. Cameron Bailey"

**HSBC SECURITIES (CANADA) INC.**

Per: (signed) "Jay Lewis"

**RBC DOMINION SECURITIES INC.**

Per: (signed) "Andrew MacNiven"

**CIBC WORLD MARKETS INC.**

Per: (signed) "Chris Folan"

**RAYMOND JAMES LTD.**

Per: (signed) "Jason Holtby"

**TD SECURITIES INC.**

Per: (signed) "Scott Barron"

ACCEPTED AND AGREED as of the date first written above.

**WESTERN ENERGY SERVICES CORP.**

Per: (signed) "Alex R.N. MacAusland"

## **SCHEDULE A**

### **FORM OF OPINION**

1. Each of the Corporation and the Subsidiaries has been duly organized and is validly existing under the laws of its jurisdiction of organization and has all requisite corporate authority and power to carry on its business as described in the Prospectus and to own or lease and to operate its properties and assets.
2. Each of the Corporation and the Subsidiaries is qualified to carry on business under the laws of each jurisdiction in which it carries on a material portion of its business.
3. All of the outstanding shares of each Subsidiary are owned directly by the Corporation.
4. The Corporation has all necessary corporate power and authority to enter into the Transaction Agreements and to perform its obligations set out herein and therein and each of the Transaction Agreements has been duly authorized, executed and delivered by the Corporation and constitute legal, valid and binding obligations of the Corporation enforceable against the Corporation in accordance with its terms subject to Laws relating to creditors' rights generally and relating to the fettering of a directors' discretion and except that rights to indemnity and contribution may be limited or unavailable by Law.
5. The execution and delivery of the Transaction Agreements and the fulfillment of the terms thereof by the Corporation, and the performance of and compliance with the terms of the Transaction Agreements by the Corporation does not and will not result in a breach of, or constitute a default under, and do not and will not create a state of facts which, after notice or lapse of time or both, will result in a breach of or constitute a default under:
  - (a) any applicable laws of the province of Alberta;
  - (b) any term or provision of the articles or by-laws of the Corporation or any of its Subsidiaries;
  - (c) of which counsel is aware, any resolution of the directors or shareholders of the Corporation or any of its Subsidiaries;
  - (d) of which counsel is aware, any indenture, mortgage, note, contract, agreement (written or oral), instrument, lease or other document to which the Corporation or the Subsidiaries is a party or by which it or any of the Subsidiaries is bound; or
  - (e) of which counsel is aware, any judgment, decree, order, statute, rule, regulation or Law applicable to the Corporation.
6. The form and terms of the definitive certificate representing the Common Shares (including the Offered Shares) have been duly approved and adopted by the board of directors of the Corporation and comply with all legal requirements (including all applicable requirements of the Exchange) relating thereto.

7. The Offered Shares have been duly authorized by all necessary corporate action on the part of the Corporation and, on receipt by the Corporation of the consideration therefor, such shares will be issued as fully paid and non-assessable Common Shares.
8. The attributes of the Offered Shares conform in all material respects with the description thereof contained in the Prospectuses.
9. The Corporation is a "reporting issuer" not in default of any requirement of the *Securities Act* (Alberta) and the regulations thereunder and has a similar status under the Applicable Securities Laws of each of the Qualifying Provinces.
10. All necessary documents have been filed, all necessary proceedings have been taken and all legal requirements have been fulfilled as required under the Applicable Securities Laws in order to qualify the Offered Shares for distribution and sale to the public in each of the Qualifying Provinces by or through investment dealers and brokers duly registered under the applicable laws of such provinces who have complied with the relevant provisions of such Applicable Securities Laws.
11. The Corporation has the necessary corporate power and authority to execute and deliver the Prospectuses and all necessary corporate action has been taken by the Corporation to authorize the execution and delivery by it of the Prospectuses and the filing thereof, as the case may be, in each of the Qualifying Provinces in accordance with Applicable Securities Laws.
12. The issuance of the Offered Shares has been conditionally approved by the Exchange and such Offered Shares have been accepted for listing upon the Exchange subject to any applicable filing requirements.
13. The Common Shares are "qualified investments" for the purposes of the Tax Act as set out under the heading "Eligibility for Investment" in the Prospectuses.

In addition, relating to the authorized and issued capital of the Corporation and the due appointment of Computershare Trust Company of Canada as the transfer agent for the Common Shares.