*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of the securities only in those jurisdictions where such securities may be lawfully offered for sale and, in such jurisdictions, only by persons permitted to sell such securities. The securities offered hereunder have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any of the securities laws of any state of the United States and, subject to certain exceptions, may not be offered or sold within the United States or to or for the account or benefit of U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act) ("**U.S. Persons**") unless registered under the U.S. Securities Act and applicable state securities laws. This prospectus does not constitute an offer to sell or the solicitation of an offer to buy any of the securities offered hereby within the United States. See "Plan of Distribution".*

PROSPECTUS

Initial Public Offering November 16, 2010

EAGLE ENERGY TRUST

$150,000,000

15,000,000 Units

This prospectus qualifies the distribution of 13,000,000 trust units ("**Units**") of Eagle Energy Trust (the "**Trust**") to be issued pursuant to the terms of an Underwriting Agreement (as defined herein) (the "**Underwritten Offering**") and an additional 2,000,000 Units of the Trust to be issued to OAG Holdings LLC ("**OAG**") (the "**Concurrent Offering**"), each at a price of $10.00 per Unit. The Underwritten Offering and the Concurrent Offering are collectively referred to as the "**Offering**".

The Trust is an unincorporated open-ended limited purpose trust established under the laws of the Province of Alberta. The Trust intends to qualify as a "mutual fund trust" under the *Income Tax Act* (Canada) (the "**Tax Act**"). The Trust will not be a "SIFT trust" (as defined in the Tax Act), provided that the Trust complies at all times with its investment restrictions that preclude the Trust from investing in any entity other than a "portfolio investment entity", holding any "non-portfolio property" (each as defined in the Tax Act), or carrying on business in Canada.

The Trust's strategy is to acquire conventional oil and natural gas reserves and production with unexploited low risk development potential, located in certain regions of the United States (the "**U.S.**"), and to pay out a portion of available cash to holders of Units ("**Unitholders**") on a monthly basis. See "Undertaking of the Trust".

The Trust intends to indirectly acquire and hold, through Eagle Energy Commercial Trust (the "**CT**"), Eagle Energy Acquisitions LP (the "**Partnership**"), a limited partnership created by the CT for the purpose of acquiring assets in accordance with the strategy of the Trust. Eagle Energy Inc. (the "**Administrator**"), the administrator of the Trust, entered into a purchase and sale agreement (the "**Purchase and Sale Agreement**") on August 20, 2010 with OAG to acquire an average 73% working interest (the "**Salt Flat Interest**") in the Salt Flat Field (the "**Salt Flat Field**") by purchasing 80% of OAG's average 91% working interest in the Salt Flat Field (the "**Salt Flat Acquisition**"). The Purchase and Sale Agreement was assigned to the Partnership on October 1, 2010 and amended on November 14, 2010. The Salt Flat Field is a light oil property located in South Central Texas and the Salt Flat Interest consists of producing wells and undeveloped leasehold interests.

The purchase price for the Salt Flat Interest is US$119.2 million (subject to customary closing adjustments) and will be funded from a portion of the net proceeds of the Underwritten Offering and by the issuance by the Trust to OAG of the Units comprising the Concurrent Offering. The Units comprising the Concurrent Offering will be deposited with an escrow agent (the "**Escrow Agent**") under an escrow agreement (the "**Escrow Agreement**") for the benefit of OAG until certain Toronto Stock Exchange ("**TSX**") requirements are satisfied and a 180 day lock-up period has expired (the "**Escrow Period**"). The closing of the Salt Flat Acquisition will occur concurrently with the closing of the Offering. See "Use of Proceeds", "Funding, Salt Flat Acquisition and Related Transactions" and "Concurrent Offering".

The Trust intends to make monthly distributions of a portion of its available cash to Unitholders. The Trust expects that the initial monthly cash distribution rate will be $0.0875 per Unit. The initial cash distribution, which will be for the period from and including the date of closing of the Offering to December 31, 2010, is expected to be paid on January 17, 2011 to Unitholders of record on

December 31, 2010 and is estimated to be $0.1064 per Unit (assuming that the closing of the Offering occurs on November 24, 2010). The distribution of cash to Unitholders is not assured. See "Description of the Trust – Distributions" and "Risk Factors".

There is currently no market through which the Units may be sold and purchasers may not be able to resell Units purchased under this prospectus. This may affect the pricing of the Units in the secondary market, the transparency and availability of trading prices, the liquidity of the Units, and the extent of issuer regulation. The TSX has conditionally approved the listing of the Units under the symbol "EGL.UN". Listing is subject to the Trust fulfilling all of the requirements of the TSX on or before February 1, 2011, including distribution of the Units to a minimum number of public Unitholders. An investment in the Units is speculative and is subject to a number of risks that should be considered by a prospective purchaser. The Trust's business is subject to the risks normally encountered in the U.S. oil and gas industry and the Trust's early stage of development. See "Risk Factors".

Price: $10.00 per Unit

	Price to Public (1)	Underwriters' Fee (2)	Net Proceeds to the Trust (3)
Per Unit	$ 10.00	$ 0.60	$ 9.40
Total Underwritten Offering (4)	$ 130,000,000	$ 7,800,000	$ 122,200,000
Total Concurrent Offering (5)(6)	$ 20,000,000	$ 0.00	$ 20,000,000

Notes:

(1) The offering price of the Units to be issued pursuant to the Underwritten Offering has been determined by negotiation among the Administrator (on behalf of the Trust), Richard W. Clark (the "**Promoter**") and the Underwriters (as defined herein). No third-party valuation of the Units was obtained in determining the offering price.

(2) The Trust has agreed to pay a fee to the Underwriters in the amount of $0.60 per Unit issued pursuant to the Underwritten Offering. No fee will be paid in respect of the Concurrent Offering.

(3) Before deducting expenses of the Offering, estimated at approximately $3.0 million, which, together with the Underwriters' fee, will be paid by the Trust from the proceeds of the Underwritten Offering and the proceeds from the prior issuance of the Convertible Notes (as defined herein).

(4) The Underwriters have been granted an over-allotment option (the "**Over-Allotment Option**") by the Trust, exercisable in whole or in part for a period of 30 days from closing of the Underwritten Offering, to purchase up to 1,950,000 additional Units on the same terms as the Underwritten Offering, to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total Price to Public, Underwriters' fee and Net Proceeds to the Trust in respect of the Underwritten Offering will be $149,500,000, $8,970,000 and $140,530,000, respectively. This prospectus qualifies the distribution of the Over-Allotment Option and the distribution of the additional Units issuable upon the exercise of the Over-Allotment Option. A purchaser who acquires Units forming part of the Underwriters' over-allocation position acquires such Units under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

(5) The Trust will not receive any cash proceeds from the Concurrent Offering. OAG has agreed in the Purchase and Sale Agreement to subscribe for the Units comprising the Concurrent Offering as payment of $20,000,000 of the purchase price for the Salt Flat Interest, based on the Offering price of the Units to be issued pursuant to the Underwritten Offering. This prospectus also qualifies the distribution by the Trust of the 2,000,000 Units issuable pursuant to the Concurrent Offering. See "Funding, Salt Flat Acquisition and Related Transactions" and "Concurrent Offering".

(6) OAG will enter into, on the closing of the Offering, the Escrow Agreement with the Partnership, the Escrow Agent (as defined herein) and Scotia Capital Inc., on behalf of the Underwriters, pursuant which the Units comprising the Concurrent Offering will be deposited with the Escrow Agent and held until certain TSX approvals are received and the Escrow Period has expired. While subject to the Escrow Agreement, no voting or other rights attaching to those Units may be exercised and distributions in respect of those Units will be held in trust for OAG. If the TSX approvals are not obtained, then OAG must after the end of the Escrow Period sell at least that number of Units that will result in OAG holding less than 10% of the outstanding Units. See "Concurrent Offering" and "Securities Subject to Contractual Restrictions on Transfer".

(7) This prospectus also qualifies the distribution by the Trust of up to 324,103 Units issuable on conversion of $1,577,560 aggregate principal amount of and accrued interest on convertible promissory notes previously issued by the Trust on a private placement basis in September and early October 2010 (the "**Convertible Notes**"). See "Prior Sales".

In connection with the Underwritten Offering, the Underwriters may over-allocate or effect transactions that stabilize or maintain the market price of the Units at levels other than those which otherwise might prevail on the open market. **The Underwriters may offer the Units comprising the Underwritten Offering at a price lower than that stated above.** See "Plan of Distribution".

The following table sets out the number of Units that may be issuable under the Underwritten Offering pursuant to the Over-Allotment Option.

Underwriters' Position	Maximum Size or Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option	Option to acquire up to 1,950,000 additional Units	Not later than 30 days after closing of the Underwritten Offering	$10.00 per Unit

Scotia Capital Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., TD Securities Inc., National Bank Financial Inc., Dundee Securities Corporation, Canaccord Genuity Corp., FirstEnergy Capital Corp., GMP Securities L.P., HSBC Securities (Canada) Inc. and Raymond James Ltd. (collectively, the "**Underwriters**"), as principals, conditionally offer the Units comprising the Underwritten Offering and qualified under this prospectus, subject to prior sale, if, as and when issued, sold and delivered by the Trust to, and accepted by, the Underwriters in accordance with the conditions contained in the Underwriting Agreement (as defined herein) referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Trust, the CT and the Administrator by

McCarthy Tétrault LLP, on behalf of the Partnership and the GP (as defined herein) by Hogan Lovells US LLP and on behalf of the Underwriters by Blake, Cassels & Graydon LLP.

An affiliate of Scotia Capital Inc. intends to make certain credit facilities available to the Partnership on closing of the Offering. In addition, another affiliate of Scotia Capital Inc. has acted as financial advisor to OAG in connection with the sale of the Salt Flat Interest and is entitled to a fee upon completion of the Salt Flat Acquisition. Accordingly, under applicable securities laws, the Trust may be considered a "connected issuer" to such Underwriter. See "Debt Financing" and "Relationship Between the Trust and an Underwriter".

Subscriptions for Units comprising the Underwritten Offering will be received subject to rejection or allotment in whole or in part and the Trust reserves the right to close the subscription books at any time without notice. A book-entry only certificate representing the Units will be issued in registered form to CDS Clearing and Depository Services Inc. ("**CDS**"), or its nominee, and will be deposited with CDS on the date of closing of the Offering which is expected to occur on or about November 24, 2010, or such later date as the Trust, the Promoter and the Underwriters may agree, but in any event not later than December 24, 2010. A purchaser of Units comprising the Underwritten Offering will receive only a customer confirmation from the registered dealer which is a CDS participant and from or through which the Units are purchased. See "Plan of Distribution". The Units comprising the Underwritten Offering are to be taken up by the Underwriters, if at all, on or before a date not later than 42 days after the date of the receipt for the prospectus.

A return on an investment in the Units is not comparable to the return on an investment in a fixed-income security. The recovery by Unitholders of their initial investment is at risk, and the anticipated return on that investment is based on many performance assumptions. Although the Trust intends to make monthly distributions to Unitholders of a portion of its available cash, those cash distributions may be reduced or suspended. The actual amount distributed will depend on numerous factors including: (i) the operational and financial performance of the Trust and its subsidiaries (including fluctuations in the quantity of crude oil, natural gas liquids and natural gas production and the sales prices realized for such production, after hedging contract receipts and payments, if any); (ii) fluctuations in the costs to produce crude oil, natural gas liquids and natural gas, including royalty burdens, and to administer and manage the Trust and its subsidiaries; (iii) the amount of cash required or retained for debt service or repayment; (iv) the amount of cash required to fund capital expenditures and working capital requirements; and (v) foreign currency exchange rates and interest rates. In addition, the market value of the Units may decline if the Trust is unable to meet its cash distribution targets in the future, and that decline may be significant. See "Risk Factors".

It is important for purchasers of Units to consider the particular risk factors that may affect the industry in which they are investing, and therefore the stability of the distributions that Unitholders receive. See, for example, "Risks relating to the Business and Operations of the Trust, the CT and the Partnership" under the section "Risk Factors". That section also describes the Trust's assessment of those risk factors, as well as the potential consequences to a Unitholder if a risk should occur.

The after-tax return from an investment in Units to Unitholders who are subject to Canadian income tax may consist of both a return on investment and a return of capital. That composition may change over time, thus affecting the after-tax return to Unitholders. Returns on investment are generally taxed as ordinary income in the hands of a Unitholder who is resident in Canada for purposes of the Tax Act. Returns of capital are generally tax-deferred for a Unitholder who is resident in Canada for purposes of the Tax Act and reduce the Unitholder's adjusted cost base in the Unit for purposes of the Tax Act. The Unitholder tax considerations discussed in this prospectus only apply to Unitholders who are resident in Canada for tax purposes. See "Canadian Federal Income Tax Considerations".

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NOTICE TO INVESTORS

About this Prospectus

A Unitholder should rely only on the information contained in this prospectus and should not rely on some parts of this prospectus to the exclusion of others. The Trust and the Underwriters have not authorized anyone to provide investors with additional or different information. The Trust and the Underwriters are not offering to sell the Units in any jurisdictions where an offer or sale is not permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of the Units. The Trust's business, financial condition, results of operations and prospects may have changed since the date of this prospectus.

Unless the context otherwise requires, the disclosure contained in this prospectus assumes that (i) the steps described under "Funding, Salt Flat Acquisition and Related Transactions" have been completed and that as a result the Partnership holds the Salt Flat Interest, and (ii) the Over-Allotment Option has not been exercised. For an explanation of certain terms and abbreviations used in this prospectus and not otherwise defined, reference is made to the "Glossary" and "Abbreviations and Conversions".

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

Eligibility for Investment

In the opinion of McCarthy Tétrault LLP, counsel to the Trust, and Blake, Cassels & Graydon LLP, counsel to the Underwriters, based on the current provisions of the Tax Act and the regulations thereunder, and subject to the provisions of any particular plan, provided that the Trust qualifies and continues at all times to qualify as a "mutual fund trust" as defined in the Tax Act, the Units will be a qualified investment for a trust governed by a registered retirement savings plan, a registered education savings plan, a registered retirement income fund, a deferred profit sharing plan, a registered disability savings plan or a tax-free savings account (a "**TFSA**").

Notwithstanding that the Units may be a qualified investment for a trust governed by a TFSA, the holder of a TFSA that holds Units will be subject to a penalty tax if the Units held by such holder constitute a "prohibited investment" under the Tax Act. The Units will generally be a "prohibited investment" if the holder of the TFSA does not deal at arm's length with the Trust for the purposes of the Tax Act or the holder of the TFSA has a "significant interest" (as defined in the Tax Act) in the Trust or a corporation, partnership or trust with which the Trust does not deal at arm's length for the purposes of the Tax Act. Generally, a holder will not have a significant interest in the Trust unless the holder and/or persons not dealing at arm's length with the holder owns, directly or indirectly, 10% or more of the fair market value of the Units of the Trust. Prospective purchasers who intend to hold Units in a TFSA are urged to consult their own tax advisors as to whether Units purchased by them would constitute a "prohibited investment".

Forward-Looking Statements

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

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

- oil and natural gas production levels;
- projections of market prices for oil and natural gas as well as exploration, development and production costs;
- supply and demand fundamentals for oil, natural gas and natural gas liquids;
- expectations regarding the ability to raise capital and to continually acquire reserves through acquisitions, exploration and development;
- sale, farming in, farming out or development of certain exploration properties using third party resources;

- realization of anticipated benefits of acquisitions or dispositions;
- plans for, and results of, exploration and development activities;
- growth strategy and opportunities;
- treatment under governmental regulatory regimes and tax laws;
- capital expenditure programs;
- the timing for and cost of additional development drilling, and the timing for, and levels of, increases to production and reserves;
- the Reserve Life Index of assets and properties acquired by the Trust or its subsidiaries, and the development risk and exploitation potential of assets and properties acquired by the Trust and its subsidiaries;
- status of the Trust as a "mutual fund trust" and not as a "SIFT trust", and the taxability of the Trust;
- the payment and stability of cash distributions by the Trust, including timing of payment of the initial cash distribution;
- the taxability of cash distributions received by Canadian resident Unitholders;
- access to credit facilities and related borrowing base capacity;
- access to capital markets and availability of funding for growth and acquisition opportunities;
- the Salt Flat Acquisition, including timing for completion, sources of funding, adjustments to the purchase price and satisfaction of conditions to closing; and
- control of capital spending pursuant to joint operating agreements.

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

- future commodity prices;
- future currency exchange rates;
- the ability of the Trust's subsidiaries (the "**Subsidiaries**") to obtain qualified staff and equipment in a timely and cost-efficient manner;
- the regulatory framework governing taxes and environmental matters in the U.S.;
- the Subsidiaries' ability to successfully market future crude oil, natural gas and natural gas liquids production;
- the Subsidiaries' future production levels;
- the applicability of technologies for recovery and production of the Subsidiaries' crude oil, natural gas and natural gas liquids resources;
- the recoverability of the Subsidiaries' reserves;
- future capital expenditures to be made by the Subsidiaries and the Trust's ability to obtain financing on acceptable terms for these capital projects and future acquisitions;
- future sources of funding for the Subsidiaries' capital program;
- geological and engineering estimates in respect of the Subsidiaries' resources;
- the intentions of the Administrator Directors with respect to the executive compensation plans and corporate governance programs described herein;
- the impact of increasing competition on the Trust;
- the Subsidiaries' ability to obtain financing on acceptable terms for future capital projects and acquisitions;
- the deductibility of interest on the CT Notes; and
- the Trust's status as a "mutual fund trust" and not as a "SIFT trust".

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

- failure to achieve success in the planned drilling program and in particular to achieve the Partnership's expected working interest production of between 1,200 and 1,300 bbls/d by the end of 2010;
- failure to realize the anticipated benefits of the Salt Flat Acquisition and future acquisitions;
- general economic, market and business conditions;
- volatility of market prices for crude oil, natural gas and natural gas liquids and marketability and hedging activities related thereto;
- risks related to the exploration, development and production of crude oil, natural gas and natural gas liquids reserves and resources;
- risks which may create liabilities to the Trust in excess of the Trust's insurance coverage;
- current global financial conditions, including fluctuations in interest rates, foreign exchange rates, inflation, commodity prices, and stock market volatility;
- uncertainties associated with estimating crude oil, natural gas and natural gas liquids reserves;
- competition for, among other things, capital, acquisitions of resources and reserves, undeveloped or underdeveloped lands and skilled personnel;

- incorrect assessments of the value of acquisitions and the likelihood of success of exploration and development programs;
- geological, technical, drilling and processing problems, including the availability of equipment and access to properties;
- environmental risks and hazards;
- changes in tax laws and incentive programs relating to the oil and natural gas industry;
- changes in government regulations;
- failure to obtain regulatory, industry partner and third party consents and approvals where required;
- failure to engage or retain key personnel;
- claims made in respect of the Trust's properties or assets;
- potential losses which would stem from any disruptions in production, including work stoppages or other labour difficulties, or disruptions in the transportation network on which the Trust will be reliant;
- discretion in the use of proceeds of the Underwritten Offering;
- the failure of the Trust to meet specific requirements of its leases or agreements;
- failure to accurately estimate abandonment and reclamation costs;
- the ability to obtain financing on acceptable terms;
- failure of third parties' reviews, reports and projections to be accurate; and
- the other factors discussed under "Risk Factors".

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

The forward-looking statements contained in this prospectus are expressly qualified by the foregoing cautionary statements and are made as of the date of this prospectus. The Trust does not undertake any obligation to publicly update or revise any forward-looking statements, except as required by applicable securities laws. Subscribers should read this entire prospectus and consult their own professional advisors to assess the income tax, legal, risk factors and other aspects of their investment in the Units.

International Financial Reporting Standards

The Canadian Accounting Standards Board requires that all Canadian publicly accountable enterprises transition from Canadian generally accepted accounting principles to International Financial Reporting Standards ("**IFRS**") adopted by the International Accounting Standards Board for interim and annual reporting periods for fiscal years beginning on or after January 1, 2011. The Trust will begin reporting its financial statements in accordance with IFRS from inception. See "Exemptions from Certain Disclosure Requirements".

Non-IFRS Financial Measures

In addition to using financial measures prescribed by IFRS, references are made in this prospectus to "distributable cash", "cash available for distribution" and "netback" which are measures that do not have any standardized meaning as prescribed by IFRS and, therefore, may not be comparable with the calculation of similar measures presented by other issuers.

References to "distributable cash" and "cash available for distribution" are to cash available for distribution to Unitholders in accordance with the distribution policies of the Trust described in this prospectus. Distributable cash is a measure generally used by Canadian open-ended trusts as an indicator of financial performance and Management believes that prospective investors may consider the cash distributed by the Trust relative to the price of the Units when assessing an investment in Units.

"Netback" is calculated by subtracting royalties, transportation costs and production expenses from crude oil revenue. Management uses this non-IFRS measurement for its own performance measures and to provide Unitholders and potential investors with a measurement of the Trust's efficiency and its ability to fund a portion of its future growth expenditures.

Market and Industry Data

Certain market and industry data contained in this prospectus is based upon information from government or other independent industry publications and reports or based on estimates derived from such publications and reports. Government and industry publications and reports generally indicate that they have obtained their information from sources believed to be reliable, but do not guarantee the accuracy or completeness of their information. While Management believes this data to be reliable, market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy, currency and completeness of this information cannot be guaranteed. Neither the Trust nor any of the Underwriters have independently verified any of the data from third party sources referred to in this prospectus or ascertained the underlying assumptions relied upon by such sources.

Trademarks

The Administrator intends to apply for trademark registration of the names “Eagle”, “Eagle Energy” and “Eagle Energy Trust”. Management believes that failure to obtain trademark registration of any or all of those names will not prevent them from being used by the Trust, the Administrator, or their subsidiaries.

Abbreviations and Conversions

In this prospectus, the following abbreviations have the meanings set forth below:

API	American Petroleum Institute
bbl and bbls	barrel and barrels, each barrel representing 34.972 Imperial gallons or 42 U.S. gallons
bbls/d	barrels per day
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
km	kilometres
Mbbls	thousands of barrels
MBoe	thousands of barrels of oil equivalent
Mcf/d	thousand standard cubic feet per day
Mcf	thousand cubic feet
Mcfe	thousand cubic feet equivalent
MMcf	million cubic feet
MMBTU	million British thermal units
MMcf/d	million standard cubic feet per day

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

To Convert From	*To*	*Multiply By*
Mcf	cubic metres	28.174
cubic metres	cubic feet	35.494
bbls	cubic metres	0.159
cubic metres	bbls	6.293
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
kilometres	miles	0.621
acres	hectares	0.405
hectares	acres	2.471

Disclosure provided in this prospectus for barrels of oil equivalent (boe) and thousand cubic feet equivalent (Mcfe) may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf to 1 bbl and a Mcfe conversion ratio of 1 bbl to 6 Mcf are based on an energy equivalency conversion method primarily applicable at the burner tip and do not represent a value equivalency at the wellhead.

Exchange Rate Data

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

	Nine Months Ended September 30, 2010	Year Ended December 31		
		2009	2008	2007
	(CAN$)	*(CAN$)*	*(CAN$)*	*(CAN$)*
Highest rate during the period	1.0778	1.3000	1.2969	1.1853
Lowest rate during the period	0.9961	1.0292	0.9719	0.9170
Average noon spot rate for the period [(1)]	1.0416	1.1374	1.0716	1.0666
Rate at the end of the period	1.0298	1.0466	1.2246	0.9881

Note:

(1) Determined by averaging the rates on the last business day of each month during the respective period.

On November 15, 2010, the noon rate of exchange posted by the Bank of Canada for conversion of U.S. dollars into Canadian dollars was US$1.00 equals CAN$1.0065.

PROSPECTUS SUMMARY

The following is a summary of the principal features of the Trust and the Offering and should be read together with the more detailed information and financial data and statements appearing elsewhere in this prospectus. Reference is made to the "Glossary" and "Abbreviations and Conversions" for the meanings of certain defined terms and abbreviations.

The Trust and its Subsidiaries

The Trust is an unincorporated open-ended limited purpose trust established under the laws of the Province of Alberta on July 20, 2010 by the Trust Indenture. The Trust has been established to initially indirectly acquire an interest in the Partnership through its acquisition of the CT Units and the CT Notes. See "Description of the Trust".

The CT is an unincorporated open-ended trust established under the laws of the Province of Alberta on September 27, 2010 by the CT Trust Indenture. The CT has been created to acquire and hold on closing of the Offering a 99.999% interest in the Partnership. The GP, which is wholly-owned by the CT, will acquire the remaining 0.001% interest in the Partnership. See "Description of the Commercial Trust".

The Partnership is a limited partnership formed under the laws of the State of Delaware on September 28, 2010 and governed by the LP Agreement. The Partnership has been created to initially acquire the Salt Flat Interest. See "Description of the Partnership".

The Administrator is a corporation formed under the laws of the Province of Alberta on March 28, 2008 and is the administrator of the Trust and the CT Trustee. See "Administrative Services Agreement".

The GP is a limited liability company formed under the laws of the State of Delaware initially on September 28, 2010 and is the general partner of the Partnership. See "Description of the Partnership – General Partner".

The Trust has been established to initially indirectly acquire an interest in the Partnership and the Partnership has been created to engage in the business of acquiring, developing and producing oil and natural gas reserves in the United States, including the Salt Flat Interest and additional assets that may be acquired pursuant to the Joint Venture Agreement. The business will therefore be owned by the Partnership and operated by the GP. Employees resident in the U.S. will be employed by the GP.

Undertaking of the Trust

Overview

The Trust is a newly formed energy trust created to provide investors with a publicly traded, oil and natural gas focused, distribution producing investment, with favourable tax treatment relative to taxable Canadian corporations. The strategy of the Trust is to acquire and exploit, through the CT and the Partnership, conventional long-life hydrocarbon reserves, including initially the Salt Flat Interest, in certain established on-shore production basins in the U.S. The Trust will own through the CT and the Partnership predominantly producing properties with development and exploitation potential. The Trust's subsidiaries do not intend to engage substantively in exploration activities. The Trust intends to make monthly distributions of a portion of its available cash to Unitholders and use the remainder of its available cash to reinvest in the CT and the Partnership to fund growth through additional acquisitions and capital expenditures.

The Administrator entered into the Purchase and Sale Agreement on August 20, 2010 with OAG to acquire the Salt Flat Interest, being an average 73% working interest in the Salt Flat Field, by purchasing 80% of OAG's average 91% working interest in the Salt Flat Field. The Purchase and Sale Agreement was assigned to the Partnership on October 1, 2010. The Salt Flat Field is a light oil property located in South Central Texas and the Salt Flat Interest consists of producing wells and undeveloped leasehold interests.

The purchase price for the Salt Flat Interest is US$119.2 million (subject to customary closing adjustments) and will be funded from a portion of the net proceeds of the Underwritten Offering and by the issuance by the Trust to OAG of the Units comprising the Concurrent Offering. The Units comprising the Concurrent Offering will be deposited with the Escrow Agent under the Escrow Agreement for the benefit of OAG until certain TSX requirements are satisfied and the Escrow Period has expired. The closing of the Salt Flat Acquisition will occur concurrently with the closing of the Offering. See "Use of Proceeds", "Funding, Salt Flat Acquisition and Related Transactions" and "Concurrent Offering".

The Trust intends to qualify as a "mutual fund trust" and not be a "SIFT trust", each as defined in the Tax Act. The SIFT Rules tax certain income earned by a SIFT trust as if it were a corporation and treat certain distributions received by unitholders of a SIFT trust as taxable dividends. The Trust will not be a SIFT trust, provided that the Trust complies at all times with the investment restrictions set forth in the Trust Indenture, which preclude the Trust from investing in any entity other than a "portfolio investment entity", holding any "non-portfolio property" (each as defined in the Tax Act), or carrying on business in

Canada. Similar restrictions are included in the CT Trust Indenture and the LP Agreement. If the SIFT Rules were to apply to the Trust, they may have an adverse impact on the Trust, including on the distributions received by Unitholders and/or the value of the Units. See “Description of the Trust – General” and “Risk Factors”.

Background

In 2006, there were 31 oil and gas focused royalty trusts and income funds in Canada with a combined market capitalization of over $83 billion. Collectively, these entities paid cash distributions during 2006 of over $7.5 billion, providing investors with a wide range of tax efficient, distribution paying investment vehicles.

On October 31, 2006, the Minister of Finance (Canada) announced the Canadian federal government’s plan to change the tax treatment of income trusts through the enactment of the SIFT Rules. These proposals had an immediate impact on the Canadian capital markets and resulted in a significant decline in trading prices for securities of income funds and royalty trusts.

As a result of the adoption of the SIFT Rules, many oil and gas royalty trusts and income funds converted to corporations or were acquired by third parties. By September 30, 2010, there remained 12 oil and gas focused royalty trusts and income funds, with a combined market capitalization of $51 billion. Virtually all of these entities have announced plans to convert to corporations by December 31, 2010 or are expected to do so by December 31, 2012.

Business Opportunity and Strategy

Management believes that capital markets and oil and gas industry conditions in Canada and the U.S. present an opportunity to establish and build a Canadian-based, oil and gas focused income fund which holds exclusively U.S. properties. Initially, the Trust intends to raise capital predominantly in Canada. The Trust intends to invest that capital, indirectly, in U.S. oil and gas assets that have been identified by Management as being undercapitalized and underexploited, including initially the Salt Flat Interest.

Due to the larger percentage (compared to Canada) of U.S. oil and gas reserves held privately and by non-industry investors, Management believes that there are opportunities for the Trust to indirectly acquire assets which meet its investment criteria. Management believes that it will be able to acquire, operate and exploit U.S. oil and gas production and reserves at competitive costs compared to Canadian oil and gas production and reserves. Management also believes that the following industry conditions currently exist and make investment in the U.S. oil and gas industry attractive: (i) acquisition metrics are lower than in Canada, (ii) the royalty burden is competitive compared to Canada, and (iii) drilling, abandonment, operating and service costs are lower than in Canada.

Management believes that the Trust is well positioned to exploit this business opportunity, through its indirect investment in the Partnership, and execute its primary business objectives of maintaining stable cash flows and pursuing accretive growth opportunities. Combined, the seven persons who are the Administrator Directors and Management have more than 130 years of Canadian energy industry experience and more than 30 years of U.S. energy industry experience. In addition, Management has extensive experience in acquiring and developing oil and gas assets internationally.

The Trust does not anticipate it will be subject to Canadian tax at the trust level, because it will not be a SIFT trust and it intends to distribute its full taxable income to Unitholders each year. Based on the planned capital program in respect of the Salt Flat Interest and on current U.S. federal tax laws, the Trust expects that no material U.S. taxes will be payable in respect of income attributable to the Salt Flat Interest for several years due to deductions available in the U.S. to the Partnership and the CT. In addition, cash distributions paid by the Trust to Canadian resident Unitholders with respect to their Units will not be subject to U.S. withholding tax and Canadian resident Unitholders will not be required to file a U.S. tax return.

The Partnership (or such other entities in which the Trust may invest) intends to focus its acquisition efforts on high quality oil and gas production and proven reserves with positive development potential and an estimated Reserve Life Index of eight to 12 years. Management believes that this type of asset is less attractive to U.S. financial investors including upstream master limited partnerships. Master limited partnerships tend to prefer long-life assets with a Reserve Life Index exceeding 12 years. Management also believes that the larger U.S. independent and major oil companies have focused their financial resources on large land and resource exploration focused assets, having large capital requirements and a majority of unproven reserves.

Target Assets

The Trust, through its indirect ownership of the Partnership, intends to target assets which have the following general characteristics:

> ***Reserves and Risk Level*** – The Trust intends to target conventional reserves in the U.S. with remaining low risk exploitation and development potential and a Reserve Life Index of eight to 12 years. The Trust does not intend to engage in exploration activities or to compete for high cost, high capital resource plays that have large drilling commitments and large amounts of undeveloped exploration acreage.

Location – Management plans to pursue acquisition opportunities predominantly in the following core basins within the U.S.: Texas, Midcontinent, Rockies and the Williston Basin. These regions have been identified by Management as having concentrations of assets with long-life production profiles, unexploited low-risk upside remaining, access to good infrastructure and lower operating costs. In addition, Management believes there are consolidation opportunities in these basins as a result of unconsolidated surface rights ownership and, in many cases, production leases being held by non-industry, passive owners who have held such assets as sources of cash flow, often for decades. Investment opportunities in other areas within the U.S. may be assessed from time to time if acquisition opportunities that meet the Trust's investment criteria are identified.

Operations – The Partnership's assets may be either non-operated or operated. Where the Partnership does not operate, it will seek to have a high degree of control over how capital is spent, through joint operating agreements. The Partnership may operate certain properties and Management believes it will have access to experienced employees and third party contractors for such purpose. Management believes that its strategy of partnering on a joint venture basis with local U.S. energy industry participants will provide it with access to local operations and thus a favourable consolidation mechanism in the Partnership's core regions.

Commodity Balance – Over the long term, the Trust intends to hold a balanced portfolio of oil and natural gas producing properties. However, the Trust intends to be opportunistic in selecting its acquisitions and in the use of its exploitation capital. In the near to medium term, the Trust, through its indirect investment in the Partnership, will seek to acquire and operate oil assets with the potential to grow production substantially.

Credit Facility

The Trust intends to obtain access to credit facilities for the Partnership and Management expects available credit to increase commensurate with the growth of the Partnership's borrowing base. The Trust has received a term sheet for the Credit Facility which it expects to enter into concurrently with closing of the Offering. It is anticipated that the Credit Facility will be available to finance growth opportunities and for general corporate purposes. See "Debt Financing". In addition, Management may seek to issue additional Units to provide sufficient capital to fund growth acquisition opportunities.

Salt Flat Acquisition

Purchase and Sale Agreement

The Administrator entered into the Purchase and Sale Agreement with OAG to acquire the Salt Flat Interest, being an average 73% working interest in the Salt Flat Field, by purchasing 80% of OAG's average 91% working interest in the Salt Flat Field. The Salt Flat Field is a light oil property located in South Central Texas and the Salt Flat Interest consists of producing wells and undeveloped leasehold interests.

The Purchase and Sale Agreement was signed on August 20, 2010 and the Salt Flat Acquisition has an effective date of June 1, 2010. The Purchase and Sale Agreement was assigned to the Partnership on October 1, 2010. On November 14, 2010, the Purchase and Sale Agreement was amended to provide for the subscription by OAG for the Units to be issued pursuant to the Concurrent Offering, as payment of $20,000,000 of the purchase price for the Salt Flat Interest.

The purchase price for the Salt Flat Interest is US$119.2 million, subject to customary adjustments at closing relating to net cash flow and expenses (capital and operating) accruing from the effective date. The purchase price will be funded from a portion of the net proceeds of the Underwritten Offering and by the issuance by the Trust to OAG of the Units comprising the Concurrent Offering. The Units comprising the Concurrent Offering will be deposited with the Escrow Agent under the Escrow Agreement for the benefit of OAG until certain TSX requirements are satisfied and the Escrow Period has expired. The closing of the Salt Flat Acquisition will occur concurrently with the closing of the Offering.

In addition to the Purchase and Sale Agreement, the Administrator also entered into the Joint Operating Agreement and Joint Venture Agreement described below, both of which become effective upon the closing of the Salt Flat Acquisition. The Purchase and Sale Agreement also provides that the parties will sign such other agreements, transfers and conveyances as are customary in transactions of the nature of the Salt Flat Acquisition. On October 1, 2010 the Administrator assigned its rights under the Joint Operating Agreement and Joint Venture Agreement to the Partnership.

The representations and warranties of OAG in the Purchase and Sale Agreement include authority and power to transact, compliance with environmental and other laws and government regulations, and no litigation for which the Partnership will be liable. Representations and warranties will survive for a minimum of eight months after the closing of the Salt Flat Acquisition and the Offering. Additionally, certain fundamental representations and warranties relating to, among other things, power and authority to contract, payment of broker fees and prior taxes, will survive until the expiration of the applicable statute of limitation under applicable law and regulation. Purchasers are encouraged to review the terms of the Purchase and Sale Agreement for a complete description of representations, warranties and indemnities (and related limitations). The Purchase and Sale Agreement is available at www.sedar.com. See "Material Contracts".

OAG is not a promoter, is not a signatory to this prospectus and makes no representations under this prospectus. Purchasers of Units under this prospectus will not have a direct statutory right of action against OAG. Unitholders' sole indirect remedy against OAG will be through the Partnership exercising its rights under the Purchase and Sale Agreement to claim for indemnification in respect of a breach of the representations and warranties in that agreement by OAG, subject to the limitations described above. There can be no assurance of recovery by the Partnership from OAG for breaches of its representations and warranties. See "Risk Factors".

Completion of the Salt Flat Acquisition contemplated by the Purchase and Sale Agreement is conditional upon, among other things, the closing of the Offering and other customary conditions. The Partnership is entitled to waive certain closing conditions and elect to complete the transactions contemplated by the Purchase and Sale Agreement. See "Use of Proceeds" and "Funding, Salt Flat Acquisition and Related Transactions".

Based on third-party prepared title opinions, the Trust has confirmed title as to the leases and wells that comprise the majority of the reserves value of the Salt Flat Interest as reflected in the GLJ Reserve Report. Due to OAG having sold unrecorded beneficial interests in the Salt Flat Field to certain investors which are not reflected in the county real property records, on leases representing approximately 9% of the value of Salt Flat Acquisition, the Trust may ultimately determine to rely in part on OAG's representations in the Purchase and Sale Agreement regarding title in respect of those leases. The Trust has no reason to believe that those representations are inaccurate, and if determined necessary by Management, it will attempt to review the documentation respecting the unrecorded beneficial interests as an alternative method to court house searches for verifying title. However, the Trust may not receive the assurance at closing normally afforded to fully registered interests as to the title it will acquire in those particular leases.

As a result of subscribing for 2,000,000 Units, OAG will hold approximately 12.5% of the outstanding Units upon completion of the Offering (prior to exercise of the Over-Allotment Option). See "Consolidated Capitalization". OAG will therefore become an "insider" within the meaning of provincial securities laws. The TSX requires that all insiders of the Trust, including OAG, furnish certain information to the TSX to allow for customary background reviews. The background reviews are not expected to be completed by the TSX until after closing of the Offering. As a result, it was a condition of the TSX's approval of the listing of the Units that all Units issued to OAG pursuant to the Concurrent Offering be transferred to the Escrow Agent and held pursuant to the Escrow Agreement for the benefit of OAG. If satisfactory background reviews are not obtained, then OAG must after the end of the Escrow Period sell at least that number of Units that will result in OAG holding less than 10% of the outstanding Units.

Joint Operating Agreement and Joint Venture Agreement

The Joint Operating Agreement and Joint Venture Agreement were executed on August 20, 2010 and become effective upon the closing of the Salt Flat Acquisition.

The Joint Venture Agreement sets out how the relationship between the Partnership and OAG, as the manager of the Salt Flat Field, is governed, and names North South Oil (an affiliate of OAG) as the operator subject to prescribed restrictions and powers. The Joint Operating Agreement is in the 1989 model form adopted by the American Association of Petroleum Landmen. Along with its associated accounting procedure and insurance schedule, the Joint Operating Agreement governs the detailed day-to-day operating and joint venture accounting procedures.

As the majority interest owner in the Salt Flat Field, the Partnership will have the ability to manage the capital spending of the operator as contemplated by the Joint Operating Agreement and the Joint Venture Agreement, in accordance with the rights and powers typically afforded (in both Canada and the U.S.) to majority interest owners as a standard term of such agreements.

Within the Joint Venture Agreement there are provisions providing the Partnership with the right to acquire additional assets within a prescribed area, the boundaries of which are situated in the counties of Caldwell and Guadalupe in the State of Texas. That right is substantially on the same terms and conditions under which the Salt Flat Interest was acquired, except for the commodity pricing component of the valuation, which will be based on a then current West Texas Intermediate forward strip price model. The additional assets encompassed by the Joint Venture Agreement include three additional oil fields in which OAG has agreed to continue drilling programs to define the reserves. Management believes that significant development opportunities exist in these lands within the same geological formations that are produced in the Salt Flat Field. Provisions exist that restrict OAG from soliciting offers for these assets. The Partnership's right to acquire additional assets within the prescribed area under the Joint Venture Agreement will be suspended during the Escrow Period.

The Salt Flat Interest

Upon closing of the Offering and of the Salt Flat Acquisition, the Partnership's producing assets will be the Salt Flat Interest, located in Caldwell County, South Central Texas.

The Salt Flat Interest represents an average 73% working interest in the Salt Flat Field which the Partnership will acquire by purchasing 80% of OAG's average 91% working interest in the Salt Flat Field. Upon completion of the Salt Flat Acquisition, OAG will retain an average 18% working interest, and third parties will continue to own the remaining average 9% working interest, in the oil and gas leases that make up the Salt Flat Field. As part of the Salt Flat Acquisition, the Partnership has entered into the Joint Operating Agreement and Joint Venture Agreement with North South Oil which has agreed to act as the operator of the Salt Flat Field. North South Oil is an experienced operator in the area and will manage all drilling, completion and production operations on behalf of the joint venture partners. See "Funding, Salt Flat Acquisition and Related Transactions".

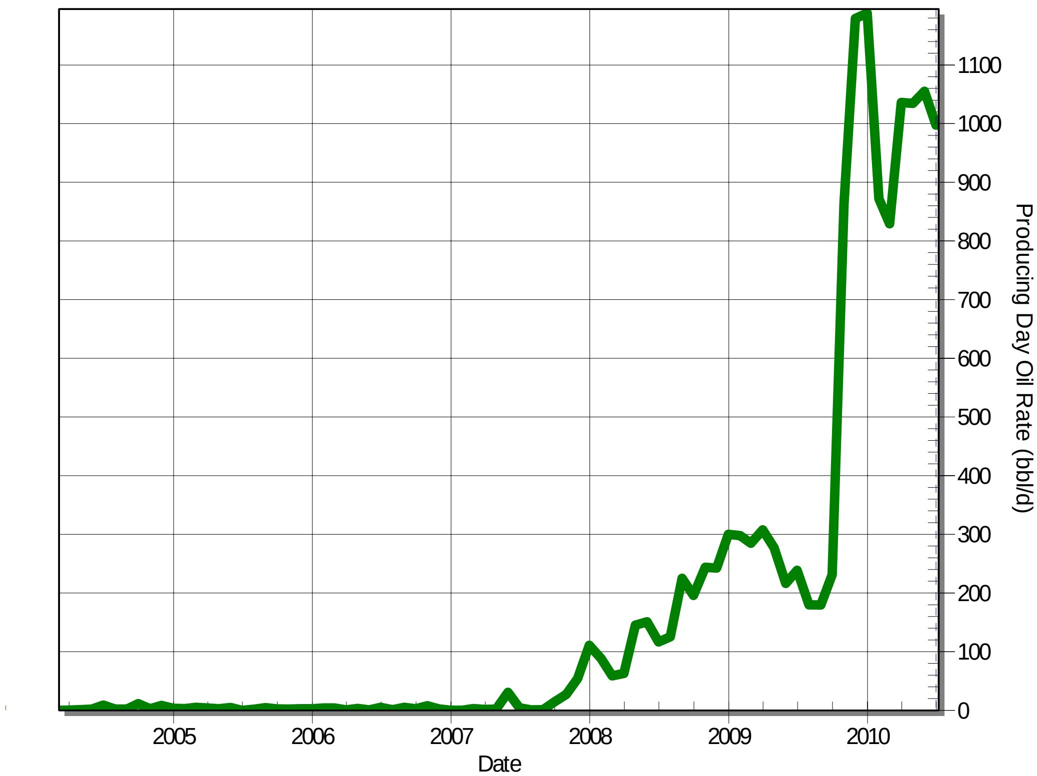
The Salt Flat Field is located in Caldwell County, 75 kilometres south of Austin in South Central Texas. The Salt Flat Field was discovered in 1928 and produced from the Edwards limestone formation, utilizing vertical well technology of the day, until the 1960s when it was abandoned in favour of the up-hole Austin Chalk and Budda producing formations. In 2007, OAG initiated a horizontal drilling program in the Edwards limestone formation as a result of successes experienced by another operator in neighbouring fields. To date, OAG and North South Oil have successfully acquired controlling interests and operatorship of the Edwards limestone formation in the Salt Flat Field, and have drilled and completed 22 horizontal wells within the Salt Flat Field. As a result of that drilling program, the Trust believes that the Salt Flat Field has been sufficiently evaluated and the oil column of the Edwards limestone formation has been sufficiently delineated to allow for commercial exploitation of the reserves consistent with the strategy of the Trust.

The oil reservoir contained within the Edwards limestone formation is located approximately 850 metres below the surface and is between 15 metres and 45 metres thick. Data collected from the Salt Flat Field indicates the reservoir consists of a number of uniformly stacked carbonate beds with porosity values ranging from 10% to 35%. The horizontal wells that have been drilled to date have been completed in the uppermost zone of the oil reservoir, located approximately three metres from the top of the Edwards limestone formation, and have lateral reaches of up to 520 metres. Due to very good reservoir quality, these wells do not require any acid or fracture stimulation. The Edwards limestone formation produces light, low viscosity oil (36 degrees API) along with small quantities of natural gas. Currently, the produced natural gas has not been conserved; however, the operator may decide to do so in the future. Oil produced from the producing wells is trucked 4.8 km to an oil terminal for blending and marketing as West Texas Intermediate sour crude at market prices. Produced salt water is disposed of in vertical salt water disposal wells located in the Salt Flat Field. OAG is a majority interest owner in all of the batteries and salt water disposal facilities in the Salt Flat Field and is conveying 80% of its interest in those batteries and facilities to the Partnership.

Historical Production

The following graph shows the increase in total crude oil production from the Salt Flat Field between March 2004 and June 2010. From 2004 to 2008 the Salt Flat Field was produced at low rates (less than five bbls/d for the entire Salt Flat Field) from the Austin Chalk formation. In 2007, OAG acquired an interest in the Salt Flat Field and began a vertical and initial horizontal drilling program in the Edwards limestone formation, which increased total field production to 300 bbls/d. In October 2009, OAG began drilling horizontal wells using the technology and practices it employs today. This resulted in an increase in total field production to over 1,000 bbls/d by the end of 2009. The total field production as at September 30, 2010 from the 14 wells drilled by OAG since 2008 was over 1,350 bbls/d.

Salt Flat Field Total Production (to June 30, 2010)



The first 13 wells drilled by OAG in the Salt Flat Field were conducted on oil and gas leases where OAG owned working interests ranging from 30% to 100%, resulting in an average working interest of 51.5%. The development drilling program described below under "Drilling and Production" will be conducted on leases on which OAG currently has working interests of 100%, of which the Partnership will own an 80% working interest upon completion of the Salt Field Acquisition. Management believes that this increased percentage working interest will allow the Partnership to increase its level of production as described below.

Drilling and Production

The operator, North South Oil, has initiated a 69 well development drilling program over the next four years to fully exploit the Salt Flat Field using conventional horizontal drilling technologies. The 2010 drilling program from June 1 to the end of 2010, as set out in the GLJ Reserve Report, consists of the drilling of nine horizontal and three salt water disposal wells. The operator has contracted a drilling rig to drill those wells. The Partnership intends to fund its portion of the capital cost through a combination of a portion of the proceeds of the Underwritten Offering and borrowings under the Credit Facility.

From June 1, 2010 to the date of this prospectus, nine horizontal wells and a salt water disposal well have been drilled. Four of those horizontal wells are now on production, increasing the production to be acquired by the Partnership at the closing of the Salt Flat Acquisition to over 900 bbls/d. Management expects that the remaining five horizontal wells, along with an additional well drilled prior to June 2010 that requires a work over, will be brought on production in November and December 2010 into existing facilities. Management expects this to increase the Partnership's working interest production to between 1,200 and 1,300 bbls/d by the end of 2010. The GLJ Reserve Report contemplates the drilling of nine horizontal and three salt water disposal wells from June 1 to the end of 2010, but up to 14 horizontal wells may be drilled in 2010 using available equipment if economic conditions dictate. Production increases beyond 2010 are expected by Management to be as forecasted in the GLJ Reserve Report.

The following table discloses for each reserve classification the daily volume of production forecast by GLJ for the years indicated in the GLJ Reserve Report.

	Reserve Classification		
Year	Proved Producing	Total Proved	Proved Plus Probable
	(bbls/d)	*(bbls/d)*	*(bbls/d)*
2010	334	819	844
2011	186	1,291	1,405
2012	124	1,335	1,849
2013	96	826	2,003
2014	79	621	2,018
2015	68	508	1,611
2016	60	435	1,285
2017	54	380	1,092
2018	46	338	960
2019	42	304	857
2020	35	272	770
2021	30	242	691

The horizontal wells drilled by OAG since June 1, 2010 were drilled on time and at or under the estimated cost in the GLJ Reserve Report. GLJ forecast the initial gross production rate per well to average 175 bbls/d and the expected gross proven plus probable reserves per well to average approximately 130,000 bbls. At an 80% working interest, the Trust's share per well of this forecast production and reserves will be 140 bbls/d and 104,000 bbls, respectively.

Average netbacks for the first nine months of 2010 were US$52.56 per bbl. Netback is calculated by subtracting royalties, transportation costs and production expenses from crude oil revenue. Management believes that per barrel netbacks would have been approximately one US dollar higher over the same period if production during that period had been subject to more favourable marketing arrangements recently entered into by North South Oil. These new arrangements will apply to production from the Salt Flat Field through 2011. See "The Industry – Operations – Marketing".

Hedging Strategy

In the short term, Management does not intend to hedge a substantial amount of production, due to the relatively small number of producing wells that the Partnership is acquiring. However, the Partnership's senior debt lender may require it to put certain hedges into place to protect cash flows and the debt service commitments of the Partnership in the near term. Over the medium and long term, Management intends to hedge less than 50% of its overall production.

Summary of Reserves Associated with the Salt Flat Interest

The summary of reserves data set forth below is based upon an evaluation by GLJ using the GLJ Reserve Report with an original effective date of June 1, 2010 adjusted for production, operating and capital costs and cash flow as of July 1, 2010. A GLJ July 1, 2010 price forecast was used in the GLJ Reserve Report. The reserves data summarizes the crude oil reserves of the Salt Flat Interest and the net present values of future net revenue for those reserves using forecast prices and costs. The reserves data complies with the requirements of NI 51-101. Actual crude oil reserves may be greater than or less than the estimates provided in the GLJ Reserve Report. See "Reserves and Other Oil and Gas Information".

Reserves Data
as of July 1, 2010
Forecast Prices and Costs

Summary of Oil and Gas Reserves

	Light and Medium Oil		Heavy Oil		Natural Gas		Natural Gas Liquids		Total Oil Equivalent	
Reserves Category	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
	(Mbbls)	*(Mbbls)*	*(Mbbls)*	*(Mbbls)*	*(MMcf)*	*(MMcf)*	*(Mbbls)*	*(Mbbls)*	*(Mboe)*	*(Mboe)*
Proved										
Developed Producing	402	305	0	0	0	0	0	0	402	305
Developed Non-Producing	75	56	0	0	0	0	0	0	75	56
Undeveloped	2,370	1,778	0	0	0	0	0	0	2,370	1,778
Total Proved	2,847	2,139	0	0	0	0	0	0	2,847	2,139
Probable	3,981	2,987	0	0	0	0	0	0	3,981	2,987
Total Proved Plus Probable	6,829	5,126	0	0	0	0	0	0	6,829	5,126

Summary of Net Present Value of Future Net Revenue of Oil and Gas Reserves

	Net Present Value of Future Net Revenue Before Income Taxes Discounted at (%/year) (1)					Unit Value Before Income Tax Discounted at 10%/year	
Reserves Category	0%	5%	10%	15%	20%		
	(US$000)	*(US$000)*	*(US$000)*	*(US$000)*	*(US$000)*	*(US$/boe)*	*(US$/Mcfe)*
Proved							
Developed Producing	16,091	13,272	11,391	10,059	9,070	37.31	6.22
Developed Non-Producing	1,696	1,264	966	751	589	17.17	2.86
Undeveloped	65,756	51,083	41,036	33,831	28,464	23.08	3.85
Total Proved	83,543	65,619	53,392	44,640	38,123	24.96	4.16
Probable	161,526	107,894	76,509	56,831	43,773	25.62	4.27
Total Proved Plus Probable	245,069	173,513	129,902	101,471	81,897	25.34	4.22

Note:
(1) Estimates of after-tax future net revenue are not presented because the Trust will not be subject to taxes in Canada.

Selected Historical Financial Information

Upon completion of the Salt Flat Acquisition, which is expected to occur concurrently with the closing of the Offering, the Partnership will acquire the Salt Flat Interest. The following table sets out selected financial information for the Salt Flat Interest for the six months ended December 31, 2008, the twelve months ended December 31, 2009 and the three and nine months ended September 30, 2010 and 2009. This information has been derived from the Schedule of Revenues, Royalties and Operating Expenses attached to this prospectus as Appendix B. The Trust has not declared or paid any distributions to date. The operating results for these periods should not be relied upon as any indication of results for any future period.

Salt Flat Interest
Schedule of Revenues, Royalties and Operating Expenses

	Three Months Ended September 30, 2010 *US$*	Three Months Ended September 30, 2009 *US$*	Nine Months Ended September 30, 2010 *US$*	Nine Months Ended September 30, 2009 *US$*	Twelve Months Ended December 31, 2009 *US$*	Six Months Ended December 31, 2008 *US$*
						(unaudited)
Oil and Gas Sales	2,145,078	64,370	5,679,391	133,791	1,640,699	100,972
Royalties	(98,941)	(2,970)	(261,952)	(6,177)	(75,676)	(4,656)
	2,046,137	61,400	5,417,439	127,614	1,565,023	96,316
Operating Expenses	379,187	44,911	939,846	90,440	249,008	28,305
	1,666,950	16,489	4,477,593	37,174	1,316,015	68,011

THE OFFERING

Offering: 13,000,000 Units pursuant to the Underwritten Offering; and 2,000,000 Units pursuant to the Concurrent Offering.

Offering Price: $10.00 per Unit.

Amount: $130,000,000 pursuant to the Underwritten Offering; and $20,000,000 pursuant to the Concurrent Offering.

Over-Allotment Option: The Underwriters have been granted the Over-Allotment Option exercisable in whole or in part for 30 days from closing of the Underwritten Offering to purchase up to 1,950,000 additional Units on the same terms as the Units sold under the Underwritten Offering, to cover over-allotments, if any, and for market stabilization purposes. See "Plan of Distribution".

Units: Each Unit represents an equal, undivided beneficial interest in the Trust and ranks equally with all of the other Units without discrimination, preference or priority. Each Unit entitles the holder to one vote at all meetings of Unitholders, to participate equally with respect to any and all distributions by the Trust, and on liquidation or termination of the Trust to participate equally with respect to the distribution of the remaining assets of the Trust after payment of the Trust's debt, liabilities and liquidation or termination expenses. See "Description of the Trust".

Use of Proceeds: The net proceeds to the Trust from the Underwritten Offering will be approximately $119.2 million (approximately $137.53 million if the Over-Allotment Option is exercised in full) after deducting the fees payable to the Underwriters of $7,800,000 ($8,970,000 if the Over-Allotment Option is exercised in full) and the expenses of the Offering estimated to be approximately $3.0 million.

The Trust will not receive any cash proceeds from the Concurrent Offering. The Units issued pursuant to the Concurrent Offering will constitute payment of $20,000,000 of the purchase price for the Salt Flat Interest, based on the Offering price of the Units to be issued pursuant to the Underwritten Offering.

The Trust will use the net proceeds of the Underwritten Offering together with the 2,000,000 Units comprising the Concurrent Offering to acquire CT Units and CT Notes, the CT will in turn use the funds and the 2,000,000 Units to acquire a 99.999% interest in the Partnership, which will use a portion of the amount so invested by the CT to fund a portion of the US$119.2 million purchase price (subject to customary closing adjustments) for the Salt Flat Interest. The 2,000,000 Units will comprise the balance of the purchase price for the Salt Flat Interest and will be transferred by the Partnership to the Escrow Agent to be held pursuant to the Escrow Agreement for the benefit of OAG. The GP, which is wholly-owned by the CT, will acquire the remaining 0.001% interest in the Partnership.

After applying a portion of the net proceeds of the Underwritten Offering and transferring the 2,000,000 Units comprising the Concurrent Offering to the Escrow Agent for the benefit of OAG to acquire the Salt Flat Interest, the Trust estimates that the Partnership will have approximately US$23 million in combined working capital and borrowings available under its Credit Facility. The Trust anticipates that approximately US$5.2 million will be used following closing of the Offering and prior to December 31, 2010 to fund the Partnership's portion of the costs of drilling and completing the remaining wells in the drilling program in the Salt Flat Field between June 1 and December 31, 2010. The balance of the net proceeds of the Underwritten Offering will be used by the Trust to fund, through additional investments in the CT and the Partnership, additional drilling program expenses in 2011 relative to the Salt Flat Interest and for general corporate purposes.

See "Use of Proceeds" for a tabular presentation of the use of proceeds, and "Funding, Salt Flat Acquisition and Related Transactions".

Distribution Policy of the Trust: The Trust intends to make monthly distributions to Unitholders of record as of the close of business on the last business day of each month, which are expected to be paid to Unitholders on or about the 15th day of the following month or, if not a business day, the next business day thereafter. The amount of cash to be distributed per month per Unit will be determined on a quarterly basis by the Administrator Directors, taking into consideration the overall distribution policy of the Trust and after consideration of the Trust's net monthly cash receipts, less estimated amounts required for the payment of expenses and other obligations of the Trust, cash redemptions of Units and the satisfaction of any tax liability. The Trust expects that the initial monthly cash distribution rate will be $0.0875 per Unit. The initial cash distribution, which will be for the period from and including the date of closing of the Offering to December 31, 2010, is expected to be paid on January 17, 2011 to Unitholders of record on December 31, 2010 and is estimated to be $0.1064 per Unit (assuming that closing of the Offering occurs on November 24, 2010). See "Description of the Trust – Distributions".

Distribution Policy of the CT: The distributable cash of the CT will be derived exclusively from distributions on the interest in the Partnership owned by the CT. The CT intends to make monthly distributions to the Trust in conjunction with the monthly distributions made by the Trust to the Unitholders after satisfaction of its interest obligations and other obligations, if any, less any administrative expenses and other obligations of the CT. See "Description of the Commercial Trust – Distributions".

Distribution Policy of the Partnership: The Partnership intends to adopt a policy to distribute its distributable cash to the extent determined prudent by the directors of the GP. Distributions will be made as to 99.999% to the CT and as to 0.001% to the GP within 15 days of the end of each month and the distributions are intended to be received in a timely manner, so as to permit the CT to make its related monthly distributions to the Trust. The Partnership may, in addition, make a distribution at any other time. Capital and other expenditures, including amounts to enable the Partnership to stabilize monthly distributions based on anticipated future distributable cash, may be financed by one or more credit facilities which may be established by the Partnership, other borrowings or additional capital contributions to the Partnership. See "Description of the Partnership – Partnership Interests and Distributions".

The Administrator, on behalf of the Trust and the CT, and the GP on behalf of the Partnership, each have considerable discretion in determining the amount of cash distributions. Cash available for distribution to Unitholders is not guaranteed and will fluctuate with, among other things, the performance of subsidiaries of the Trust, initially including results from the Salt Flat Interest.

Governance of the Trust: Computershare Trust Company of Canada is the Trustee of the Trust. The Trust Indenture provides that Unitholders may replace the Trustee by Ordinary Resolution at any time. The Trust Indenture also empowers the Trustee to delegate much of the responsibility regarding the operations and governance of the Trust, which it has done pursuant to the Administrative Services Agreement with the Administrator. The Voting Agreement will provide that Unitholders will be entitled to elect 100% of the Administrator Directors. The Administrative Services Agreement between the Trustee and the Administrator provides for the reimbursement, on an "at cost" basis, to the Administrator for all of its expenses incurred in respect thereof. No fees are payable by the Trust to the Administrator. See "Trustees, Directors and Management – The Trust", "Description of the Trust", "Administrative Services Agreement" and "Voting Agreement".

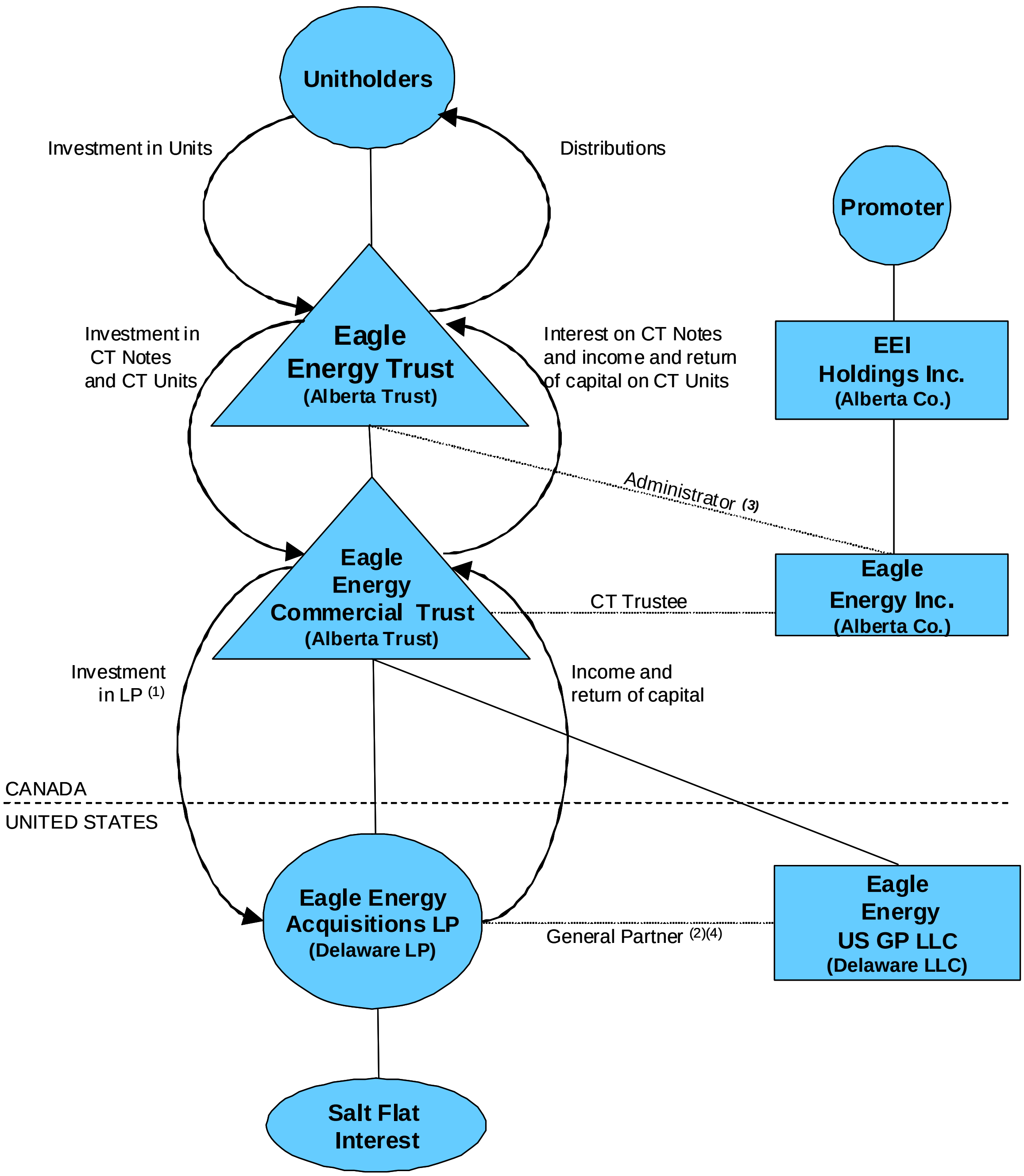
Governance of the CT: The Administrator is also the CT Trustee. The CT Trust Indenture provides for the reimbursement, on an "at cost" basis, to the Administrator for all of its expenses incurred as CT Trustee. No fees are payable by the CT to the Administrator. See "Trustees, Directors and Management – The Commercial Trust", "Description of the Commercial Trust – Governance", "Administrative Services Agreement" and "Voting Agreement".

Governance of the Partnership: The general partner of the Partnership is the GP. As general partner of the Partnership, the GP will be allocated 0.001% of the income or loss of the Partnership for each fiscal year and, upon dissolution of the Partnership, will be entitled to receive 0.001% of the remaining property of the Partnership. As general partner, the GP will have the authority to manage the business and affairs of the Partnership and will have unlimited liability for the obligations of the Partnership. See "Trustees, Directors and Management – The General Partner" and "Description of the Partnership – General Partner".

Committees of the Administrator Directors:	The Administrator Directors have formed the following committees and these committees have appointed their respective chairpersons as set out below: Bruce K. Gibson — Audit Committee Chair Joseph W. Blandford — Compensation Committee Chair Warren D. Steckley — Reserves & Governance Committee Chair See "Trustees, Directors and Management" and "Corporate Governance".
Canadian Federal Income Tax Considerations:	**The following discussion applies only to Unitholders who are individuals resident in Canada for the purposes of the Tax Act and who hold their Units as capital property.** A Unitholder generally will be required to include in computing income from property for a taxation year that portion of the net income of the Trust, including net realized taxable capital gains, that is paid or becomes payable to the Unitholder in the year (whether in cash or in Units). The non-taxable portion of any net realized capital gains of the Trust (being one half thereof) that is paid or becomes payable to a Unitholder in a taxation year will not be included in computing the Unitholder's income for the year. Distributions by the Trust in excess of the Unitholder's share of the net income and net realized capital gains generally will not be included in such Unitholder's income for the year. However, such an amount will reduce the adjusted cost base of the Units held by the Unitholder. To the extent that the adjusted cost base of a Unit held as capital property would otherwise be less than zero, the Unitholder will be deemed to have realized a capital gain equal to the negative amount. A Unitholder who disposes of Units held as capital property (on a redemption or otherwise) will realize a capital gain (or capital loss) to the extent that the proceeds of disposition exceed (or are less than) the adjusted cost base of the Units and any reasonable costs of disposition. Each prospective purchaser should satisfy himself or herself as to the federal and provincial tax consequences of an investment in Units by obtaining tax advice from his or her tax advisor. See "Canadian Federal Income Tax Considerations – Taxation of Taxable Unitholders".
Risk Factors:	**These securities are considered to be speculative due to the nature of the Trust's properties and its formative stage of development.** The Trust was formed to participate through its subsidiaries in the oil and gas industry in the United States by acquiring existing producing properties, and by exploiting the reserves associated with these properties. The Trust plans to pursue these objectives by working with industry partners through joint ventures and by developing its own internally generated prospects, the success of which cannot be assured. The Trust and its subsidiaries have no business history or history of earnings. There are additional risks associated with an investment in the Units relating to the Trust's prospects for success, including, (i) failure by the Partnership to achieve increased production from the Salt Flat Interest and the resulting adverse effect on cash distributions; (ii) not achieving the anticipated benefits of the Salt Flat Acquisition, (iii) access to the capital necessary to acquire and exploit additional assets, (iv) sales of additional Units, (v) a market developing for its Units, (vi) limited access to remedies in the event of a restructuring of the Trust, (vii) the Trust's inability to guarantee distributions, (viii) competition from other oil and gas companies for qualified staff, assets and services, (ix) potential liability for damages arising during operations, (x) title to oil and gas properties and undisclosed liabilities associated with such properties, (xi) issues with respect to enforcing indemnities in favour of the Trust, (xii) declines in oil and natural gas prices (xiii) changes in legislation (including environmental laws) which may adversely affect the Trust or Unitholders, (xiv) availability of oil and gas markets, (xv) changes in foreign exchange rates, (xvi) the overall global economy, (xvii) future indebtedness and fluctuations in interest rates and (xviii) income tax matters (including the Trust ceasing to qualify as a mutual fund trust, becoming a SIFT trust, or a change in the SIFT Rules and withholding tax for non-resident Unitholders). Many of these factors are beyond the control of the Trust. In assessing the risks of an investment in the Units, potential investors should realize that they are relying on the experience, judgment, discretion, integrity and good faith of Management. An investment in the Units is suitable for only those investors who are willing to risk a loss of their entire investment and who can afford to lose their entire investment. Subscribers should consult their own professional advisors to assess the income tax, legal and other aspects of an investment in Units. See "Risk Factors".

STRUCTURE FOLLOWING CLOSING

The following chart illustrates the structure of the Trust following completion of the Offering and the indirect investment by the Trust in the Partnership and related transactions (as described in more detail in "Funding, Salt Flat Acquisition and Related Transactions"). All subsidiaries of the Trust will be directly or indirectly wholly-owned by the Trust. All of the shares of the Administrator are owned by EEI Holdings, which is in turn wholly-owned by the Promoter.



Notes:

(1) A 99.999% interest in the Partnership.

(2) A 0.001% interest in the Partnership.

(3) Pursuant to the terms of the Administrative Services Agreement, the Administrator will perform all general and administrative services that are or may be required or advisable, from time to time, for the Trust.

(4) Pursuant to the terms of the LP Agreement, the GP will perform all general, administrative and operational services that are or may be required or advisable, from time to time, for the Partnership.

GLOSSARY

In this prospectus, unless otherwise indicated or the context otherwise requires, the following terms shall have the indicated meanings. A reference to an agreement means the agreement as it may be amended, supplemented or restated from time to time.

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

"**Administrative Services Agreement**" means the administrative services agreement dated September 14, 2010 among the Trustee and the Administrator, as amended and restated on November 12, 2010 and as amended, supplemented or restated from time to time, pursuant to which the Administrator will agree to provide administrative services to the Trust and pursuant to which the Administrator will be delegated certain duties in connection with the governance of the Trust.

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

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

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

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

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

"**Carr**" means Carr Environmental Group Inc., an independent environmental consulting company with its head office in the greater Houston, Texas area.

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

"**Computershare**" means Computershare Trust Company of Canada.

"**Concurrent Offering**" means the issuance of 2,000,000 Units at the closing of the Offering to the CT in exchange for CT Units, which Units will be contributed by the CT to the Partnership and used by the Partnership to pay $20,000,000 of the purchase price payable by the Partnership to OAG under the Purchase and Sale Agreement.

"**Convertible Notes**" means the $1,577,560 aggregate principal amount of 15% convertible promissory notes issued by the Trust on a private placement basis during September and early October 2010.

"**CRA**" means the Canada Revenue Agency.

"**Credit Facility**" means the U.S. dollar credit facility to be established in favour of the Partnership concurrently with the closing of the Offering as described under "Debt Financing".

"**CT**" means Eagle Energy Commercial Trust, an unincorporated open-ended trust established under the laws of the Province of Alberta.

"**CT Note Indenture**" means the note indenture to be entered into at or prior to closing of the Offering, between the CT and Computershare Trust Company of Canada, as trustee thereunder, pursuant to which the CT will issue CT Notes from time to time.

"**CT Notes**" means the unsecured promissory notes to be issued by the CT from time to time pursuant to the CT Note Indenture.

"**CT Trust Indenture**" means the trust indenture establishing the CT dated September 27, 2010 as amended and restated on November 12, 2010, as amended, supplemented or restated from time to time.

"**CT Trustee**" means the Administrator or such other trustee as may be appointed pursuant to the CT Trust Indenture.

"**CT Unitholder**" means a holder of CT Units.

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

"**EEI Holdings**" means EEI Holdings Inc., the sole shareholder of the Administrator.

"**Environmental Liabilities**" means all liabilities, losses, costs, charges, damages, expenses, and penalties (including costs and expenses of abatement and remediation of spills or releases of contaminants and all liabilities to third parties (including governmental agencies) in respect of bodily injuries, property damage, damage to or impairment of the environment or any other injury or damage, including foreseeable and unforeseeable consequential damages) sustained, suffered or incurred in connection with or as a result of (a) the administration of the Trust, or (b) the exercise or performance by the Trustee or the Administrator of any rights or obligations under the Trust Indenture or under any other contracts, and which, in either case, result from or relate, directly or indirectly, to:

(a) the presence or release or threatened presence or release of any contaminants, by any means or for any reason, on or in respect of any properties of the Trust, whether or not such presence or release or threatened presence or release of the contaminants was under the control, care or management of the Trust or the Administrator or of a previous owner or operator of such property;

(b) any contaminant present on or released from any property adjacent to or in the proximate area of any properties of the Trust;

(c) the breach or alleged breach of any federal, provincial, state or municipal environmental law, regulation, by-law, order, rule or permit by the Trust or the Administrator, or an owner or operator of a property; or

(d) any misrepresentation or omission of a known fact or condition made by the Administrator relating to any property.

"**Escrow Agent**" means Computershare.

"**Escrow Agreement**" means the escrow agreement to be entered into on the closing of the Offering among OAG, the Partnership, the Escrow Agent and Scotia Capital Inc., on behalf of the Underwriters.

"**Escrow Period**" means a period of 180 days after the closing of the Offering.

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

"**GLJ Reserve Report**" means the independent engineering evaluation of the oil and natural gas reserves relating to the Salt Flat Interest entitled "Eagle Energy Inc. – Salt Flat – Adjusted Interest Case Lookahead to July 1, 2010", prepared by GLJ with an original effective date of June 1, 2010 adjusted for production, operating and capital costs and cash flow as of July 1, 2010. A GLJ July 1, 2010 price forecast was used in the GLJ Reserve Report.

"**GP**" means Eagle Energy US GP LLC, a limited liability company formed pursuant to the laws of Delaware and the general partner of the Partnership.

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

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

"**IFRS**" means International Financial Reporting Standards.

"**Joint Operating Agreement**" means the joint operating agreement entered into on August 20, 2010 among the Administrator, OAG and North South Oil (as operator), and subsequently assigned by the Administrator to the Partnership, pursuant to which the Salt Flat Field will be operated.

"**Joint Venture Agreement**" means the joint venture agreement entered into on August 20, 2010 among the Administrator, OAG and North South Oil, and subsequently assigned by the Administrator to the Partnership, pursuant to which the Salt Flat Field and three additional oil fields may be developed.

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

"**LP Agreement**" means the amended and restated limited partnership agreement dated October 5, 2010 between the GP, as the general partner, and the CT as the limited partner, establishing and governing the business and affairs of the Partnership, as amended, supplemented or restated from time to time.

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

"**NGL**" or "**NGLs**" means natural gas liquids, consisting of any one of ethane, propane, butane and condensate or a combination thereof.

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

"**NI 52-110**" means National Instrument 52-110 – "*Audit Committees*" of the Canadian Securities Administrators.

"**North South Oil**" means North South Oil LLC, a Texas limited liability company that is an affiliate of OAG and is the contract operator of the Salt Flat Field.

"**OAG**" means OAG Holdings LLC, a Colorado limited liability company.

"**October 2003 Proposals**" means draft proposed amendments to the Tax Act relating to the deductibility of losses, released by Department of Finance for public consultation on October 31, 2003.

"**Offering**" means the distribution of Units pursuant to this prospectus, including the Underwritten Offering and the Concurrent Offering but excluding the distribution by the Trust of 324,103 Units issuable on conversion of the Convertible Notes.

"**Option Plan**" means the Unit option plan of the Trust.

"**Options**" means options to acquire Units, granted under the Option Plan.

"**Ordinary Resolution**" means a resolution passed by more than 50% of the votes cast, either in person or by proxy, at a meeting of Unitholders or CT Unitholders, as applicable, at which a quorum was present, called (at least in part) for the purpose of approving such resolution, or a resolution approved in writing by holders of more than 50% of the votes entitled to be voted on such resolution.

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

"**Over-Allotment Option**" means the option granted by the Trust to the Underwriters exercisable in whole or in part, for a period of 30 days from closing of the Underwritten Offering, to purchase up to 1,950,000 additional Units from the Trust on the same terms as the Units sold under the Underwritten Offering, to cover over-allotments, if any, and for market stabilization purposes.

"**Partnership**" means Eagle Energy Acquisitions LP, a limited partnership established under the laws of the State of Delaware and governed by the LP Agreement, the partners of which will be the GP, as general partner, and the CT as limited partner.

"**Performance Options**" means certain performance options of the Trust issued September 14, 2010, which will be surrendered on the closing of the Offering.

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

"**Promoter**" means Richard W. Clark, the sole shareholder, director and officer of EEI Holdings.

"**Purchase and Sale Agreement**" means the purchase and sale agreement entered into on August 20, 2010 between the Administrator and OAG, assigned by the Administrator to the Partnership and amended on October 1, 2010 and further amended on November 14, 2010, pursuant to which the Partnership will acquire the Salt Flat Interest for a purchase price comprised of cash and the issuance to OAG of the Units comprising the Concurrent Offering.

"**Redemption Price**" means the redemption price applicable to any redemption of Units by Unitholders as further described under "Description of the Trust – Redemption at the Option of Unitholders".

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

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

"**RUR**" means a restricted unit right.

"**Salt Flat Acquisition**" means the acquisition by the Partnership of the Salt Flat Interest.

"**Salt Flat Field**" means the oil and gas properties known as the Salt Flat Field located in South Central Texas.

"**Salt Flat Interest**" means the average 73% working interest in the Salt Flat Field to be acquired by the Partnership pursuant to the Purchase and Sale Agreement.

"**Series 1 CT Note**" means the Note, Series 1 of the CT issued under the CT Note Indenture.

"**Series 2 CT Note**" means the Notes, Series 2 of the CT issued under the CT Note Indenture.

"**SIFT Rules**" means the provisions of the Tax Act that apply to a SIFT trust.

"**SIFT trust**" means a trust as defined in section 122.1 of the Tax Act.

"**Special Resolution**" means a resolution passed by more than 66⅔% of the votes cast, either in person or by proxy, at a meeting of Unitholders or CT Unitholders, as applicable, at which a quorum was present, called (at least in part) for the purpose of approving such resolution, or a resolution approved in writing by holders of more than 66⅔% of the votes entitled to be voted on such resolution.

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

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

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

"**Trust Indenture**" means the trust indenture establishing the Trust dated July 20, 2010 and amended and restated on November 12, 2010, as may be further amended, supplemented or restated from time to time.

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

"**Trustee**" means the trustee of Eagle Energy Trust, which at the closing of the Offering will be Computershare Trust Company of Canada.

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

"**Underwriters**" means Scotia Capital Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., TD Securities Inc., National Bank Financial Inc., Dundee Securities Corporation, Canaccord Genuity Corp., FirstEnergy Capital Corp., GMP Securities L.P., HSBC Securities (Canada) Inc. and Raymond James Ltd.

"**Underwriting Agreement**" means the underwriting agreement among the Trust, the CT, the Partnership, the Administrator, the GP, EEI Holdings, the Promoter and the Underwriters dated November 16, 2010, as further described under "Plan of Distribution".

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

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

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

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

"**Voting Agreement**" means the voting agreement dated November 12, 2010 among EEI Holdings, the Trustee and the Administrator, with regard to, among other matters, the election of the Administrator Directors (as directed by the Trustee as agent for the Unitholders).

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

Certain other terms used in this prospectus but not defined herein are defined in NI 51-101 and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101.

Words importing the singular include the plural and vice versa and words importing any gender include all genders.

THE TRUST AND ITS SUBSIDIARIES

The Trust

Eagle Energy Trust is an unincorporated open-ended limited purpose trust established under the laws of the Province of Alberta on July 20, 2010 by the Trust Indenture. The Trust has been established to initially indirectly acquire an interest in the Partnership through its acquisition of the CT Units and the CT Notes. The Trust has no history of operations or earnings. See "Description of the Trust".

The Commercial Trust

Eagle Energy Commercial Trust is an unincorporated open-ended trust established under the laws of the Province of Alberta on September 27, 2010 by the CT Trust Indenture. The CT has been created to acquire and hold on closing of the Offering a 99.999% interest in the Partnership. The GP, which is wholly-owned by the CT, will acquire the remaining 0.001% interest in the Partnership. See "Description of the Commercial Trust".

The Partnership

Eagle Energy Acquisitions LP is a limited partnership formed under the laws of the State of Delaware on September 28, 2010 and governed by the LP Agreement. The Partnership has been created to initially acquire the Salt Flat Interest and Management intends that the Partnership (or additional limited partnerships that may be formed and held, directly or indirectly, by the Trust) will have a broader mandate to acquire additional assets in accordance with the strategy of the Trust, including pursuant to the Joint Venture Agreement. See "Description of the Partnership".

The Administrator

Eagle Energy Inc., the Administrator, is a corporation formed under the laws of the Province of Alberta on March 28, 2008 and is the administrator of the Trust and the CT Trustee. The sole shareholder of the Administrator is EEI Holdings, a corporation formed under the laws of the Province of Alberta on October 4, 2010. The sole shareholder of EEI Holdings is the Promoter. See "Administrative Services Agreement" and "Promoter".

The General Partner

Eagle Energy US GP LLC is a limited liability company formed under the laws of the State of Delaware initially on September 28, 2010 and is the general partner of the Partnership. The sole member of the GP is the CT. See "Description of the Partnership – General Partner".

Offices

The principal and head offices of the Trust, the CT and the Administrator are located at Suite 900, 639 - 5th Avenue S.W., Calgary, Alberta, T2P 0M9. The principal offices of the GP and the Partnership and the U.S. office of the Administrator are located at Suite 460, 10000 Memorial Drive, Houston, Texas, 77024. The registered office of the Trust, the CT and the Administrator is located at Suite 3300, 421 - 7th Avenue S.W., Calgary, Alberta, T2P 4K9. The registered office of the Partnership and the GP is located at 1209 Orange Street, Wilmington, Delaware, 19801.

UNDERTAKING OF THE TRUST

Overview

The Trust is a newly formed energy trust created to provide investors with a publicly traded, oil and natural gas focused, distribution producing investment, with favourable tax treatment relative to taxable Canadian corporations. The strategy of the Trust is to acquire and exploit, through the CT and the Partnership, conventional long-life hydrocarbon reserves, including initially the Salt Flat Interest, in certain established on-shore production basins in the U.S. The Trust will own through the CT and the Partnership predominantly producing properties with development and exploitation potential. The Trust's subsidiaries do not intend to engage substantively in exploration activities. The Trust intends to make monthly distributions of a portion of its available cash to Unitholders and use the remainder of its available cash to reinvest in the CT and the Partnership to fund growth through additional acquisitions and capital expenditures.

The Administrator entered into the Purchase and Sale Agreement on August 20, 2010 with OAG to acquire the Salt Flat Interest, being an average 73% working interest in the Salt Flat Field, by purchasing 80% of OAG's average 91% working interest in the Salt Flat Field. The Purchase and Sale Agreement was assigned to the Partnership on October 1, 2010. The Salt Flat Field is a light oil property located in South Central Texas and the Salt Flat Interest consists of producing wells and undeveloped leasehold interests.

The purchase price for the Salt Flat Interest is US$119.2 million (subject to customary closing adjustments) and will be funded from a portion of the net proceeds of the Underwritten Offering and by the issuance by the Trust to OAG of the Units comprising the Concurrent Offering. The Units comprising the Concurrent Offering will be deposited with the Escrow Agent under the Escrow Agreement for the benefit of OAG until certain TSX requirements are satisfied and the Escrow Period has expired. The closing of the Salt Flat Acquisition will occur concurrently with the closing of the Offering. See "Use of Proceeds", "Funding, Salt Flat Acquisition and Related Transactions" and "Concurrent Offering".

The Trust intends to qualify as a "mutual fund trust" and not be a "SIFT trust", each as defined in the Tax Act. The SIFT Rules tax certain income earned by a SIFT trust as if it were a corporation and treat certain distributions received by unitholders of a SIFT trust as taxable dividends. The Trust will not be a SIFT trust, provided that the Trust complies at all times with the investment restrictions set forth in the Trust Indenture, which preclude the Trust from investing in any entity other than a "portfolio investment entity", holding any "non-portfolio property" (each as defined in the Tax Act), or carrying on business in Canada. Similar restrictions are included in the CT Trust Indenture and the LP Agreement. If the SIFT Rules were to apply to the Trust, they may have an adverse impact on the Trust, including on the distributions received by Unitholders and/or the value of the Units. See "Description of the Trust – General" and "Risk Factors".

Background

In 2006, there were 31 oil and gas focused royalty trusts and income funds in Canada with a combined market capitalization of over $83 billion. Collectively, these entities paid cash distributions during 2006 of over $7.5 billion, providing investors with a wide range of tax efficient, distribution paying investment vehicles.

On October 31, 2006, the Minister of Finance (Canada) announced the Canadian federal government's plan to change the tax treatment of income trusts through the enactment of the SIFT Rules. These proposals had an immediate impact on the Canadian capital markets and resulted in a significant decline in trading prices for securities of income funds and royalty trusts.

As a result of the adoption of the SIFT Rules, many oil and gas royalty trusts and income funds converted to corporations or were acquired by third parties. By September 30, 2010, there remained 12 oil and gas focused royalty trusts and income funds, with a combined market capitalization of $51 billion. Virtually all of these entities have announced plans to convert to corporations by December 31, 2010 or are expected to do so by December 31, 2012.

Business Opportunity and Strategy

Management believes that capital markets and oil and gas industry conditions in Canada and the U.S. present an opportunity to establish and build a Canadian-based, oil and gas focused income fund which holds exclusively U.S. properties. Initially, the Trust intends to raise capital predominantly in Canada. The Trust intends to invest that capital, indirectly, in U.S. oil and gas assets that have been identified by Management as being undercapitalized and underexploited, including initially the Salt Flat Interest.

Due to the larger percentage (compared to Canada) of U.S. oil and gas reserves held privately and by non-industry investors, Management believes that there are opportunities for the Trust to indirectly acquire assets which meet its investment criteria. Management believes that it will be able to acquire, operate and exploit U.S. oil and gas production and reserves at competitive costs compared to Canadian oil and gas production and reserves. Management also believes that the following industry conditions currently exist and make investment in the U.S. oil and gas industry attractive: (i) acquisition metrics are lower than in Canada, (ii) the royalty burden is competitive compared to Canada, and (iii) drilling, abandonment, operating and service costs are lower than in Canada.

Management believes that the Trust is well positioned to exploit this business opportunity, through its indirect investment in the Partnership, and execute its primary business objectives of maintaining stable cash flows and pursuing accretive growth opportunities. Combined, the seven persons who are the Administrator Directors and Management have more than 130 years of Canadian energy industry experience and more than 30 years of U.S. energy industry experience. In addition, Management has extensive experience in acquiring and developing oil and gas assets internationally.

The Trust does not anticipate it will be subject to Canadian tax at the trust level, because it will not be a SIFT trust and it intends to distribute its full taxable income to Unitholders each year. Based on the planned capital program in respect of the Salt Flat Interest and on current U.S. federal tax laws, the Trust expects that no material U.S. taxes will be payable in respect of income attributable to the Salt Flat Interest for several years due to deductions available in the U.S. to the Partnership and the CT. In addition, cash distributions paid by the Trust to Canadian resident Unitholders with respect to their Units will not be subject to U.S. withholding tax and Canadian resident Unitholders will not be required to file a U.S. tax return.

The Partnership (or such other entity in which the Trust may invest) intends to focus its acquisition efforts on high quality oil and gas production and proven reserves with positive development potential and an estimated Reserve Life Index of eight to 12 years. Management believes that this type of asset is less attractive to U.S. financial investors including upstream master limited partnerships. Master limited partnerships tend to prefer long-life assets with a Reserve Life Index exceeding 12 years. Management also believes that the larger U.S. independent and major oil companies have focused their financial resources on large land and resource exploration focused assets having large capital requirements and a majority of unproven reserves.

Target Assets

The Trust, through its indirect ownership of the Partnership, intends to target assets which have the following general characteristics:

> ***Reserves and Risk Level*** – The Trust intends to target conventional reserves in the U.S. with remaining low risk exploitation and development potential and a Reserve Life Index of eight to 12 years. The Trust does not intend to engage in exploration activities or to compete for high cost, high capital resource plays that have large drilling commitments and large amounts of undeveloped exploration acreage.
>
> ***Location*** – Management plans to pursue acquisition opportunities predominantly in the following core basins within the U.S.: Texas, Midcontinent, Rockies and the Williston Basin. These regions have been identified by Management as having concentrations of assets with long-life production profiles, unexploited low-risk upside remaining, access to good infrastructure and lower operating costs. In addition, Management believes there are consolidation opportunities in these basins as a result of unconsolidated surface rights ownership and, in many cases, production leases being held by non-industry, passive owners who have held such assets as sources of cash flow, often for decades. Investment opportunities in other areas within the U.S. may be assessed from time to time if acquisition opportunities that meet the Trust's investment criteria are identified.
>
> ***Operations*** – The Partnership's assets may be either non-operated or operated. Where the Partnership does not operate, it will seek to have a high degree of control over how capital is spent, through joint operating agreements. The Partnership may operate certain properties and Management believes it will have access to experienced employees and third party contractors for such purpose. Management believes that its strategy of partnering on a joint venture basis with local U.S. energy industry participants will provide it with access to local operations and thus a favourable consolidation mechanism in the Partnership's core regions.
>
> ***Commodity Balance*** – Over the long term, the Trust intends to hold a balanced portfolio of oil and natural gas producing properties. However, the Trust intends to be opportunistic in selecting its acquisitions and in the use of its exploitation capital. In the near to medium term, the Trust, through its indirect investment in the Partnership, will seek to acquire and operate oil assets with the potential to grow production substantially.

Credit Facility

The Trust intends to obtain access to credit facilities for the Partnership and Management expects available credit to increase commensurate with the growth of the Partnership's borrowing base. The Trust has received a term sheet for the Credit Facility which it expects to enter into concurrently with closing of the Offering. It is anticipated that the Credit Facility will be available to finance growth opportunities and for general corporate purposes. In addition, Management may seek to issue additional Units to provide sufficient capital to fund growth acquisition opportunities.

Hedging Strategy

In the short term, Management does not intend to hedge a substantial amount of production, due to the relatively small number of producing wells that the Partnership is acquiring. However, the Partnership's senior debt lender may require it to put certain hedges into place to protect cash flows and the debt service commitments of the Partnership in the near term. Over the medium and long term, Management intends to hedge less than 50% of its overall production.

USE OF PROCEEDS

The net proceeds to the Trust from the Underwritten Offering will be approximately $119.2 million (approximately $137.53 million if the Over-Allotment Option is exercised in full) after deducting the fees payable to the Underwriters of $7,800,000 ($8,970,000 if the Over-Allotment Option is exercised in full) and the expenses of the Offering estimated to be approximately $3.0 million.

The Trust will not receive any cash proceeds from the Concurrent Offering. The Units issued pursuant to the Concurrent Offering will constitute payment of $20,000,000 of the purchase price for the Salt Flat Interest, based on the Offering price of the Units to be issued pursuant to the Underwritten Offering. The fees payable to the Underwriters and the expenses of the Offering will be paid out of the proceeds of the Underwritten Offering and the proceeds from the prior issuance of the Convertible Notes.

This prospectus also qualifies the distribution of up to 324,103 Units issuable upon the conversion of the $1,577,560 aggregate principal amount of Convertible Notes issued by the Trust on a private placement basis in September and early October 2010. Each Convertible Note will be automatically converted into Units concurrently with closing of the Offering at a conversion price of 50% of the offering price of the Units under the Offering, as to both the outstanding principal amount of the Convertible Notes as well as all accrued interest on such notes until the date of closing of the Offering. See “Consolidated Capitalization”. The proceeds from the private placement of Convertible Notes were used by the Trust to fund costs associated with the formation of the Trust and its subsidiaries, expenses relating to the Salt Flat Acquisition and other general corporate purposes. The Trust will not receive any additional proceeds upon the conversion of the Convertible Notes.

On August 20, 2010, the Administrator, in its capacity as administrator of the Trust, entered into the Purchase and Sale Agreement with OAG to acquire the Salt Flat Interest, an average 73% working interest in the Salt Flat Field by purchasing 80% of OAG’s average 91% working interest in the Salt Flat Field. The Purchase and Sale Agreement was assigned to the Partnership on October 1, 2010. See “Funding, Salt Flat Acquisition and Related Transactions”.

The Trust will use the net proceeds of the Underwritten Offering together with the 2,000,000 Units comprising the Concurrent Offering to acquire CT Units and CT Notes, the CT will in turn use the funds and the 2,000,000 Units to acquire a 99.999% interest in the Partnership, which will use a portion of the amount so invested by the CT to fund a portion of the US$119.2 million purchase price (subject to customary closing adjustments) for the Salt Flat Interest. The 2,000,000 Units will comprise the balance of the purchase price for the Salt Flat Interest and will be transferred by the Partnership to the Escrow Agent to be held pursuant to the Escrow Agreement for the benefit of OAG. The GP, which is wholly-owned by the CT, will acquire the remaining 0.001% interest in the Partnership.

After applying a portion of the net proceeds of the Underwritten Offering and transferring the 2,000,000 Units comprising the Concurrent Offering to the Escrow Agent for the benefit of OAG to acquire the Salt Flat Interest, the Trust estimates that the Partnership will have approximately US$23 million in combined working capital and borrowings available under its Credit Facility. The Administrator, together with OAG, has initiated a 69 well development drilling program to fully exploit the Salt Flat Field using conventional horizontal drilling technologies. The Trust anticipates that approximately US$5.2 million will be used following closing of the Offering and prior to December 31, 2010 to fund the Partnership’s portion of the costs of drilling and completing the remaining wells in the drilling program on the Salt Flat Field between June 1 and December 31, 2010. The Trust anticipates that approximately US$10.6 million of the net proceeds of the Underwritten Offering will be used by the Trust to partially fund, through additional investments in the CT and the Partnership, the US$13.9 million capital program in respect of wells that Management plans to drill on the Salt Flat Field in 2011. See “Funding, Salt Flat Acquisition and Related Transactions – Salt Flat Acquisition – Drilling and Production”.

The following table sets out the proceeds to be received by the Trust upon completion of the Offering and the use of those proceeds:

Proceeds:	
Underwritten Offering (1)	$ 130,000,000
Concurrent Offering (2)	20,000,000
Underwriters' fee (3)	(7,800,000)
Expenses of the Offering	(3,000,000)
Net Proceeds from the Offerings	$ 139,200,000
Plus:	
Proceeds from prior issuance of Convertible Notes	1, 577,560
Less:	
Other Compensation (4)	(1,000,000)
Estimated costs for the activities of the Trust to 2010 year end	(1,200,000)
	$ 138,577,560
Converted to US$ (5)	US$ 137,482,797
Use of Proceeds:	
Salt Flat Acquisition (6)	US$ (121,730,000)
Estimated remaining 2010 capital program	(5,200,000)
Partial funding of 2011 capital program (7)	(10,552,797)

Notes:

(1) Does not include proceeds that may be received pursuant to the exercise of the Over-Allotment Option. Such proceeds, if any, will be added to working capital.

(2) The Trust will not receive any cash proceeds from the Concurrent Offering. The Units issued pursuant to the Concurrent Offering will constitute payment of $20,000,000 of the purchase price for the Salt Flat Interest, based on the Offering price of the Units to be issued pursuant to the Underwritten Offering.

(3) Assuming the Over-Allotment Option is not exercised.

(4) This represents the total estimated cash to be paid in partial consideration for the surrender of all Performance Options. Substantially all of this cash will be paid to Canada Revenue Agency as required under the Tax Act with respect to taxes payable as a result of the disposition of the Performance Options. See "Executive Compensation".

(5) Converted at a foreign exchange rate of CAN$1.00 = US$ 0.9921, the noon rate of exchange posted by the Bank of Canada for conversion of Canadian dollars into U.S. dollars on November 15, 2010.

(6) US$119.2 million purchase price, adjusted for estimated closing adjustments which include the Partnership's proportionate share of capital expenditures incurred and net operating income accruing since the June 1, 2010 effective date under the Purchase and Sale Agreement. The Units issued pursuant to the Concurrent Offering will constitute payment of $20,000,000 of the purchase price.

(7) Full year 2011 capital program estimated by Management to be US$13.9 million.

While the Trust currently intends to use the net proceeds of the Underwritten Offering as described above, there may be circumstances where a reallocation of funds is advisable. These circumstances may include one or more of the following: a change in estimated costs for the activities of the Trust; the acceleration, scaling back, delay or cancellation of development programs if deemed advisable by the Administrator based on the results of development work, economic conditions or other factors; or if business development activities result in opportunities that are expected to generate additional Unitholder value.

FUNDING, SALT FLAT ACQUISITION AND RELATED TRANSACTIONS

Closing Transactions

The following is a summary of the principal transactions that will take place in connection with the completion of the Offering:

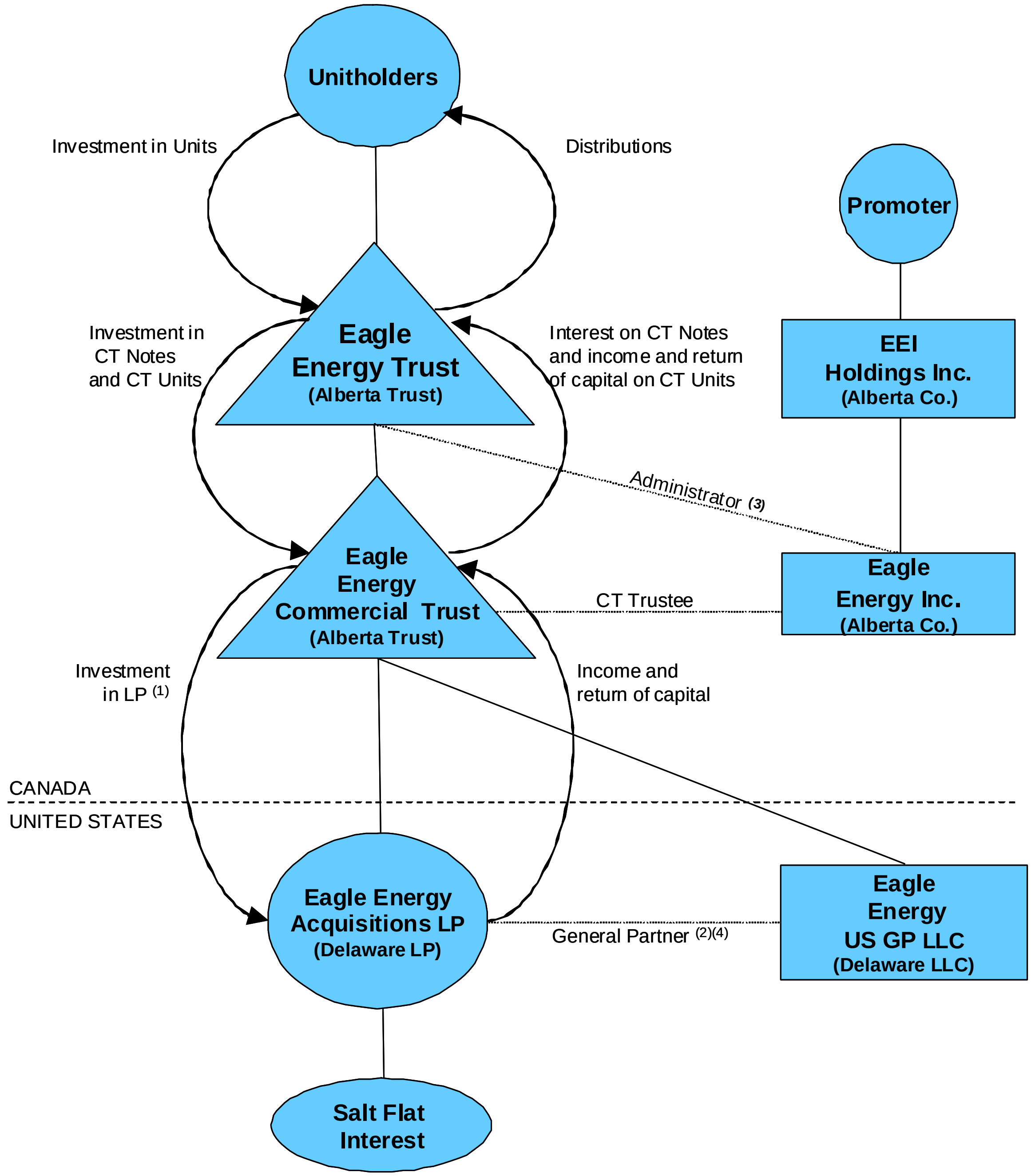
1. The Trust will use the net proceeds of the Underwritten Offering together with the 2,000,000 Units comprising the Concurrent Offering to subscribe for one or more CT Notes in the aggregate principal amount of $74,029,000 and 6,457,070 CT Units at a price per CT Unit of $10, representing 100% of all CT Notes and CT Units.

2. The CT will use all of the proceeds in respect of the CT Notes and the CT Units, including the 2,000,000 Units, to subscribe for a 99.999% interest in the Partnership. The GP, which is wholly-owned by the CT, will acquire the remaining 0.001% interest in the Partnership.

3. The Partnership and the GP will effect a series of additional transactions, as a result of which the Partnership will acquire the Salt Flat Interest for a purchase price of US$119.2 million (subject to customary closing adjustments), funded from a portion of the net proceeds of the Underwritten Offering and by the transfer to the Escrow Agent for the benefit of OAG of the 2,000,000 Units comprising the Concurrent Offering, and hold the balance of the net proceeds of the Underwritten Offering.

Structure Following Closing

The following chart illustrates the structure of the Trust following completion of the Offering and the indirect investment by the Trust in the Partnership and related transactions (as described in more detail in "Funding, Salt Flat Acquisition and Related Transactions"). All subsidiaries of the Trust will be directly or indirectly wholly-owned by the Trust. All of the shares of the Administrator are owned by EEI Holdings, which is in turn wholly-owned by the Promoter.



Notes:

(1) A 99.999% interest in the Partnership.

(2) A 0.001% interest in the Partnership.

(3) Pursuant to the terms of the Administrative Services Agreement, the Administrator will perform all general and administrative services that are or may be required or advisable, from time to time, for the Trust.

(4) Pursuant to the terms of the LP Agreement, the GP will perform all general, administrative and operational services that are or may be required or advisable, from time to time, for the Partnership.

Salt Flat Acquisition

Purchase and Sale Agreement

The Administrator entered into the Purchase and Sale Agreement with OAG to acquire the Salt Flat Interest, being an average 73% working interest in the Salt Flat Field, by purchasing 80% of OAG's average 91% working interest in the Salt Flat Field. The Salt Flat Field is a light oil property located in South Central Texas and the Salt Flat Interest consists of producing wells and undeveloped leasehold interests.

The Purchase and Sale Agreement was signed on August 20, 2010 and the Salt Flat Acquisition has an effective date of June 1, 2010. The Purchase and Sale Agreement was assigned to the Partnership on October 1, 2010. On November 14, 2010, the Purchase and Sale Agreement was amended to provide for the subscription by OAG for the Units to be issued pursuant to the Concurrent Offering, as payment of $20,000,000 of the purchase price for the Salt Flat Interest.

The purchase price for the Salt Flat Interest is US$119.2 million, subject to customary adjustments at closing relating to net cash flow and expenses (capital and operating) accruing from the effective date. The purchase price will be funded from a portion of the net proceeds of the Underwritten Offering and by the issuance by the Trust to OAG of the Units comprising the Concurrent Offering. The Units comprising the Concurrent Offering will be deposited with the Escrow Agent under the Escrow Agreement for the benefit of OAG until certain TSX requirements are satisfied and the Escrow Period has expired. The closing of the Salt Flat Acquisition will occur concurrently with the closing of the Offering.

In addition to the Purchase and Sale Agreement, the Administrator also entered into the Joint Operating Agreement and Joint Venture Agreement described below, both of which become effective upon the closing of the Salt Flat Acquisition. The Purchase and Sale Agreement also provides that the parties will sign such other agreements, transfers and conveyances as are customary in transactions of the nature of the Salt Flat Acquisition. On October 1, 2010 the Administrator assigned its rights under the Joint Operating Agreement and Joint Venture Agreement to the Partnership.

The representations and warranties of OAG in the Purchase and Sale Agreement include authority and power to transact, compliance with environmental and other laws and government regulations, and no litigation for which the Partnership will be liable. Representations and warranties will survive for a minimum of eight months after the closing of the Salt Flat Acquisition and the Offering. Additionally, certain fundamental representations and warranties relating to, among other things, power and authority to contract, payment of broker fees and prior taxes, will survive until the expiration of the applicable statute of limitation under applicable law and regulation. Purchasers of Units are encouraged to review the terms of the Purchase and Sale Agreement for a complete description of representations, warranties and indemnities (and related limitations). The Purchase and Sale Agreement is available at www.sedar.com. See "Material Contracts".

OAG is not a promoter, is not a signatory to this prospectus and makes no representations under this prospectus. Purchasers of Units under this prospectus will not have a direct statutory right of action against OAG. Unitholders' sole indirect remedy against OAG will be through the Partnership exercising its rights under the Purchase and Sale Agreement to claim for indemnification in respect of a breach of the representations and warranties in that agreement by OAG, subject to the limitations described above. There can be no assurance of recovery by the Partnership from OAG for breaches of its representations and warranties. See "Risk Factors".

Completion of the Salt Flat Acquisition contemplated by the Purchase and Sale Agreement is conditional upon, among other things, the closing of the Offering and other customary conditions. The Partnership is entitled to waive certain closing conditions and elect to complete the transactions contemplated by the Purchase and Sale Agreement. See "Use of Proceeds".

Based on third-party prepared title opinions, the Trust has confirmed title as to the leases and wells that comprise the majority of the reserves value of the Salt Flat Interest as reflected in the GLJ Reserve Report. Due to OAG having sold unrecorded beneficial interests in the Salt Flat Field to certain investors which are not reflected in the county real property records, on leases representing approximately 9% of the value of Salt Flat Acquisition, the Trust may ultimately determine to rely in part on OAG's representations in the Purchase and Sale Agreement regarding title in respect of those leases. The Trust has no reason to believe that those representations are inaccurate, and if determined necessary by Management, it will attempt to review the documentation respecting the unrecorded beneficial interests as an alternative method to court house searches for verifying title. However, the Trust may not receive the assurance at closing normally afforded to fully registered interests as to the title it will acquire in those particular leases.

Due diligence was conducted by the Administrator and independent professionals in the areas of technical, environmental, land title and property revenue and operating expense audit. An environmental liability assessment was conducted by Carr on the Salt Flat Interest. No material environmental defects were, in the opinion of Management, identified by Carr. As at the date hereof, no material outstanding landowner or governmental complaints exist in relation to the Salt Flat Interest. There are no preferential or transfer rights that would prevent the acquisition of all of the Salt Flat Interest.

As a result of subscribing for 2,000,000 Units, OAG will hold approximately 12.5% of the outstanding Units upon completion of the Offering (prior to exercise of the Over-Allotment Option). See "Consolidated Capitalization". OAG will therefore become an "insider" within the meaning of provincial securities laws. The TSX requires that all insiders of the Trust, including OAG, furnish certain information to the TSX to allow for customary background reviews. The background reviews are not expected to be completed by the TSX until after closing of the Offering. As a result, it was a condition of the TSX's approval of the listing of the Units that all Units issued to OAG pursuant to the Concurrent Offering be transferred to the Escrow Agent and held pursuant to the Escrow Agreement for the benefit of OAG. If satisfactory background reviews are not obtained, then OAG must after the end of the Escrow Period sell at least that number of Units that will result in OAG holding less than 10% of the outstanding Units.

Joint Operating Agreement and Joint Venture Agreement

The Joint Operating Agreement and Joint Venture Agreement were executed on August 20, 2010 and become effective upon the closing of the Salt Flat Acquisition.

The Joint Venture Agreement sets out how the relationship between the Partnership and OAG, as the manager of the Salt Flat Field, is governed, and names North South Oil (an affiliate of OAG) as the operator subject to prescribed restrictions and powers. The Joint Operating Agreement is in the 1989 model form adopted by the American Association of Petroleum Landmen. Along with its associated accounting procedure and insurance schedule, the Joint Operating Agreement governs the detailed day-to-day operating and joint venture accounting procedures.

As the majority interest owner in the Salt Flat Field, the Partnership will have the ability to manage the capital spending of the operator as contemplated by the Joint Operating Agreement and the Joint Venture Agreement, in accordance with the rights and powers typically afforded (in both Canada and the U.S.) to majority interest owners as a standard term of such agreements.

Within the Joint Venture Agreement there are provisions providing the Partnership with the right to acquire additional assets within a prescribed area, the boundaries of which are situated in the counties of Caldwell and Guadalupe in the State of Texas. That right is substantially on the same terms and conditions under which the Salt Flat Interest was acquired, except for the commodity pricing component of the valuation, which will be based on a then current West Texas Intermediate forward strip price model. The additional assets encompassed by the Joint Venture Agreement include three additional oil fields in which OAG has agreed to continue drilling programs to define the reserves. Management believes that significant development opportunities exist in these lands within the same geological formations that are produced in the Salt Flat Field. Provisions exist that restrict OAG from soliciting offers for these assets. The Partnership's right to acquire additional assets within the prescribed area under the Joint Venture Agreement will be suspended during the Escrow Period.

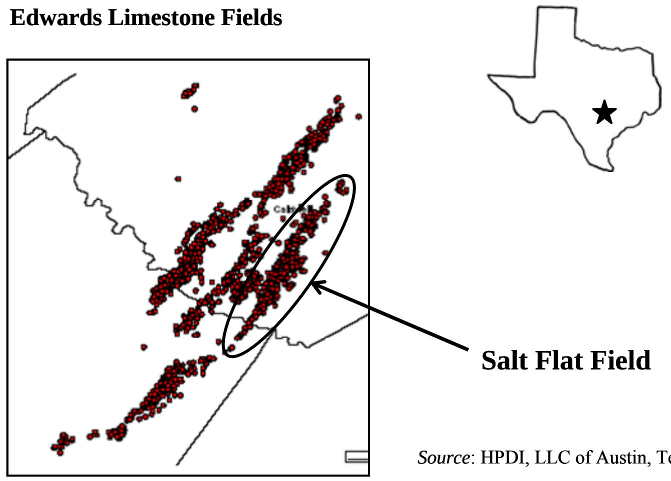
The Salt Flat Interest

Upon closing of the Offering and of the Salt Flat Acquisition, the Partnership's producing assets will be the Salt Flat Interest located in Caldwell County, South Central Texas.

The Salt Flat Interest represents an average 73% working interest in the Salt Flat Field which the Partnership will acquire by purchasing 80% of OAG's average 91% working interest in the Salt Flat Field. Upon completion of the Salt Flat Acquisition, OAG will retain an average 18% working interest, and third parties will continue to own the remaining average 9% working interest, in the oil and gas leases that make up the Salt Flat Field. As part of the Salt Flat Acquisition, the Partnership has entered into the Joint Operating Agreement and Joint Venture Agreement with North South Oil which has agreed to act as the operator of the Salt Flat Field. North South Oil is an experienced operator in the area and will manage all drilling, completion and production operations on behalf of the joint venture partners. See "Funding, Salt Flat Acquisition and Related Transactions" and "Material Contracts".

The Salt Flat Field is located in Caldwell County, 75 kilometres south of Austin in South Central Texas. The Salt Flat Field was discovered in 1928 and produced from the Edwards limestone formation, utilizing vertical well technology of the day, until the 1960s when it was abandoned in favour of the up-hole Austin Chalk and Budda producing formations. In 2007, OAG initiated a horizontal drilling program in the Edwards limestone formation as a result of successes experienced by another operator in neighbouring fields. To date, OAG and North South Oil have successfully acquired controlling interests and operatorship of the Edwards limestone formation in the Salt Flat Field, and have drilled and completed 22 horizontal wells within the Salt Flat Field. As a result of that drilling program, the Trust believes that the Salt Flat Field has been sufficiently evaluated and the oil column of the Edwards limestone formation has been sufficiently delineated to allow for commercial exploitation of the reserves consistent with the strategy of the Trust.

Edwards Limestone Fields



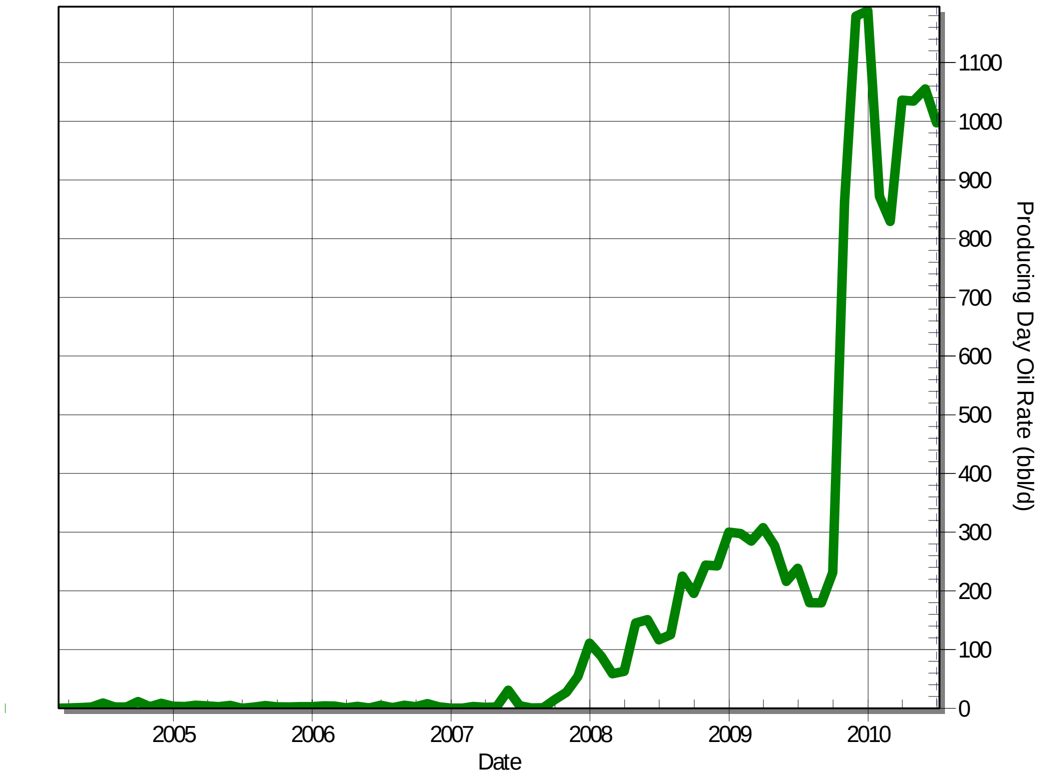
Source: HPDI, LLC of Austin, Texas.

The oil reservoir contained within the Edwards limestone formation is located approximately 850 metres below the surface and is between 15 metres and 45 metres thick. Data collected from the Salt Flat Field indicates the reservoir consists of a number of uniformly stacked carbonate beds with porosity values ranging from 10% to 35%. The horizontal wells that have been drilled to date have been completed in the uppermost zone of the oil reservoir, located approximately three metres from the top of the Edwards limestone formation, and have lateral reaches of up to 520 metres. Due to very good reservoir quality, these wells do not require any acid or fracture stimulation. The Edwards limestone formation produces light, low viscosity oil (36 degrees API) along with small quantities of natural gas. Currently, the produced natural gas has not been conserved; however, the operator may decide to do so in the future. Oil produced from the producing wells is trucked 4.8 km to an oil terminal for blending and marketing as West Texas Intermediate sour crude at market prices. Produced salt water is disposed of in vertical salt water disposal wells located in the Salt Flat Field. OAG is a majority interest owner in all of the batteries and salt water disposal facilities in the Salt Flat Field and is conveying 80% of its interest in those batteries and facilities to the Partnership.

Historical Production

The following graph shows the increase in total crude oil production from the Salt Flat Field between March 2004 and June 2010. From 2004 to 2008 the Salt Flat Field was produced at low rates (less than five bbls/d for the entire Salt Flat Field) from the Austin Chalk formation. In 2007, OAG acquired an interest in the Salt Flat Field and began a vertical and initial horizontal drilling program in the Edwards limestone formation, which increased total field production to 300 bbls/d. In October 2009, OAG began drilling horizontal wells using the technology and practices it employs today. This resulted in an increase in total field production to over 1,000 bbls/d by the end of 2009. The total field production as at September 30, 2010 from the 14 wells drilled by OAG since 2008 was over 1,350 bbls/d.

Salt Flat Field Total Production (to June 30, 2010)



The first 13 wells drilled by OAG in the Salt Flat Field were conducted on oil and gas leases where OAG owned working interests ranging from 30% to 100%, resulting in an average working interest of 51.5%. The development drilling program described below under "Drilling and Production" will be conducted on leases on which OAG currently has working interests of 100%, of which the Partnership will own an 80% working interest upon completion of the Salt Field Acquisition. Management believes that this increased percentage working interest will allow the Partnership to increase its level of production as described below.

Drilling and Production

The operator, North South Oil, has initiated a 69 well development drilling program over the next four years to fully exploit the Salt Flat Field using conventional horizontal drilling technologies. The 2010 drilling program from June 1 to the end of 2010, as set out in the GLJ Reserve Report, consists of the drilling of nine horizontal and three salt water disposal wells. The operator has contracted a drilling rig to drill those wells. The Partnership intends to fund its portion of the capital cost through a combination of a portion of the proceeds of the Underwritten Offering and borrowings under the Credit Facility.

From June 1, 2010 to the date of this prospectus, nine horizontal wells and a salt water disposal well have been drilled. Four of those horizontal wells are now on production, increasing the production to be acquired by the Partnership at the closing of the Salt Flat Acquisition to over 900 bbls/d. Management expects that the remaining five horizontal wells, along with the additional well drilled prior to June 2010 that requires a work over, will be brought on production in November and December 2010 into existing facilities. Management expects this to increase the Partnership's working interest production to between 1,200 and 1,300 bbls/d by the end of 2010. The GLJ Reserve Report contemplates the drilling of nine horizontal and three salt water disposal wells from June 1 to the end if 2010, but up to 14 horizontal wells may be drilled in 2010 using available equipment if economic conditions dictate. Production increases beyond 2010 are expected by Management to be as forecasted in the GLJ Reserve Report.

The horizontal wells drilled by OAG since June 1, 2010 were drilled on time and at or under the estimated cost in the GLJ Reserve Report. GLJ forecast the initial gross production rate per well to average 175 bbls/d and the expected gross proven plus probable reserves per well to average approximately 130,000 bbls. At an 80% working interest, the Trust's share per well of this forecast production and reserves will be 140 bbls/d and 104,000 bbls, respectively.

Average netbacks for the first nine months of 2010 were US$52.56 per bbl. Netback is calculated by subtracting royalties, transportation costs and production expenses from crude oil revenue. Management believes that per-barrel netbacks would have been approximately one US dollar higher over the same period if production during that period had been subject to more favourable marketing arrangements recently entered into by North South Oil. These new arrangements will apply to production from the Salt Flat Field through 2011. See "The Industry – Operations – Marketing".

RESERVES AND OTHER OIL AND GAS INFORMATION

Disclosure of Reserves Data

In accordance with NI 51-101, the reserves data of the Salt Flat Interest set forth below is based upon an evaluation by GLJ using the GLJ Reserve Report with an original effective date of June 1, 2010 adjusted for production, operating and capital costs and cash flow as of July 1, 2010. A GLJ July 1, 2010 price forecast was used in the GLJ Reserve Report. The GLJ Reserve Report evaluated, as at June 1, 2010, projected to July 1, 2010, the crude oil, NGL and natural gas reserves associated with the Salt Flat Interest. The tables below are a combined summary of the reserves and the net present value of future net revenue attributable to the reserves as evaluated in the GLJ Reserve Report based on GLJ's July 1, 2010 forecast price and cost assumptions and supplied lease operating expenses. The tables summarize the data contained in the GLJ Reserve Report and, as a result, may contain slightly different numbers than such report due to rounding. Also due to rounding, certain columns may not add exactly.

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

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

In preparing the GLJ Reserve Report, information was obtained from OAG and North South Oil, which included working and net revenue interest data, historical production, well information, geological information, reservoir studies, estimates of on-stream dates, contract information, current hydrocarbon product prices, operating cost data, financial data and future operating plans. Other engineering, geological or economic data required to conduct the evaluations and upon which the GLJ Reserve Report is based was obtained from public records, other operators and from non-confidential files. The extent and character of ownership and the accuracy of all factual data supplied for the independent evaluation, from all sources, was accepted by GLJ as represented.

The Report on Reserves Data by GLJ in Form 51-101F2 and the Report of Management and Directors on Reserves Data and Other Information in Form 51-101F3 are attached to this prospectus as Appendix C and Appendix D, respectively. All evaluations and reviews of future net cash flow are stated prior to any provision for interest costs or general and administrative costs and after the deduction of estimated future capital expenditures for wells to which reserves have been assigned. It should not be assumed that the estimated future net cash flow shown below is representative of the fair market value of properties. There is no assurance that such price and cost assumptions will be attained and variances could be material. The recovery and reserve estimates of crude oil reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered.

Additional information not required by NI 51-101 has been presented because Management believes it to be important. GLJ was engaged by the Administrator to provide an evaluation of proved and probable reserves. All of the Salt Flat Field's reserves are located in the U.S.

Reserves Data – Forecast Prices and Costs

Summary of Oil and Gas Reserves

Reserves Category	Light and Medium Oil		Heavy Oil		Natural Gas		Natural Gas Liquids		Total Oil Equivalent	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
	(Mbbls)	*(Mbbls)*	*(Mbbls)*	*(Mbbls)*	*(MMcf)*	*(MMcf)*	*(Mbbls)*	*(Mbbls)*	*(Mboe)*	*(Mboe)*
Proved										
Developed Producing	402	305	0	0	0	0	0	0	402	305
Developed Non-Producing	75	56	0	0	0	0	0	0	75	56
Undeveloped	2,370	1,778	0	0	0	0	0	0	2,370	1,778
Total Proved	2,847	2,139	0	0	0	0	0	0	2,847	2,139
Probable	3,981	2,987	0	0	0	0	0	0	3,981	2,987
Total Proved Plus Probable	6,829	5,126	0	0	0	0	0	0	6,829	5,126

Summary of Net Present Value of Future Net Revenue of Oil and Gas Reserves

Reserves Category	Net Present Value of Future Net Revenue Before Income Taxes Discounted at (%/year) (1)					Unit Value Before Income Tax Discounted at 10%/year	
	0%	5%	10%	15%	20%		
	(US$000)	*(US$000)*	*(US$000)*	*(US$000)*	*(US$000)*	*(US$/boe)*	*(US$/Mcfe)*
Proved							
Developed Producing	16,091	13,272	11,391	10,059	9,070	37.31	6.22
Developed Non-Producing	1,696	1,264	966	751	589	17.17	2.86
Undeveloped	65,756	51,083	41,036	33,831	28,464	23.08	3.85
Total Proved	83,543	65,619	53,392	44,640	38,123	24.96	4.16
Probable	161,526	107,894	76,509	56,831	43,773	25.62	4.27
Total Proved Plus Probable	245,069	173,513	129,902	101,471	81,897	25.34	4.22

Note:
(1) Estimates of after-tax future net revenue are not presented because the Trust will not be subject to taxes in Canada.

Additional Information Concerning Future Net Revenue (Undiscounted)

Reserves Category	Revenue	Royalties	Operating Costs	Development Costs	Abandonment and Reclamation Costs	Future Net Revenue Before Income Tax Expenses (1)
	(US$000)	*(US$000)*	*(US$000)*	*(US$000)*	*(US$000)*	*(US$000)*
Proved						
Developed Producing	33,350	9,644	7,285	296	34	16,091
Developed Non-Producing	6,177	1,841	1,437	1,198	5	1,696
Undeveloped	199,054	59,318	45,876	27,941	164	65,756
Total Proved	238,581	70,802	54,598	29,434	204	83,543
Probable	364,829	108,641	61,064	33,402	196	161,526
Total Proved Plus Probable	603,410	179,443	115,662	62,837	400	245,069

Note:
(1) Estimates of after-tax future net revenue are not presented because the Trust will not be subject to taxes in Canada.

Future Net Revenue by Production Group [(1)(2)]

Reserves Category	Future Net Revenue Before Income Taxes (Discounted at 10%/year)	Unit Value	
	(US$000)	*(US$/boe)*	*(US$/Mcfe)*
Proved			
Light and Medium Oil	53,392	24.96	4.16
Heavy Oil	0	0	0
Natural Gas	0	0	0
Total Proved	53,392	24.96	4.16

Reserves Category	Future Net Revenue Before Income Taxes (Discounted at 10%/year)	Unit Value	
	(US$000)	*(US$/boe)*	*(US$/Mcfe)*
Proved Plus Probable			
Light and Medium Oil	129,902	25.34	4.22
Heavy Oil	0	0	0
Natural Gas	0	0	0
Total Proved Plus Probable	129,902	25.34	4.22

Notes:

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

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

For future net revenue of the total proved reserves, discounted at 10%, 100% of the revenue is from light and medium oil, 0% from heavy oil, and 0% from natural gas. For the total proved plus probable reserves, 100% of the revenue is from light and medium oil, 0% from heavy oil, and 0% from natural gas.

Revenue and Expense Forecast

The following tables provide a detailed cash flow analysis for proved plus probable reserves from the GLJ Reserve Report.

	Revenue Before Burdens														
	Working Interest *(US$000)*				**Royalty Interest** *(US$000)*	**Company Interest** *(US$000)*	**Royalty Burdens Pre-Processing** *(US$000)*		**Gas Processing Allowance** *(US$000)*		**Total Royalty After Process** *(US$000)*	**Net Revenue After Royalty** *(US$000)*	**Operating Expenses** *(US$000)*		
Year	Oil	Gas	NGL+Sul	Total	Total	Crown	Crown	Other	Crown	Other			Fixed	Variable	Total
2010	10,941	0	0	10,941	0	10,941	0	2,699	0	0	2,699	8,242	205	625	830
2011	37,956	0	0	37,956	0	37,956	0	9,439	0	0	9,439	28,517	864	2,550	3,414
2012	51,961	0	0	51,961	0	51,961	0	12,952	0	0	12,952	39,009	1,339	3,733	5,072
2013	58,502	0	0	58,502	0	58,502	0	14,593	0	0	14,593	43,908	1,875	4,573	6,449
2014	61,133	0	0	61,133	0	61,133	0	15,255	0	0	15,255	45,878	2,328	5,051	7,379
2015	49,887	0	0	49,887	0	49,887	0	12,446	0	0	12,446	37,440	2,506	4,687	7,194
2016	40,660	0	0	40,660	0	40,660	0	10,141	0	0	10,141	30,518	2,556	4,124	6,681
2017	35,343	0	0	35,343	0	35,343	0	8,814	0	0	8,814	26,529	2,608	3,740	6,348
2018	31,758	0	0	31,758	0	31,758	0	7,920	0	0	7,920	23,838	2,660	3,458	6,118
2019	28,951	0	0	28,951	0	28,951	0	7,220	0	0	7,220	21,732	2,709	3,239	5,949
2020	26,587	0	0	26,587	0	26,587	0	6,630	0	0	6,630	19,957	2,746	3,055	5,802
2021	24,381	0	0	24,381	0	24,381	0	6,080	0	0	6,080	18,301	2,801	2,916	5,717
Sub.	458,058	0	0	458,058	0	458,058	0	114,190	0	0	114,190	343,868	25,199	41,754	66,953
Rem	145,352	0	0	145,352	0	145,352	0	36,264	0	0	36,264	109,088	26,774	21,935	48,709
Total	**603,410**	**0**	**0**	**603,410**	**0**	**603,410**	**0**	**150,454**	**0**	**0**	**150,454**	**452,956**	**51,972**	**63,689**	**115,662**
Disc	326,046	0	0	326,046	0	326,046	0	81,270	0	0	81,270	244,776	19,762	30,237	49,999

								Net Capital Investment				**Before Tax Cash Flow**		
Year	State & AV Tax *(US$000)*	Capital Tax *(US$000)*	NPI Burden *(US$000)*	**Net Prod'n Revenue** *(US$000)*	Other Income *(US$000)*	**Aband. Costs** *(US$000)*	**Oper. Income** *(US$000)*	Dev *(US$000)*	Plant *(US$000)*	Tang *(US$000)*	Total *(US$000)*	Annual *(US$000)*	Cum *(US$000)*	10.0% Dcf *(US$000)*
2010	527	0	0	6,884	0	0	6,884	7,264	0	10	7,274	-391	-391	-381
2011	1,825	0	0	23,278	0	4	23,273	13,864	0	0	13,864	9,410	9,019	8,173
2012	2,497	0	0	31,440	0	0	31,440	13,151	0	0	13,151	18,289	27,308	23,288
2013	2,810	0	0	34,649	0	0	34,649	11,716	0	0	11,716	22,934	50,242	40,518
2014	2,936	0	0	35,563	0	0	35,563	11,950	0	0	11,950	23,612	73,854	56,646
2015	2,396	0	0	27,850	0	0	27,850	0	0	0	0	27,850	101,705	73,939
2016	1,953	0	0	21,884	0	0	21,884	0	0	0	0	21,884	123,589	86,292
2017	1,698	0	0	18,483	0	0	18,483	0	0	0	0	18,483	142,072	95,776
2018	1,526	0	0	16,195	0	0	16,195	0	0	0	0	16,195	158,266	103,331
2019	1,391	0	0	14,392	0	3	14,389	0	0	296	296	14,094	172,360	109,308
2020	1,277	0	0	12,878	0	0	12,878	0	0	758	758	12,120	184,480	113,981
2021	1,171	0	0	11,413	0	0	11,413	0	0	1,119	1,119	10,294	194,774	117,589
Sub.	22,008	0	0	254,908	0	7	254,901	57,945	0	2,183	60,127	194,774	194,774	117,589
Rem	6,982	0	0	53,397	0	393	53,005	0	0	2,709	2,709	50,295	245,069	129,902
Total	**28,989**	**0**	**0**	**308,305**	**0**	**400**	**307,906**	57,945	**0**	**4,892**	**62,837**	**245,069**	245,069	**129,902**
Disc	15,666	0	0	179,112	0	64	179,048	47,529	0	1,617	49,146	129,902	129,902	129,902

Notes and Definitions

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

Reserve Categories

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

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

> "**Reserves**" are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on
>
> (a) analysis of drilling, geological, geophysical and engineering data;
>
> (b) the use of established technology; and
>
> (c) specified economic conditions, which are generally accepted as being reasonable, and shall be disclosed.
>
> Reserves are classified according to the degree of certainty associated with the estimates.
>
> "**Proved reserves**" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.
>
> "**Developed producing reserves**" are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
>
> "**Developed non-producing reserves**" are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.
>
> "**Undeveloped reserves**" are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.
>
> In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to sub-divide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.
>
> "**Probable reserves**" are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

Levels of Certainty for Reported Reserves

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

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

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

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

A quantitative measure of the certainty levels pertaining to estimates prepared for the various reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of reserves estimates will be prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional Definitions

The following terms, used in the preparation of the GLJ Reserve Report and this prospectus, have the following meanings:

"**associated gas**" means the gas cap overlying a crude oil accumulation in a reservoir.

"**crude oil**" or "**oil**" means a mixture consisting mainly of pentanes and heavier hydrocarbons that exists in the liquid phase in reservoirs and remains liquid at atmospheric pressure and temperature. Crude oil may contain small amounts of sulphur and other non-hydrocarbons but does not include liquids obtained from the processing of natural gas.

"**development costs**" means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from the reserves.

More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:

(a) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines and power lines, to the extent necessary in developing the reserves;

(b) drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and the wellhead assembly;

(c) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and

(d) provide improved recovery systems.

"**development well**" means a well drilled inside the established limits of an oil or gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive.

"**exploration costs**" means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells.

Exploration costs may be incurred both before acquiring the related property (sometimes referred to in part as "prospecting costs") and after acquiring the property. Exploration costs, which include applicable operating costs of support equipment and facilities and other costs of exploration activities, are:

(a) costs of topographical, geochemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies (collectively sometimes referred to as "geological and geophysical costs");

(b) costs of carrying and retaining unproved properties, such as delay rentals, taxes (other than income and capital taxes) on properties, legal costs for title defence, and the maintenance of land and lease records;

(c) dry hole contributions and bottom hole contributions;

(d) costs of drilling and equipping exploratory wells; and

(e) costs of drilling exploratory type stratigraphic test wells.

"**exploratory well**" means a well that is not a development well, a service well or a stratigraphic test well.

"**field**" means a defined geographic area consisting of one or more pools.

"**forecast prices and costs**" means future prices and costs that are:

(a) generally accepted as being a reasonable outlook of the future;

(b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the reporting issuer is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a).

"**future net revenue**" means the estimated net amount to be received with respect to the development and production of reserves (including synthetic oil, coal bed methane and other non-conventional reserves) estimated using: forecast prices and costs; and at the option of the reporting issuer, constant prices and costs.

This net amount is computed by deducting, from estimated future revenues:

(a) estimated amounts of future royalty obligations;

(b) costs related to the development and production of reserves;

(c) abandonment and reclamation costs; and

(d) future income tax expenses, unless otherwise specified in NI 51-101, Form 51-101F1 or Form 51-101F2.

Corporate general and administrative expenses and financing costs are not deducted. Net present values of future net revenue may be calculated using a discount rate or without discount.

"**gas**" or "**natural gas**" means a mixture of lighter hydrocarbons that exist either in the gaseous phase or in solution in crude oil in reservoirs but are gaseous at atmospheric conditions. Natural gas may contain sulphur or other non-hydrocarbon compounds.

"**gross**" means:

(a) In relation to a reporting issuer's interest in production or reserves, its "company gross reserves", which are the reporting issuer's working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the reporting issuer.

(b) In relation to wells, the total number of wells in which a reporting issuer has an interest.

(c) In relation to properties, the total area of properties in which a reporting issuer has an interest.

"**natural gas liquids**" means those hydrocarbon components that can be recovered from natural gas as liquids including, but not limited to, ethane, propane, butanes, pentanes plus, condensate and small quantities of non-hydrocarbons.

"**net**" means:

(a) In relation to a reporting issuer's interest in production or reserves, the reporting issuer's working interest (operating or non-operating) share after deduction of royalty obligations, plus the reporting issuer's royalty interests in production or reserves.

(b) In relation to a reporting issuer's interest in wells, the number of wells obtained by aggregating the reporting issuer' s working interest in each of its gross wells.

(c) In relation to a reporting issuer's interest in a property, the total area in which the reporting issuer has an interest multiplied by the working interest owned by the reporting issuer.

"**non-associated gas**" means an accumulation of natural gas in a reservoir where there is no crude oil.

"**operating costs**" or "**production costs**" means costs incurred to operate and maintain wells and related equipment and facilities, including applicable operating costs of support equipment and facilities and other costs of operating and maintaining those wells and related equipment and facilities.

"**production**" means the cumulative quantity of petroleum that has been recovered at a given date.

Recovering, gathering, treating, field or plant processing (for example, processing gas to extract natural gas liquids) and field storage of oil and gas.

The oil production function is usually regarded as terminating at the outlet valve on the lease or field production storage tank. The gas production function is usually regarded as terminating at the plant gate. In some circumstances, it may be more appropriate to regard the production function as terminating at the first point at which oil, gas, or their by-products are delivered to a main pipeline, a common carrier, a refinery or a marine terminal.

"**property**" includes:

(a) fee ownership or a lease, concession, agreement, permit, license or other interest representing the right to extract oil or gas subject to such terms as may be imposed by the conveyance of that interest;

(b) royalty interests, production payments payable in oil or gas, and other non-operating interests in properties operated by others; and

(c) an agreement with a foreign government or authority under which a reporting issuer participates in the operation of properties or otherwise serves as "producer" of the underlying reserves (in contrast to being an independent purchaser, broker, dealer or importer).

A property does not include supply agreements, or contracts that represent a right to purchase, rather than extract, oil or gas.

"**property acquisition costs**" means costs incurred to acquire a property (directly by purchase or lease, or indirectly by acquiring another corporate entity with an interest in the property), including:

(a) costs of lease bonuses and options to purchase or lease a property;

(b) the portion of the costs applicable to hydrocarbons when land including rights to hydrocarbons is purchased in fee;

(c) brokers' fees, recording and registration fees, legal costs and other costs incurred in acquiring properties.

"**proved property**" means a property or part of a property to which reserves have been specifically attributed.

"**reservoir**" means a porous and permeable subsurface rock formation that contains a separate accumulation of petroleum that is confined by impermeable rock or water barriers and is characterized by a single pressure system.

"**service well**" means a well drilled or completed for the purpose of supporting production in an existing field. Wells in this class are drilled for the following specific purposes: gas injection (natural gas, propane, butane or flue gas), water injection, steam injection, air injection, salt-water disposal, water supply for injection, observation, or injection for combustion.

"**solution gas**" means gas dissolved in crude oil.

"**stratigraphic test well**" means a drilling effort, geologically directed, to obtain information pertaining to a specific geologic condition. Ordinarily, such wells are drilled without the intention of being completed for hydrocarbon production. They include wells for the purpose of core tests and all types of expendable holes related to hydrocarbon exploration.

Stratigraphic test wells are classified as "exploratory type" if not drilled into a proved property; or "development type", if drilled into a proved property. Development type stratigraphic wells are also referred to as "evaluation wells".

"**support equipment and facilities**" means equipment and facilities used in oil and gas activities, including seismic equipment, drilling equipment, construction and grading equipment, vehicles, repair shops, warehouses, supply points, camps, and division, district or field offices.

"**unproved property**" means a property or part of a property to which no reserves have been specifically attributed.

"**well abandonment costs**" means costs of abandoning a well (net of salvage value) and of disconnecting the well from the surface gathering system. They do not include costs of abandoning the gathering system or reclaiming the well site.

Pricing Assumptions – Forecast Prices and Costs

GLJ employed the following pricing, inflation rate and exchange rate assumptions as of July 1, 2010 in estimating reserves data using forecast prices and costs.

	Natural Gas		Crude Oil		Natural Gas Liquids			Forecast Factors	
Year	Henry Hub NYMEX	AECO/NIT Spot	WTI at Cushing Oklahoma	Edmonton	Pentanes Plus Edmonton	Butanes Edmonton	Propane Edmonton	Inflation Rate	Exchange Rate
	(US$/MMBTU)	*(CAN$/MMBTU)*	*(US$/bbl)*	*(CAN$/bbl)*	*(CAN$/bbl)*	*(CAN$/bbl)*	*(CAN$/bbl)*	*(%/yr)*	*(US$/CAN$)*
Forecast									
2010	5.00	4.62	80.00	83.26	84.93	66.61	49.96	2.0	0.95
2011	5.50	5.21	83.00	86.42	88.15	66.54	54.45	2.0	0.95
2012	6.20	5.95	86.00	89.58	91.37	68.98	56.43	2.0	0.95
2013	6.65	6.42	89.00	92.74	94.59	71.41	58.42	2.0	0.95
2014	7.05	6.79	92.00	95.90	97.82	73.84	60.42	2.0	0.95
2015	7.40	7.05	93.84	97.84	99.79	75.33	61.64	2.0	0.95
2016	7.73	7.40	95.72	99.81	101.81	76.85	62.88	2.0	0.95
2017	8.03	7.72	97.64	101.83	103.86	78.41	64.15	2.0	0.95
2018	8.20	7.89	99.59	103.88	105.96	79.99	65.45	2.0	0.95
2019	8.36	8.06	101.58	105.98	108.10	81.60	66.77	2.0	0.95
2020+	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr		

Undeveloped Reserves

The following discussion generally describes the basis on which proved and probable undeveloped reserves were attributed. The Trust's plans for developing the undeveloped reserves are described below in "Oil and Gas Properties".

Proved Undeveloped Reserves

Proved undeveloped reserves are those reserves expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. In addition, such reserves may relate to planned infill drilling locations. The majority of these reserves are planned to be on stream within a three year timeframe. The following table provides the timing of the initial reserve assignments for the Salt Flat Interest proved undeveloped gross reserves.

Timing of Initial Proved Undeveloped Reserve Assignment

	Light & Medium Oil *(Mbbls)*		Heavy Oil *(Mbbls)*		Natural Gas *(MMcf)*		Natural Gas Liquids *(Mbbls)*		Oil Equivalent *(Mboe)*	
Year	First Attributed	Total at Year-end	First Attributed	Total at Year-end	First Attributed	Total at Year-End	First Attributed	Total at Year-end	First Attributed	Total at Year-end
Prior	0	0	0	0	0	0	0	0	0	0
2010	2,370	(2)	0	0	0	0	0	0	2,370	(2)

Notes:

(1) First attributed refers to reserves first attributed at the effective date of July 1, 2010.

(2) Reserves at year-end 2010 will be determined at the time by GLJ.

Probable Undeveloped Reserves

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

Timing of Initial Probable Undeveloped Reserves Assignment

	Light & Medium Oil *(Mbbls)*		Heavy Oil *(Mbbls)*		Natural Gas *(MMcf)*		Natural Gas Liquids *(Mbbls)*		Oil Equivalent *(Mboe)*	
Year	First Attributed	Total at Year-end	First Attributed	Total at Year-end	First Attributed	Total at Year-End	First Attributed	Total at Year-end	First Attributed	Total at Year-end
Prior	0	0	0	0	0	0	0	0	0	0
2010	3,857	(2)	0	0	0	0	0	0	3,857	(2)

Notes:

(1) First attributed refers to reserves first attributed at the effective date of July 1, 2010.

(2) Reserves at year-end 2010 will be determined by GLJ.

Significant Factors or Uncertainties

The process of estimating reserves is complex. It requires significant judgments and decisions based on available geological, geophysical, engineering, and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates contained herein are based on current production forecasts, prices and economic conditions. The reserves are evaluated by GLJ, an independent, qualified reserves evaluator.

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

Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. As a result, the subjective decisions, new geological or production information and a changing environment may impact these estimates. Revisions to reserve estimates can arise from changes in year-end oil and gas prices and reservoir performance. Such revisions can be either positive or negative. See "Risk Factors".

Future Development and Abandonment Costs

The tables below set out the development costs deducted in the estimation of future net revenue attributable to proved reserves and proved plus probable reserves (using forecast prices and costs) and estimated well abandonment costs assigned to all wells in the GLJ Reserve Report.

	Annual Capital Expenditures	
Year	Total Proved	Total Proved Plus Probable
	(US$000)	*(US$000)*
2010	7,274	7,274
2011	13,864	13,864
2012	5,743	13,151
2013	0	11,716
2014	0	11,950
2015	0	0
2016	0	0
2017	0	0
2018	0	0
2019	296	296
2020	758	758
2021	1,119	1,119
Subtotal(1)	29,054	60,127
Remainder	380	2,709
Total(1)	29,434	62,837
10% Discounted	25,384	49,146

	Annual Abandonment Costs	
Year	Total Proved	Total Proved Plus Probable
	(US$000)	*(US$000)*
2010	0	0
2011	4	4
2012	0	0
2013	0	0
2014	0	0
2015	0	0
2016	0	0
2017	3	0
2018	0	0
2019	0	3
2020	4	0
2021	2	0
Subtotal(1)	13	7
Remainder	190	393
Total(1)	204	400
10% Discounted	50	64

Note:
(1) Numbers may not add due to rounding.

With the exception of 2010, the Administrator estimates that internally generated cash flow will be sufficient to fund the future development costs disclosed above. The Trust expects to have available three sources of funding to finance the capital expenditure program of the Partnership: internally generated cash flow from operations, external debt financing when appropriate and new capital through the issuance of additional Units, if available on favourable terms. Management anticipates that debt financing will be available pursuant to the Credit Facility at market rates plus margins subject to a pricing grid based upon the percentage of utilization of the borrowing base. See "Debt Financing".

The Trust expects to fund the total 2010 capital program of the Partnership with internally generated cash flow and proceeds from the Underwritten Offering. The Trust's objective is to maintain an external debt to cash flow ratio at approximately 1.0 times estimated future annual cash flows and not to exceed 1.5 times estimated future annual cash flows.

Well abandonment costs were estimated using historical Texas Railroad Commission costs for the Luling-Branyon Field, without deduction of salvage value. Such costs are assigned to all wells in the GLJ Reserve Report and are included as deductions in arriving at future net revenue. The expected total abandonment costs for an estimated 42.1 net wells under the proved reserves category is US$204,000, undiscounted (US$50,000 discounted at 10%), of which a total of US$4,000 is estimated to be incurred in 2010, 2011 and 2012 combined.

Oil and Gas Properties and Wells

The following is a description of the Partnership's important oil and natural gas properties, plants, facilities and installations upon completion of the Salt Flat Acquisition. Production numbers refer to expected working interest share before deduction of royalties. Unless otherwise noted, reserve amounts are stated before deduction of royalties, based on escalating cost and price assumptions as evaluated in the GLJ Reserve Report as at July 1, 2010.

The following tables summarize the number of producing and non-producing wells comprising the Salt Flat Interest being acquired.

	Producing Wells			
Area	Crude Oil		Natural Gas	
	Gross	*Net*	*Gross*	*Net*
Salt Flat Field, Texas	13	5	0	0
Totals	13	5	0	0

Area	Non-Producing Wells			
	Crude Oil		Natural Gas	
	Gross [1]	*Net*	*Gross*	*Net*
Salt Flat Field, Texas	3	1	0	0
Totals	3	1	0	0

Note:

(1) Two of these wells have been placed on production since the effective date of the GLJ Reserve Report, with the third well to be returned to production in November 2010.

Drilling Activity

The following table summarizes the gross and net exploration and development wells comprising the Salt Flat Interest that were drilled between June 30, 2010 and the filing of this prospectus.

	Development Wells		Exploration Wells		Total Wells	
	Gross	*Net*	*Gross*	*Net*	*Gross*	*Net*
Oil wells	8	6.4	0	0	8	6.4
Natural gas wells	0	0	0	0	0	0
Service wells	1	0.6	0	0	1	0.6
Standing wells	0	0	0	0	0	0
Dry holes	0	0	0	0	0	0
Total	9	7.0	0	0	9	7.0

For details on development activities during 2010, see "Funding, Salt Flat Acquisition and Related Transactions – Salt Flat Acquisition – Drilling and Production".

Tax Horizon

The tax horizon as determined from a full cycle corporate model developed by Management and incorporating all applicable U.S. deductions indicates that no material U.S. taxes are expected to be payable in respect of income attributable to the Salt Flat Interest for several years. Management expects to extend this period through continued capital investments and acquisitions in the U.S. No taxes are expected to be payable by the Trust in Canada because the Trust will distribute its full taxable income each year to Unitholders and will not be a SIFT trust.

Costs Incurred

The following table summarizes anticipated property acquisition costs, exploration costs and development costs for the period from July 1 to December 31, 2010. The total capital costs for the period are estimated to be US$7.274 million.

Acquisition Costs (net)			
Proved Properties	Unproved Properties	Exploration Costs (net)	Development Costs (net)
(US$000)	*(US$000)*	*(US$000)*	*(US$000)*
49,402	0	0	7,274

Production Estimates

The following table discloses for each product type the gross volume of production estimated by GLJ for the period from July 1 to December 31, 2010 in the estimates of gross proved reserves disclosed above under the heading "Reserves and Other Oil and Gas Information – Disclosure of Reserves Data".

Region	Light and Medium Crude Oil	Heavy Crude Oil	Natural Gas	NGLs	Total	%
	(bbls/d)	*(bbls/d)*	*(Mcf/d)*	*(bbls/d)*	*(boe/d)*	
Salt Flat Field, Texas	819	0	0	0	819	100
Total	819	0	0	0	819	100

The following table discloses for each product type the gross volume of production estimated by GLJ for the period from July 1 to December 31, 2010 in the estimates of gross proved plus probable reserves disclosed above under the heading "Reserves and Other Oil and Gas Information – Disclosure of Reserves Data".

Region	Light and Medium Crude Oil	Heavy Crude Oil	Natural Gas	NGLs	Total	%
	(bbls/d)	*(bbls/d)*	*(Mcf/d)*	*(bbls/d)*	*(boe/d)*	
Salt Flat Field, Texas	844	0	0	0	844	100
Total	844	0	0	0	844	100

The following table discloses for each reserve classification the daily volume production forecast by GLJ for the years indicated in the GLJ Reserve Report.

	Reserve Classification		
Year	Proved Producing	Total Proved	Proved Plus Probable
	(bbls/d)	*(bbls/d)*	*(bbls/d)*
2010	334	819	844
2011	186	1,291	1,405
2012	124	1,335	1,849
2013	96	826	2,003
2014	79	621	2,018
2015	68	508	1,611
2016	60	435	1,285
2017	54	380	1,092
2018	46	338	960
2019	42	304	857
2020	35	272	770
2021	30	242	691

Production History

The following table discloses, on a quarterly basis for 2009 and for the nine months ended September 30, 2010 what would have been the Trust's share of average daily production volume, prior to royalties, if the Trust had beneficial ownership of the Salt Flat Interest for those periods, and the prices received, royalties paid and operating expenses (production and transportation costs) incurred and resulting netbacks on a per unit of volume basis for each product type.

Average Daily Production Volume

	Three Months Ended				Nine Months Ended
	March 31, 2009	June 30, 2009	Sept. 30, 2009	Dec. 31, 2009	September 30, 2010
Light and Medium Crude Oil *(bbls/d)*	10	10	12	245	312
Heavy Crude Oil *(bbls/d)*	0	0	0	0	0
NGLs *(bbls/d)*	0	0	0	0	0
Natural gas *(Mcf/d)*	0	0	0	0	0
Total *(boe/d)*	10	10	12	245	312

Prices Received, Royalties, Production Costs and Transportation Costs Incurred – Light and Medium Crude Oil

(US$ per bbl)	Three Months Ended				Nine Months Ended
	March 31, 2009	June 30, 2009	Sept. 30, 2009	Dec. 31, 2009	September 30, 2010
Prices Received – net of hedging	30.25	46.47	59.68	66.99	66.67
Royalties	1.40	2.14	2.75	3.09	3.08
Operating Expenses	21.95	28.28	41.62	7.05	11.03
Netback	6.90	16.05	15.28	56.85	52.56

Production Volume by Field

The following table discloses for each field, and in total, production volumes for the period ended September 30, 2010 for each product type.

Region	Light and Medium Crude Oil	Heavy Crude Oil	NGLs	Natural Gas	Total	%
	(bbls/d)	*(bbls/d)*	*(bbsl/d)*	*(Mcf/d)*	*(boe/d)*	
Salt Flat Field, Texas	312	0	0	0	312	100
Total	312	0	0	0	312	100

INDEPENDENT ENVIRONMENTAL ASSESSMENT

Carr Environmental Group Inc. was retained by the Administrator to conduct an environmental liability assessment at the sites of the 15 oil wells, seven salt water disposal wells and eight surface facilities comprising the Salt Flat Interest (the "**Tangibles**"). The purpose of the assessments was to identify and quantify patent environmental liabilities with respect to the Salt Flat Interest.

Carr prepared a defect letter dated September 9, 2010 (the "**Carr Defect Letter**") addressed to the Administrator and presenting the estimated costs for corrective and remedial actions related to Salt Flat Field properties. The costs are based on the findings of Carr from investigations conducted in August 2010. These costs are gross lease costs relating to the Tangibles. The Carr Defect Letter estimates that the total gross median and undiscounted environmental liability (excluding decommissioning) relating to the Tangibles is US$267,800, which Management does not consider to be a material defect. Carr understands that Management is aware of these liabilities relating to the Tangibles and is actively discussing mitigation procedures for addressing such liabilities with the operator, North South Oil.

Carr is an environmental consulting company with its head office in the greater Houston, Texas area. Carr has extensive experience in assessing and remediating soil and groundwater issues arising from oil and gas operations and has been conducting environmental liability assessments in the oil and gas industry since 1993.

SELECTED HISTORICAL FINANCIAL INFORMATION

Upon completion of the Salt Flat Acquisition, which is expected to occur concurrently with the closing of the Offering, the Partnership will acquire the Salt Flat Interest. The following table sets out selected financial information for the Salt Flat Interest for the six months ended December 31, 2008, the twelve months ended December 31, 2009 and the three and nine months ended September 30, 2010 and 2009. This information has been derived from the Schedule of Revenues, Royalties and Operating Expenses attached to this prospectus as Appendix B. The Trust has not declared or paid any distributions to date. The operating results for these periods should not be relied upon as any indication of results for any future period.

Salt Flat Interest
Schedule of Revenues, Royalties and Operating Expenses

	Three Months Ended September 30, 2010 US$	Three Months Ended September 30, 2009 US$	Nine Months Ended September 30, 2010 US$	Nine Months Ended September 30, 2009 US$	Twelve Months Ended December 31, 2009 US$	Six Months Ended December 31, 2008 US$
						(unaudited)
Oil and Gas Sales	2,145,078	64,370	5,679,391	133,791	1,640,699	100,972
Royalties	(98,941)	(2,970)	(261,952)	(6,177)	(75,676)	(4,656)
	2,046,137	61,400	5,417,439	127,614	1,565,023	96,316
Operating Expenses	379,187	44,911	939,846	90,440	249,008	28,305
	1,666,950	16,489	4,477,593	37,174	1,316,015	68,011

CONSOLIDATED CAPITALIZATION

The following table sets out the consolidated Unit and loan capitalization of the Trust as at August 31, 2010, and the pro forma Unit and loan capitalization of the Trust as at that date after giving effect to the Offering, the Salt Flat Acquisition, the conversion of the Convertible Notes and the surrender of the Performance Options.

Designation	Authorized	As at August 31, 2010	As at August 31, 2010 after giving effect to the Offering, Salt Flat Acquisition, conversion of the Convertible Notes and surrender of Performance Options
Debt [(1)]		-	Nil
Convertible Notes		Nil [(2)]	Nil
Units	Unlimited	$30,758 [(3)]	$144,683,118 [(2) (4)(5)(6)(7)]
		(349,980 Units)	(16,061,581 Units)

Notes:

(1) At closing of the Offering, the Partnership intends to enter into the Credit Facility arranged by a U.S. affiliate of a Canadian chartered bank, providing for a US$150 million revolving credit facility, subject to an initial US$8 million borrowing base, which will bear interest using either a base rate or LIBOR option. See "Debt Financing".

(2) The Trust issued $1,577,560 aggregate principal amount of Convertible Notes during September and early October 2010 on a private placement basis. Each Convertible Note will be automatically converted into Units concurrently with closing of the Offering at a conversion price of 50% of the per Unit issue price of the Units under the Offering, as to both the outstanding principal amount of the Convertible Notes as well as all accrued interest on such notes until the date of closing of the Offering, resulting in the issuance of 324,103 Units. The Trust will not receive any additional proceeds upon the conversion of the Convertible Notes. The Units issuable upon conversion of the Convertible Notes are qualified for distribution under this prospectus. See "Prior Sales" and "Plan of Distribution".

(3) The Trust issued an aggregate of 2 Units to the Promoter and the settlor of the Trust in connection with the establishment of the Trust. Those Units will be repurchased by the Trust for the same price on closing of the Offering. In addition, the Trust issued 349,978 Units in exchange for services and out-of-pocket expenses. See "Prior Sales".

(4) The Trust has agreed to issue 387,500 Units and pay cash on the closing of the Offering in consideration for the surrender of 775,000 previously granted Performance Options and also to issue 775,000 RURs. Each RUR will entitle the holder to receive cash payments equal to the distributions payable on one Unit as well as capital appreciation. See "Executive Compensation".

(5) Net of the Offering costs and Underwriters' fee estimated to be $10,800,000.

(6) In addition, the Trust has adopted the Option Plan and intends to grant Options at closing of the Offering at an exercise price equal to the offering price of the Units under this prospectus. See "Options to Purchase Securities".

(7) Before giving effect to the Over-Allotment Option. If the Over-Allotment Option is exercised in full, the Unit capitalization will be $163,013,118 (18,011,581 Units).

DEBT FINANCING

On closing of the Offering, the Partnership intends to enter into the Credit Facility arranged by a U.S. affiliate of a Canadian chartered bank. The Credit Facility will be a US$150 million three year senior secured revolving facility. The Partnership intends to use the Credit Facility for general corporate purposes, including working capital, capital expenditures and future acquisitions. The borrowing base for the Credit Facility will initially be set at US$8 million. The Credit Facility provides for a semi-annual evaluation of the borrowing base, determined, among other things, based on proved reserves of the Partnership and its subsidiaries. Under the Credit Facility, the Trust, the CT, the GP, the Administrator and the Partnership and their subsidiaries, will be required to satisfy certain customary affirmative and negative covenants (including financial covenants calculated both for the Partnership and its subsidiaries and the Trust and its subsidiaries). The Partnership will have the option to borrow under the

Credit Facility using either a base rate or a LIBOR option. The LIBOR and base rate margins above LIBOR or the base rate, as applicable, for the Credit Facility will be subject to a pricing grid based upon the percentage of utilization of the borrowing base, which ranges from 2.75% to 3.50% and 1.75% to 2.50%, respectively. The Partnership may only borrow under the Credit Facility in U.S. dollars. The Credit Facility will be secured by a first priority security interest on substantially all of the oil and gas properties of the Partnership, and substantially all personal property of the Trust, the CT, the GP, the Administrator, the Partnership and their subsidiaries, including the interest in the Partnership held by the CT and the GP, and will be guaranteed by the Administrator, the Trust, the CT, the GP and certain of their direct and indirect subsidiaries other than the Partnership.

The Credit Facility will provide for customary negative covenants which, among other things, limit the Trust, the CT, the GP, the Administrator and the Partnership from making distributions of cash flow to their partners, noteholders or unitholders if any default or event of default has occurred and is continuing or would result from such distribution, or if more than 90% of the lesser of the borrowing base or total commitments under the Credit Facility has been utilized. The Credit Facility will also include other customary restrictive covenants including limitations on indebtedness, liens, contingent obligations, investments, dispositions, mergers, consolidations, liquidations and dissolutions and a negative pledge.

Under the Credit Facility, both the Partnership and the Trust must maintain a minimum current ratio (the ratio of current assets plus the unused commitment under the Credit Facility to current liabilities) of not less than 1.00 to 1.00, a minimum coverage of interest expenses of not less than 3.00 to 1.00, and a maximum level of debt to earnings before interest, taxes and depreciation of 3.00 to 1.00. A failure to comply with any of these financial covenants, as well as any of the other affirmative and negative covenants, would result in an event of default which, if not cured or waived, would permit acceleration of the indebtedness pursuant to the Credit Facility. Compliance with the terms of these financial covenants under the Credit Facility could adversely impact the distributable cash of the Trust. See "Risk Factors".

An affiliate of Scotia Capital Inc. intends to be the lender under the Credit Facility. Consequently, the Trust may be considered a "connected issuer" of Scotia Capital Inc. within the meaning of applicable Canadian securities legislation**.** See "Relationship Between the Trust and an Underwriter".

MANAGEMENT'S DISCUSSION AND ANALYSIS

General

Eagle Energy Trust and each of its affiliates have only recently been formed or incorporated and as such have not completed their first fiscal year and have had limited activity. Although the Administrator was formed in 2008 it did not conduct any business until 2010. Accordingly, the following Management's Discussion and Analysis ("**MD&A**") is dated November 16, 2010 and should be read in conjunction with the Financial Statements of the Trust as at August 31, 2010 and for the period from July 20, 2010 to August 31, 2010 in Appendix A attached to this prospectus and the Schedule of Revenues, Royalties and Operating Expenses of the Salt Flat Interest for the six months ended December 31, 2008, the year ending December 31, 2009 and the three and nine month periods ending September 30, 2010 and 2009 in Appendix B attached to this prospectus.

This MD&A disclosure makes reference to the term "netback" which is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS. Accordingly, the Trust's use of this term may not be comparable to similarly defined measure presented by other companies. Netback is calculated by the Trust by subtracting royalties, transportation costs and production expenses from crude oil revenue. Management considers netback important as it is a measure of profitability and reflects the quality of production. Management uses this non-IFRS measurement for its own performance measures and to provide Unitholders and potential investors with a measurement of the Trust's efficiency and its ability to fund a portion of its future growth expenditures.

The Trust is an unincorporated open-ended limited purpose trust established under the laws of the Province of Alberta. The Trust's strategy is to indirectly acquire conventional oil and natural gas reserves and production with unexploited low risk development potential, located in certain regions of the U.S., and to pay out a portion of available cash to Unitholders on a monthly basis.

The Trust was created on July 20, 2010, and issued one Unit to each of the settlor of the Trust and the initial Unitholder of the Trust for subscription prices of $100 per Unit. Those Units will be repurchased by the Trust for the same price on closing of the Offering. On August 2, 2010 the Trust issued 325,000 Units to the Promoter, 7,637 Units to an officer of the Administrator, 13,041 Units to a consultant and 4,300 Units to a director of the Administrator. These Units were issued for services performed and expenses incurred at a deemed price of $1.00 per Unit, for total consideration of $349,978.

In addition to the following discussion about the structure of the Trust and its subsidiaries, please refer to the sections in this prospectus entitled "Prospectus Summary – The Trust and its Subsidiaries" and "Structure Following Closing" for an overview.

The Eagle Energy Commercial Trust, an unincorporated open-ended trust established under the laws of the Province of Alberta, was formed on September 27, 2010 by way of a trust indenture. All outstanding CT Units will be owned by the Trust. CT Units are to be issued only when fully paid in money, property or past services and are not to be subject to future calls or assessments. Eagle Energy Commercial Trust has been created to acquire and hold a 99.999% interest in Eagle Energy Acquisitions LP.

Eagle Energy US GP LLC was formed initially on September 28, 2010 to be the general partner and acquire and hold the remaining 0.001% interest in Eagle Energy Acquisitions LP. Eagle Energy US GP LLC is a limited liability company formed under the laws of the state of Delaware. Its sole shareholder is the Eagle Energy Commercial Trust.

Eagle Energy Acquisitions LP was created on September 28, 2010 by the Eagle Energy Commercial Trust by way of a certificate of limited partnership. Eagle Energy Acquisitions LP is a limited partnership formed under the laws of the State of Delaware with a general mandate to engage in the business of acquiring, developing and producing oil and natural gas reserves in the United States, including the acquisition of an average 73% working interest in the Salt Flat Field (as described under "– Significant Acquisition").

Activities of the Trust since its Formation through to Closing of the Offering

Since the date of its formation through to the closing of the Offering (as described under "– Liquidity and Capital Resources") and the Salt Flat Acquisition (as described under "– Significant Acquisition"), the Trust will not have any active operations.

The $3.0 million estimated total expenses related to the Underwritten Offering (excluding the Underwriters' fee) will be partially funded from the proceeds of the issuance of the Convertible Notes described in the next paragraph.

On September 7, September 22 and October 4, 2010, the Trust raised a total of $1,577,560 through a private placement of Convertible Notes issued to directors and officers of the Administrator and other persons. The Convertible Notes are unsecured subordinated debt obligations of the Trust and are automatically convertible into Units of the Trust on closing of the Offering at a conversion price equal to 50% of the per Unit issue price of the Units under the Offering. The Trust will not receive any additional proceeds upon the conversion of the Convertible Notes.

Significant Acquisition

On August 20, 2010, the Administrator entered into the Purchase and Sale Agreement with OAG to acquire an average 73% working interest in the Salt Flat Field by purchasing 80% of OAG's average 91% working interest in the Salt Flat Field. The Purchase and Sale Agreement was assigned to Eagle Energy Acquisitions LP on October 1, 2010. The Salt Flat Field is a light oil property located in South Central Texas and consists of producing wells and undeveloped leasehold interests.

The purchase price for the Salt Flat Interest is US$119.2 million (subject to customary closing adjustments) and will be funded from a portion of the net proceeds of the Underwritten Offering and by the issuance by the Trust to OAG of the Units comprising the Concurrent Offering. The Units comprising the Concurrent Offering will be deposited with the Escrow Agent under the Escrow Agreement for the benefit of OAG until certain TSX requirements are satisfied and the Escrow Period has expired. The closing of the Salt Flat Acquisition will occur concurrently with the closing of the Offering.

Summary of Quarterly Results for the Salt Flat Interest

The following table discloses for the Salt Flat Interest, on a quarterly basis for 2009 and the first three quarters of 2010, average daily production volumes, oil and gas sales, royalties paid, operating expenses (production and transportation costs) incurred, resulting netbacks and benchmark WTI prices. Salt Flat Interest volumes are 100% oil. The Purchase and Sale Agreement was signed on August 20, 2010, has an effective date of June 1, 2010, and closing will occur concurrently with the closing of the Offering.

	Q1/2009	Q2/2009	Q3/2009	Q4/2009	Q1/2010	Q2/2010	Q3/2010
Oil Production (average bbls/d)	10	10	12	245	226	362	347
Oil and Gas Sales (US$)	28,013	41,409	64,372	1,506,904	1,405,794	2,128,519	2,145,078
Royalties (US$)	(1,295)	(1,911)	(2,970)	(69,500)	(64,832)	(98,179)	(98,941)
Operating Expenses (US$)	20,330	25,199	44,911	159,288	175,944	384,715	379,187
Netback (US$)	6,388	14,299	16,491	1,278,116	1,165,018	1,645,625	1,666,950
WTI benchmark (US$/bbl)	42.86	59.52	68.20	75.94	78.68	77.88	76.06
Diff. to WTI benchmark (US$/bbl)	(12.61)	(13.05)	(8.54)	(8.95)	(9.66)	(13.21)	(8.82)
Oil and Gas Sales (US$/bbl)	30.25	46 47	59.66	66.99	69.02	64.67	67.24
Royalties (US$/bbl)	(1.40)	(2.14)	(2.75)	(3.09)	(3.18)	(2.98)	(3.10)
Royalties (% of Sales)	4.6	4.6	4.6	4.6	4.6	4.6	4.6

Operating Expenses (US$/bbl)	21.95	28.28	41.62	7.08	8.64	11.69	11.89
Netback (US$/bbl)	6.90	16.05	15.28	56.82	57.20	50.00	52.25

Discussion of Quarterly Trends

Prior to 2009, the Salt Flat Field was produced at low rates from the Austin Chalk formation. In 2007, OAG acquired an interest in the Salt Flat Field and began a vertical and initial horizontal drilling program in the Edwards limestone formation. In the fourth quarter of 2009, OAG began drilling horizontal wells using the technology and practices it employs today. This resulted in an increase in total field production at the end of 2009.

Netback on a per barrel basis has generally trended with the WTI benchmark but during September 2010, netback also benefitted from a narrowing of the WTI differential due to more favourable oil marketing arrangements. In addition, since OAG initiated horizontal drilling in the fourth quarter of 2009, average daily production volumes have increased and per-barrel operating costs have generally moved to lower levels due to the efficiencies of such costs being spread over a larger production base. Historical operating costs do not reflect Management's view of the go-forward cost structure because added efficiencies will result from the commercial development of the Salt Flat Field, as reflected in the GLJ Reserve Report.

Outlook

Certain information contained in this MD&A constitutes "forward-looking statements." Refer to the section of this prospectus entitled "Notice to Investors – Forward Looking Statements."

In the past, wells which were drilled by OAG in the Salt Flat Field were conducted on leases where OAG owned an average working interest of 51.5%. Looking forward, the anticipated development drilling program will be on leases in which OAG currently holds a 100% working interest, thereby resulting in the Partnership owning an 80% working interest upon completion of the Salt Flat Acquisition. Management believes that this higher working interest percentage will allow the Partnership to grow its production levels as described below.

North South Oil, the operator of the Salt Flat Field, has initiated a 69 well, four year, development drilling program to fully exploit the Salt Flat Field using conventional horizontal drilling technologies.

The 2010 drilling program from the effective acquisition date of June 1, 2010 through to December 31, 2010 (as set out in the GLJ Reserve Report) consists of the drilling of horizontal and salt water disposal wells for a total estimated capital cost to the Partnership of US$7.3 million (as set out in the GLJ Reserve Report).

From the effective acquisition date of June 1, 2010 through to the date of this prospectus, nine horizontal wells and a salt water disposal well have been drilled. Four of those horizontal wells are tied in and currently producing, increasing the production to be acquired by the Partnership at the closing of the Salt Flat Acquisition to over 900 bbls/d. Management expects that the remaining five horizontal wells, along with an additional well drilled prior to June 2010 that requires a work over, will be brought on production in November and December 2010 into existing facilities. Due to this added production, Management expects that the Partnership's working interest production rate will be between 1,200 to 1,300 bbls/d by the end of 2010. Production increases beyond 2010 are expected by Management to be as forecast in the GLJ Reserve Report. The horizontal wells drilled by OAG since June 1, 2010 were drilled on time and at or under the estimated cost in the GLJ Reserve Report.

The Trust intends to make monthly distributions of a portion of its available cash to Unitholders and use the remainder of its available cash to fund growth through additional acquisitions and capital expenditures.

The Trust intends to make monthly distributions to Unitholders of record as of the close of business on the last business day of each month which are expected to be paid to Unitholders on or about the 15th day of the following month or if not a business day, the next business day thereafter. The amount of cash to be distributed on a pro rata basis per month per Unit will be determined in the discretion of the Trust. The Trust expects that the initial monthly cash distribution rate will be $0.0875 per Unit. The initial cash distribution, which will be for the period from and including the date of closing of the Offering to December 31, 2010, is expected to be paid on January 17, 2011 to Unitholders of record on December 31, 2010 and is estimated to be $0.1064 per Unit (assuming the closing of the Offering occurs on November 24, 2010). As results of operations may vary, the distribution of cash is not guaranteed. See "Risk Factors".

It is anticipated that approximately 40-50% of the distributable cash during the first taxation year of the Trust will be included in the income of Unitholders for income tax purposes. The balance will not be taxable and will be deducted from the adjusted cost base of their Units.

Results of Operations

Production and Sales

As at the June 1, 2010 effective date of the acquisition, the Salt Flat Interest was comprised of 13 gross (5 net) producing oil wells and three gross (1 net) non-producing oil wells. Four of the non-producing wells have been placed on production since the effective date of the GLJ Reserve Report and the third well will be returned to production in November 2010. In the fourth quarter of 2009, OAG began drilling horizontal wells resulting in an increase in total field production during the last quarter of 2009 and the first three quarters of 2010. During the third quarter of 2010, an increase in oil inventories resulted in reported volumes being lower than second quarter 2010 levels. It is expected that this “inventoried oil production” will be sold in the subsequent quarter.

Total sales quarter over quarter have increased commensurate with production, while sales on a per barrel basis, have generally increased on trend with the WTI benchmark price. Since the Salt Flat Field is slightly sour, there is a differential between the WTI benchmark price and the realized sales price, and during September 2010, this differential was reduced due to more favourable oil marketing arrangements recently entered into by the operator.

Royalties and Production Taxes

In the United States, deductions are made for royalties and production taxes. These deductions are similar to the freehold royalty and mineral tax regimes in Canada.

Royalties in the U.S. are paid to the owners of the mineral rights, and for the most part in the U.S., these owners are private citizens, not the government or “Crown” (the latter being the common case in Canada). On average, these royalties are 15% but can range from a few percent to 25%, of total production from a well and are split out to the mineral holders pursuant to division orders at the production level.

Production taxes in the U.S., also referred to as severance taxes or ad valorem taxes, are paid to the local governments and are generally a fixed percentage of the revenue for oil and gas. Production taxes vary from state to state. In Texas, the severance portion is 4.6% for oil (7.5% for gas) and the percentage does not vary with prices or production levels.

Operating expenses

Operating expenses are comprised of fixed and variable components. The largest components of operating expenses in the Salt Flat Field are electricity and chemicals. Since OAG initiated horizontal drilling in the fourth quarter of 2009, average daily production volumes have increased and per-barrel operating costs have generally moved to lower levels due to the efficiencies of such costs being spread over a larger production base. Historical operating costs do not reflect Management’s view of the go-forward cost structure because added efficiencies will result from the commercial development of the Salt Flat Field, as reflected in the GLJ Reserve Report.

Tax Horizon

The tax horizon as determined from a full cycle corporate model developed by Management and incorporating all applicable U. S. deductions, indicates that no material U.S. taxes are expected to be payable in respect of income attributable to the Salt Flat Interest for several years. Management expects to extend this period through continued capital investments and acquisitions in the U S. No taxes are expected to be payable by the Trust in Canada because the Trust will distribute its full taxable income each year to Unitholders and will not be a SIFT trust, provided that the Trust complies at all times with the investment restrictions as set forth in the Trust Indenture.

Business Risks

The Trust’s business is subject to the risks normally encountered in the U.S. oil and gas industry and the Trust’s early stage of development. See the section of this prospectus entitled “Risk Factors”.

Liquidity and Capital Resources

The Trust will use the net proceeds of the Underwritten Offering, together with the issuance by the Trust and transfer to the Escrow Agent for the benefit of OAG of the Units comprising the Concurrent Offering, to fund, through its investment in the Eagle Energy Commercial Trust and indirect investment in Eagle Energy Acquisitions LP, the US$119.2 million (subject to closing adjustments) Salt Flat Acquisition. In addition, Management may seek to issue additional Units in the future to provide sufficient capital to fund growth acquisition opportunities.

After applying a portion of the net proceeds of the Underwritten Offering and transferring the 2,000,000 Units comprising the Concurrent Offering to the Escrow Agent for the benefit of OAG to acquire the Salt Flat Interest, the Trust estimates that the Partnership will have approximately US$23 million in combined working capital and borrowings available under its Credit Facility. The Trust anticipates that approximately US$5.2 million will be used following closing of the Offering and prior to December 31, 2010 to fund the Partnership's portion of the costs of drilling and completing the remaining wells in the drilling program on the Salt Flat Field between June 1 and December 31, 2010. The Trust anticipates that approximately US$10.6 million of the net proceeds of the Underwritten Offering will be used by the Trust to partially fund, through additional investments in the CT and the Partnership, the US$13.9 million capital program in respect of wells that Management plans to drill on the Salt Flat Field in 2011. See "Funding, Salt Flat Acquisition and Related Transactions – Salt Flat Acquisition – Drilling and Production".

Generally, three sources of funding for future capital expenditures are expected by Management to be available: (i) internally generated cash flow from operations; (ii) external debt financing, when appropriate; and (iii) new capital through the issuance of additional Units, if available on favourable terms. Management's objective is to maintain an external debt to cash flow ratio at approximately 1.0 times estimated future annual cash flows and not to exceed 1.5 times estimated future annual cash flows.

The Trust has received a term sheet for the Credit Facility which it expects to enter into concurrently with closing of the Offering. No amounts are anticipated to be drawn against the Credit Facility at closing. The Credit Facility will be arranged by a U.S. affiliate of a Canadian chartered bank and will be a US$150 million three year senior secured revolving facility that is intended to be used for general corporate purposes, including capital expenditures and future acquisitions. The borrowing base for the Credit Facility will initially be set at US$8 million. The Credit Facility provides for a semi-annual evaluation of the borrowing base, determined primarily based on proved reserves of the Partnership and its subsidiaries. Management expects the borrowing base of US$8 million to increase commensurate with the growth in reserves.

Under the Credit Facility, the Trust, the CT, the GP, the Administrator, the Partnership and each of their subsidiaries will be required to satisfy certain customary affirmative and negative covenants (including financial covenants calculated both for the Partnership and its subsidiaries and the Trust and its subsidiaries). Advances under the Credit Facility will be by way of either a base rate or a LIBOR option. The LIBOR and base rate margins above LIBOR or the base rate, as applicable, for the Credit Facility will be subject to a pricing grid based upon the percentage of utilization of the borrowing base, which ranges from 2.75% to 3.50% and 1.75% to 2.50%, respectively. The Credit Facility will be secured by a first priority security interest on substantially all of the oil and gas properties of the Administrator, the Trust and its subsidiaries, including the Partnership, and substantially all personal property of the Trust, the CT, the GP, the Administrator, the Partnership and their respective subsidiaries, including the interest in the Partnership held by CT and the GP, and will be guaranteed by the Administrator, the Trust, the CT, the GP and certain of their direct and indirect subsidiaries other than the Partnership. See "Debt Financing" and also see "Risk Factors" for a discussion of various risks associated with the Credit Facility.

Outstanding Share Data

At August 31, 2010, 349,980 Trust Units and no options were outstanding. The number of Units and options to purchase Units outstanding as at the date of this prospectus was 349,980 Units and 775,000 Performance Options to purchase Units.

After determining that the Performance Options would not meet imposed regulatory requirements, the Trust agreed effective November 12, 2010 with the holders of Performance Options to issue Units and pay cash on the closing of the Offering in consideration for the surrender of the Performance Options and also to issue RURs. One-half of a Unit will be issued and $1.28 will be paid for each Performance Option surrendered. The Trust has also agreed to issue one RUR in respect of each Performance Option. See "Executive Compensation".

International Financial Reporting Standards

The Canadian Institute of Chartered Accountants ("**CICA**") requires that all Canadian publicly accountable enterprises transition from Canadian Generally Accepted Accounting Principles to International Financial Reporting Standards ("**IFRS**") adopted by the International Accounting Standards Board ("**IASB**") for interim and annual reporting periods for fiscal years beginning on or after January 1, 2011. The Trust has elected to report its financial statements in accordance with IFRS as at August 31, 2010.

Critical Accounting Policies Adopted and Intended to be Adopted

In using IFRS from inception, the Trust will adopt different accounting policies for pre-exploration activities, exploration and evaluation costs, depletion, depreciation and amortization and the accounting for gains and losses on divestitures of properties than other reporting issuers that comply with Canadian Generally Accepted Accounting Principles currently in effect. The Trust is undertaking its analysis of IFRS accounting policy alternatives and determining the areas that will be most significantly affected by the adoption of IFRS. In addition, impairment testing under IFRS will be performed at a lower level, referred to as a cash-generating unit. This general analysis of IFRS accounting policies specifically considers the current IFRS standards that are in effect. The Trust will continue to monitor the adoption efforts of peers and the efforts of the CICA and industry groups before finalizing all its IFRS accounting policies. Additional potential issues to be resolved for the Canadian industry include the accounting treatment of crown royalties and industry farm-in agreements. Additional adjustments to the Trust's accounting polices may be required after the implementation date, upon completion of a separate IASB framework for extractive industries.

TRUSTEES, DIRECTORS AND MANAGEMENT

The Trust

Computershare is the Trustee of the Trust, and has been appointed and will continue in office until replaced by Unitholders. Pursuant to the terms of the Administrative Services Agreement, the Trustee has delegated a number of the administrative and governance functions relating to the Trust to the Administrator. The Administrator Directors therefore fulfill the majority of the oversight and governance role for the Trust, with the balance of those duties remaining with the Trustee. See "Administrative Services Agreement".

The Commercial Trust

The Administrator will also be the CT Trustee, and has been appointed and will continue in office until dismissed by the Trust as unitholder of the CT. Pursuant to the terms of the CT Trust Indenture, the Administrator is responsible as CT Trustee to provide all of the management, administration, oversight and governance of the CT. See "Description of the Commercial Trust – Governance".

The General Partner

Pursuant to the terms of the LP Agreement, the GP is the general partner of the Partnership and is responsible for the administrative and governance functions of the Partnership. Therefore, the directors of the GP will fulfill the majority of the oversight and governance role for the Partnership. As the sole member of the GP, the CT is empowered to elect all of the directors of the GP, from time to time. The directors of the GP will be the same persons as the Administrator Directors.

The Administrator

The Administrator is wholly-owned by EEI Holdings, which is in turn wholly-owned by the Promoter. Under the terms of the Administrative Services Agreement and the CT Trust Indenture, the Administrator has certain management, administrative, governance and fiduciary duties with respect to the Trust and the CT. The Administrator performs its services pursuant to the Administrative Services Agreement on a cost recovery basis.

From and after closing of the Offering, the number of the Administrator Directors shall be fixed at five until such time as the Unitholders of the Trust pass a resolution to fix the number of the Administrator Directors at a new number. The Voting Agreement will provide that Unitholders will be entitled to elect 100% of the Administrator Directors.

Directors and Officers of the Administrator

The following table provides the names and municipalities of residence of the proposed executive officers and directors of the Administrator at the time of closing of the Offering, as well as their offices held with the Administrator, the date they were first appointed as Administrator Directors or officers and their principal occupation for the previous five years. Each of the executive officers is employed full-time by the Administrator.

Name and Municipality of Residence	Current Positions and Offices Held	Principal Occupation	Director or Officer Since
Richard W. Clark Calgary, Alberta (Age: 48)	Director, President and Chief Executive Officer	President and Chief Executive Officer of the Administrator. Prior to April 2010, partner at a national law firm since April 2000.	March 28, 2008
Kelly A. Tomyn Calgary, Alberta (Age: 45)	Vice President, Finance and Chief Financial Officer	Vice President, Finance and Chief Financial Officer of the Administrator. From December 2007 to September 30, 2010, Ms. Tomyn was CFO of Aduro Resources Ltd. (an oil and gas company). From October of 2003 to October 2007, Ms. Tomyn was CFO of Diamond Tree Energy Inc. (an oil and gas company).	September 30, 2010

Name and Municipality of Residence	Current Positions and Offices Held	Principal Occupation	Director or Officer Since
Peter L. Churcher Calgary, Alberta (Age: 49)	Executive Vice President, Engineering and Geosciences	Executive Vice President, Engineering and Geosciences of the Administrator. From February 2009 to March 2010, Mr. Churcher was Global Head of Upstream Business Development for the Abu Dhabi National Energy Company PJSC (TAQA) (a sovereign state oil and gas company). From January of 2008 to February of 2009, Mr. Churcher was Director, Upstream Business Development, Abu Dhabi National Energy Company PJSC (TAQA) and from July 2003 to January 2008 he was Manager, Business Development for PrimeWest Energy Trust (an oil and gas trust).	May 21, 2010
David M. Fitzpatrick (1)(2)(3) Calgary, Alberta (Age: 51)	Director and Chairman of the Board	Retired businessman. From 1996 to 2007, Mr. Fitzpatrick was the President and CEO of Shiningbank Energy Income Fund (an oil and gas income trust).	March 28, 2008
Bruce K. Gibson (1)(2)(3) Calgary, Alberta (Age: 53)	Director and Audit Committee Chair	Retired businessman. From 1997 to 2007, Mr. Gibson was the CFO of Shiningbank Energy Income Fund.	March 28, 2008
Joseph W. Blandford (1)(2)(3) Houston, Texas (Age: 61)	Director and Compensation Committee Chair	Retired businessman since 2003. Prior thereto Mr. Blandford was the Chairman and Chief Executive Officer of Atlantia Offshore Limited (an oil and gas services company).	April 1, 2010
Warren D. Steckley (1)(2)(3) Calgary, Alberta (Age: 54)	Director and Reserves & Governance Committee Chair	President and Chief Operating Officer of Barnwell of Canada, Limited (an oil and gas company) since 1998.	April 1, 2010

Notes:
(1) Member of Audit Committee. Mr. Gibson is the Chairman of the Audit Committee.
(2) Member of the Compensation Committee. Mr. Blandford is the Chairman of the Compensation Committee.
(3) Member of the Reserves & Governance Committee. Mr. Steckley is the Chairman of the Reserves & Governance Committee.

The term of office of all Administrator Directors will expire at the first annual meeting of Unitholders of the Trust and, thereafter, at each annual meeting of Unitholders of the Trust or at the time at which his/her or its successor is elected or appointed, or earlier if any Administrator Director otherwise dies, resigns, is removed or is disqualified. Each director will devote the amount of time as is required to fulfill their obligations to the Administrator. The Administrator's officers are appointed by and serve at the discretion of the Administrator Directors.

Directors and Officers Biographical Information

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

Richard W. Clark, Director, President and Chief Executive Officer

Mr. Clark's career includes over 19 years in the legal profession, first as a founding partner at a boutique oil and gas firm and then for 10 years at a national law firm in Canada, where he specialized in the areas of corporate finance, securities, mergers and acquisitions and venture capital. Mr. Clark has had extensive experience in the royalty trust sector including developing innovative financing structures, leading initial public offerings and other debt and equity financings, multiple corporate and asset mergers and acquisitions, acting as a director, and advising various energy based trusts on international expansion initiatives. Mr. Clark has served on numerous boards in the oil and gas sector, gaining governance experience including primary roles in governance reviews and contested proxy matters. Mr. Clark holds a Bachelor of Arts degree in Economics and Bachelor of Laws degree, both from the University of Calgary.

Kelly A. Tomyn, CA, Vice President, Finance and Chief Financial Officer

Ms. Tomyn has over 21 years experience in the oil and gas industry developing and executing financial strategies primarily for publicly traded companies. From December 2007 to September 2010, Ms. Tomyn was Vice President, Finance and Chief Financial Officer with Aduro Resources Ltd. From October 2004 to October 2007, Ms. Tomyn was Vice President, Finance and

Chief Financial Officer with Diamond Tree Energy Ltd., including its predecessor company. Ms. Tomyn has also served as Vice President, Finance and Chief Financial Officer of Ranchgate Energy Inc. (an oil and gas company), Saddle Resources Inc. (an oil and gas services company) and WestPoint Energy Inc. (an oil and gas company). Ms. Tomyn graduated from the University of Saskatchewan with a Bachelor of Commerce degree in 1987 and since 1990 has been a member of the Institute of Chartered Accountants of Alberta.

Peter L. Churcher, Executive Vice President, Engineering and Geosciences

Mr. Churcher is a petroleum professional with over 24 years of varied geological, engineering and business experience in the global oil and gas industry. He has lead multidisciplinary teams to successfully exploit mature fields through the application of advanced reservoir characterization, reservoir simulation, horizontal drilling, water flood optimization and enhanced oil recovery (CO2) technology. Mr. Churcher's most recent position was Global Head of Upstream Business Development with the Abu Dhabi National Energy Company (TAQA). Prior to joining TAQA, he was the Manager of Business Development for PrimeWest Energy Trust. Mr. Churcher has lived, worked and transacted in the U.S. and understands the technical and business environment in the U.S. He holds a Bachelors and a Masters degree in Earth Sciences from the University of Waterloo and is a recent graduate of the International Executive Program from the European business school known as INSEAD.

David M. Fitzpatrick, Chairman of the Board and Director

Mr. Fitzpatrick was a founder, President and Chief Executive Officer of Shiningbank Energy Income Fund, a TSX listed Canadian energy trust. Prior to Shiningbank, Mr. Fitzpatrick was the Chief Operating Officer with Serenpet Energy Inc. (an oil and gas company), a Senior Exploration Engineer with Canadian Hunter Exploration Ltd. (an oil and gas company) and a Senior Development Engineer with Amoco Canada Petroleum Co. Ltd. (an oil and gas company). Mr. Fitzpatrick obtained a Bachelor of Engineering (Geo.) degree from Queens University in 1981 and is a graduate of the McMaster University Director's College.

Bruce K. Gibson, Director, Audit Committee Chair

Mr. Gibson was Vice President and Chief Financial Officer of Shiningbank Energy Income Fund. Prior to Shiningbank, Mr. Gibson was the Chief Financial Officer of Magrath Energy Corp. (an oil and gas company) and Northridge Exploration Ltd. (an oil and gas company). Mr. Gibson obtained a Bachelor of Commerce degree from the University of Calgary in 1978 and is a member of the Canadian and Alberta Institutes of Chartered Accountants.

Joseph W. Blandford, Director, Compensation Committee Chair

Mr. Blandford was the Chairman and Chief Executive Officer of Atlantia Offshore Limited, a company that was based in Houston and under Mr. Blandford's leadership installed more than 200 offshore drilling and production platforms in the Gulf of Mexico and elsewhere in the world. Mr. Blandford holds a Bachelors degree in Civil Engineering from the University of Texas and a Masters degree in Civil Engineering from the University of Houston, and is a graduate of Harvard Business School's Owner/President Management Program. Although retired since 2003, Mr. Blandford has actively supported higher education by serving on the University of Texas Chancellor's Council and the University of Texas Development Board. He is also the immediate past president of the board of directors of the Petroleum Club of Houston, and is a member of the foundation's board of directors, the Independent Petroleum Association of America, the American Petroleum Institute and the American Society of Civil Engineers.

Warren D. Steckley, Director, Reserves & Governance Committee Chair

Mr. Steckley combines more than 32 years of oil and gas industry experience with financial and investment expertise. Mr. Steckley is President, Chief Operating Officer and a Director of Barnwell of Canada, Limited, an oil and gas company and wholly owned subsidiary of Barnwell Industries Inc., a public company listed on the American Stock Exchange. Mr. Steckley has been a director of a number of private companies and TSX listed companies. Mr. Steckley is a Professional Engineer with a Bachelors degree in Mechanical Engineering from the University of Alberta and a Masters of Business Administration degree from the University of Alberta.

Security Ownership by Directors and Officers

As a group, the Administrator's directors and officers beneficially own or exercise control or direction over, directly or indirectly, 336,938 Units, representing approximately 96% of the 349,980 issued and outstanding Units prior to giving effect to the Offering, the conversion of the Convertible Notes and the surrender of the Performance Options. Following the completion of the Offering, the Administrator's directors and officers will beneficially own or exercise control or direction over, directly or indirectly, 742,742 Units (inclusive of Units issuable upon conversion of the principal amount of and accrued interest on Convertible Notes and Units issuable on the closing of the Offering in partial consideration for the surrender of previously granted Performance Options but excluding Units issuable pursuant to the exercise of the Over-Allotment Option), representing approximately 4.6% of the issued and outstanding Units.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

To the knowledge of the Administrator, except as described below, no director or executive officer of the Administrator (nor any personal holding company of any of such persons) is, as of the date of this prospectus, or was within ten years before the date of this prospectus, a director, chief executive officer or chief financial officer of any company (including the Administrator), that: (a) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**"), that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Trading in the shares of Oyama Industries Ltd. (which subsequently changed its name to Shaker Resources Inc.), a junior capital pool corporation, was suspended by the Alberta Stock Exchange from April 5, 1999 to January 17, 2002, for failure to complete a major transaction within 18 months. A major transaction was completed in October 2002. Mr. Clark was a minority shareholder, the Chairman and a director of Oyama Industries Ltd. at the time.

Bankruptcies

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

Penalties or Sanctions

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

Conflicts of Interest

Certain officers and directors of the Administrator are also officers and/or directors of other companies engaged in the oil and gas business generally. As a result, situations may arise where the duties of such directors and officers of the Administrator conflict with their interests as directors and officers of other companies. The resolution of such conflicts is governed by applicable corporate laws, which require that directors act honestly, in good faith and with a view to the best interests of the Administrator. Conflicts, if any, will be handled in a manner consistent with the procedures and remedies set forth in the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA. Management is not aware of any existing or potential material conflicts of interest between the Administrator, the Trust or a subsidiary of the Trust and a director or officer of the Administrator.

Insurance Coverage and Indemnification

The Administrator will obtain or cause to be obtained a policy of insurance for the Administrator Directors, officers of the Administrator and the directors and officers of the GP. The initial aggregate limit of liability applicable to the insured persons under the policy will be at least $10 million. Under the policy, each entity will have reimbursement coverage to the extent that it has indemnified the directors and officers. The policy will include securities claims coverage, insuring against any legal obligation to pay on account of any securities claims brought against the Trust, the CT, the Partnership, the Administrator, the GP and any of their respective subsidiaries and their respective trustees, directors and officers. The total limit of liability will be shared among the Trust, the CT, the Partnership, the Administrator and the GP and their respective subsidiaries and their respective trustees, directors and officers so that the limit of liability will not be exclusive to any one of the entities or their respective trustees, directors and officers.

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

Under the Administrative Services Agreement, the Administrator, its affiliates and associates and any person who is serving or shall have served as a director, officer, employee or agent of the Administrator or the GP, or of their respective affiliates or associates, will be indemnified by each of the Trust, the CT and the Partnership (as applicable) in respect of the such activities undertaken on their behalf unless the person claiming indemnification has acted in a manner which is fraudulent, grossly negligent or in wilful default of such person's duties.

CORPORATE GOVERNANCE

The Administrator Directors consider good corporate governance to be central to the effective and efficient operation of the Trust and its subsidiaries. The Canadian Securities Administrators have published guidelines for issuers to consider in developing their own corporate governance practices. Annual disclosure of those practices is required. The Administrator's corporate governance practices are set forth below.

The Board

The Administrator has five directors, four of whom are independent. A director is independent if he or she has no direct or indirect material relationship with the Trust or its subsidiaries. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgement. Certain types of relationships are by their nature considered to be material relationships.

Directors David M. Fitzpatrick, Bruce K. Gibson, Joseph W. Blandford and Warren D. Steckley are independent. Richard W. Clark is not an independent director because he is the President and Chief Executive Officer of the Administrator.

The Administrator will take steps to ensure that adequate structures and processes are in place to permit the Board to function independently of management of the Administrator. One of the responsibilities of the Chairman of the Board is to provide leadership to the independent directors and to ensure that the policies and procedures adopted by the Board allow the Board to function independently of management. Where matters arise at meetings of the Board which require decision making and evaluation that is independent of management and interested directors, the directors may hold an "in-camera" session among the independent and disinterested directors, without management present at such meeting.

Certain directors are also directors of other issuers that are reporting issuers (or the equivalent), as follows:

Director	Other Directorships	Stock Exchange Listing
David M. Fitzpatrick	Pinecrest Energy Inc.	TSX Venture Exchange
	Compton Petroleum Corporation	TSX
	Twin Butte Energy Ltd.	TSX
Warren D. Steckley	Twin Butte Energy Ltd.	TSX

Mandate

The Board has overall responsibility for the business and affairs of the Administrator, the Trust and the CT. The Board intends to adopt a Board of Directors Charter that summarizes the Board's duties and responsibilities, a copy of which is attached to this prospectus as Appendix F. The written mandate of the Board is set forth within the Board of Directors Charter.

Position Descriptions

The Board has developed written position descriptions for the Chairman of the Board, as contained in the Board of Directors Charter. The Chairman of the Board, in conjunction with the other members of the Board, will develop written position descriptions for the chair of each committee of the Board. In addition, the Chairman of the Board and the President and Chief Executive Officer of the Administrator are expected to collectively develop and implement a written position description for the President and Chief Executive Officer. The Chairman of the Board is expected to act as the principal interface between the Board and the President and Chief Executive Officer.

Orientation and Continuing Education

Due to the early stage of the development of the Trust, there is no formal orientation program for directors. New members of the Board will receive an orientation package which includes governance policies and public disclosure filings by the Trust.

The Board does not provide formal continuing education for directors. Administrator Directors maintain the skill and knowledge necessary to meet their obligations as directors through a combination of their existing education, experience as businesspersons and managers, service as directors of other issuers and advice from the Administrator's legal counsel, auditor and other advisers. The Board may provide such continuing education opportunities as may be deemed by the Board to be necessary or appropriate to ensure the directors maintain or enhance their skills and abilities as directors including their understanding of the nature and operations of the business of the Trust's subsidiaries.

Ethical Business Conduct

The Board has not adopted a written code of conduct for the Administrator Directors and Management. The Board will, however, take various steps to encourage and promote a culture of ethical business conduct at the Trust. The skill and knowledge of Administrator Directors and Management and advice from counsel ensure that Administrator Directors and Management exercise independent judgement in considering transactions and agreements in respect of which they have a material interest. Administrator Directors and Management are also subject to the general obligation under corporate law to disclose and not vote on any material contract or transaction with the Administrator, the Trust any of the subsidiaries of the Trust or any other entity in which they have an interest. In certain circumstances an independent committee of the Board may be formed to consider and deliberate on such matters in the absence of the interested parties.

The Board intends to adopt a written code of business conduct and ethics that encourages and promotes a culture of ethical business conduct that will be applicable to Administrator Directors, Management, employees and consultants of the Administrator. Upon the adoption of a code of business conduct and ethics, the Administrator will file a copy at www.sedar.com. In addition, the Board may implement a "whistle blower" policy whereby director, officers, employees and consultants will be encouraged to report unethical behaviour directly to Board members.

Nomination of Administrator Directors

The Reserves & Governance Committee will deliberate on potential new nominees to the Board and make a recommendation to the Board. The Board, in conjunction with the Reserves & Governance Committee, will consider its size each year when it considers the number of Administrator Directors to recommend to the Unitholders for election at the annual meeting of Unitholders, taking into account the number required to carry out the Board's duties effectively, the competencies and skills required by the Board, the competencies and skills of the existing Administrator Directors, and the diversity of views and experience of the Administrator Directors.

Compensation of Directors and Chief Executive Officer

The compensation committee (the "**Compensation Committee**") will be responsible for establishing an overall compensation policy for the Administrator. The compensation of the Administrator Directors will be determined by the Board as a whole, on the recommendation of the Compensation Committee, and will be based on industry-specific compensation information of comparably-sized companies.

Compensation of the President and Chief Executive Officer will be determined by the independent Administrator Directors on the recommendation of the Compensation Committee. The annual incentive and option entitlements of the President and Chief Executive Officer will be determined by the Board, upon the recommendation of the Compensation Committee, based on the Trust's overall performance, relative Unitholder returns and other relevant factors.

Board Committees

The Board has formally appointed three standing committees: the Audit Committee, the Compensation Committee and the Reserves & Governance Committee.

Audit Committee Charter

The Administrator Directors intend to adopt a written charter for the Audit Committee, which sets out the Audit Committee's responsibility for (among other things) (i) reviewing the Trust's financial statements and the Trust's public disclosure documents containing financial information and reporting on such review to the Board, (ii) ensuring the Trust's compliance with legal and regulatory requirements and (iii) overseeing engagement, compensation, performance and independence of the Trust's external auditors, and reviewing, evaluating and approving the internal control and risk management systems that are implemented and maintained by management. A copy of the proposed charter of the Audit Committee is attached to this prospectus as Appendix E.

The Audit Committee will initially consist of Messrs. Gibson, Fitzpatrick, Steckley and Blandford, the four non-management members of the Board, with Mr. Gibson as chairman. Each of the members of the Audit Committee is considered "independent" and "financially literate" within the meaning of NI 52-110.

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

Compensation Committee

The Compensation Committee is currently comprised of the four non-management members of the Board, with Mr. Blandford as chairman. The Compensation Committee will assist the Board in its oversight role with respect to human resources and compensation, including equity compensation, and establish a plan of continuity and development of Management. Among other things, the Compensation Committee has responsibility for evaluating and making recommendations to the Board regarding the compensation of Management and the equity-based and incentive compensation plans, policies and programs of the Administrator. In addition, the Compensation Committee will produce an annual report on executive officer compensation for inclusion where appropriate in the Trust's disclosure documents.

Reserves & Governance Committee

The Reserves & Governance Committee is currently comprised of the four non-management members of the Board, with Mr. Steckley as chairman.

The Reserves & Governance Committee's mandate includes (i) assisting the Board in the discharge of its duties with respect to complying with the requirements contained in NI 51-101 and (ii) identifying individuals qualified to become Board members and making recommendations to the Board in that regard. In addition, the Reserves & Governance Committee will consider developing formal position descriptions for the Chairman and the Chief Executive Officer.

Assessment of Administrator Directors, the Board and Board Committees

The Board will conduct an annual evaluation of performance and effectiveness of each Board member and of the Board and of each of its committees as a whole.

ADMINISTRATIVE SERVICES AGREEMENT

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

The Administrator will provide administrative services to the Trust. These arrangements are set forth in the Administrative Services Agreement. In exercising its powers and discharging its duties under the Administrative Services Agreement, the Administrator will be required to act honestly, in good faith and in the best interests of the Trust and the Unitholders, exercising the same degree of diligence, care and skill that a reasonably prudent administrator or manager, having responsibilities of a similar nature to those set forth in the applicable Administrative Services Agreement, would exercise in comparable circumstances.

The scope of the services to be provided by the Administrator to the Trust, pursuant to the Administrative Services Agreement is as follows:

The Administrator will, on an exclusive basis, perform or procure all general administrative and operational services as may be required to administer the operations of the Trust, other than the excluded services described below (the "**Excluded Services**").

The services the Administrator will provide to the Trust (the "**Administrative Services**") include the following: (i) preparing all returns, filings and other documents necessary to discharge Trustee's obligations pursuant to the Trust Indenture and applicable law, including taxation and securities laws, and otherwise ensuring compliance by the Trust with applicable law; (ii) voting securities owned by the Trust; (iii) assisting with the calculation of distributions to Unitholders, withholding all amounts required by applicable tax law, and making the remittances and filings in connection with such withholdings; (iv) providing investor relations services; (v) performing all services in connection with acquiring or disposing of property; (vi) performing all services required for the purpose of completing the Offering; (vii) establishing and implementing distribution reinvestment plans, unit purchase plans and incentive option or other compensation plans; (viii) calling and holding all annual and/or special meetings of Unitholders pursuant to the Trust Indenture and preparing, approving and arranging for the distribution of all materials including notices of meetings and information circulars in respect thereof; (ix) preparing and causing to be provided to Unitholders on a timely basis all information to which Unitholders are entitled under the Trust Indenture and under applicable laws; (x) engaging and overseeing third party providers of services to the Trust in connection with provision of the Administrative Services; and (xi) providing all other services as may be necessary, or requested by the Trustee, for the administration of the Trust, other than the Excluded Services.

The Excluded Services include the following: (i) the issue, certification, exchange or cancellation of Units; (ii) the maintenance of registers of Unitholders; (iii) making the distribution of payments or property to Unitholders and statements in respect thereof; (iv) any mailings to Unitholders; and (v) any matters ancillary or incidental to any of those set forth in (i) through (iv) immediately above.

In addition to those duties in respect of the Trust which will be delegated to the Administrator by the Trustee under the Administrative Services Agreement, the Administrator has been conferred and granted certain powers, duties and authorities directly in its capacity as the CT Trustee. In exercising its powers and discharging its duties as the CT Trustee under the CT Trust Indenture, the Administrator will be required to satisfy the same standard of care as required of the Trustee pursuant to the Trust Indenture.

Fees and Expenses

Under the Administrative Services Agreement, the Administrator will receive no fees in consideration of the services it provides as Administrator of the Trust or as the CT Trustee. The Administrator will be entitled to the reimbursement of all costs and expenses reasonably incurred by the Administrator in carrying out its obligations and duties under the Administrative Services Agreement and the CT Trust Indenture, including but not limited to payroll and payroll related costs, overhead, accounting and other general and administrative costs, and out of pocket and third party fees and expenses.

Reliance, Limitation of Liability and Indemnification

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

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

The Administrative Services Agreement provides that the Administrator, its affiliates, associates and any person who is serving or shall have served as a director, officer, employee or agent of the Administrator (collectively the "**Administrator Indemnitees**") will be indemnified out of the Trust's property from and against all losses, claims, damages, liabilities, obligations, costs and expenses (including judgments, fines, penalties, amounts paid in settlement (with the approval of the Trustee, acting reasonably), and legal fees and disbursements) ("**Claims**") incurred by, borne by or asserted against any of the Administrator Indemnitees and which in any way arise from or relate in any manner to the Administrative Services Agreement, the Trust Indenture, or the performance or non-performance of the Administrative Services, and acting as CT Trustee, unless such Claims arise from the fraud, wilful default or gross negligence of any of the Administrator Indemnitees.

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

Term and Termination

The Administrative Services Agreement will have an initial term to June 30, 2011 and will be automatically renewable for additional successive terms of six months unless terminated by the Administrator on prior written notice which is provided at least 30 days before the expiry of the initial term or any renewal term. The Administrative Services Agreement will also provide that it may, by written notice given by one party to the other, be immediately terminated in the event of (i) certain events of bankruptcy, insolvency, receivership or liquidation of the other party or (ii) a breach by the other party in the performance of a material obligation, covenant or responsibility under the agreement (other than as a result of the occurrence of a force majeure event) which is not remedied, or when not reasonably capable of being remedied within 60 days, such party nonetheless fails to commence and diligently pursue steps to remedy such default, within 60 days after notice of such breach has been delivered; provided that, prior to the Trust or any of its affiliates (as applicable) being entitled to terminate the Administrative Services Agreement for breach by the Administrator of performance of a material obligation, receipt of approval of the Unitholders by Ordinary Resolution must be obtained authorizing such termination.

A direct or indirect change of control of the Administrator will require the prior written consent of the Trustee. The Administrative Services Agreement will permit the Administrator to delegate its responsibilities, but no such delegation will relieve the Administrator of its responsibility for ensuring the performance of its duties and obligations under each such agreement. If, however, the Administrator delegates its responsibilities to a third party and in so doing does not breach its standard of care, the Administrator will not be liable for the acts or omissions of such delegate (except where such delegate is an affiliate of the Administrator). It is anticipated that the Administrator may, from time to time, delegate certain responsibilities to the GP, which shall not constitute a breach of its standard of care.

VOTING AGREEMENT

EEI Holdings, the sole shareholder of the Administrator, will enter into the Voting Agreement with the Trustee as agent for the Unitholders and the Administrator pursuant to which EEI Holdings will agree to vote its shares in the Administrator at the direction of the Unitholders, as communicated by the Trustee as agent for the Unitholders, with regard to the election or removal of the Administrator Directors and setting the number of Administrator Directors from time to time. The Voting Agreement is a unanimous shareholders agreement pursuant to the ABCA and will restrict the business of the Administrator to (i) acting as administrator of the Trust pursuant to the terms of the Trust Indenture and the Administrative Services Agreement; (ii) acting as CT Trustee; and (iii) such other activities ancillary to the activities in subsections (i) and (ii) and necessary to perform the obligations of the Administrator and the CT Trustee.

EEI Holdings will also waive certain shareholder rights afforded to it under the ABCA, including the right to appoint an auditor, dissent rights, and oppression rights. The Voting Agreement will also provide the Administrator with the right to compel EEI

Holdings to transfer its shares in the Administrator to the Administrator or its nominee at a nominal price in certain circumstances, including the death or disability of the Promoter, the termination of the Promoter's employment agreement with the Administrator and other circumstances. The Administrator's articles require that all transfers of its shares require the approval of the Board.

EXECUTIVE COMPENSATION

All executive officer services will be provided to the Trust by the Administrator under the Administrative Services Agreement.

The following discussion describes the significant elements of the Trust's executive compensation program, with particular emphasis on the process for determining compensation payable to the President and Chief Executive Officer ("**CEO**"), the Chief Financial Officer ("**CFO**"), and each of the three most highly compensated executive officers other than the CEO and the CFO (collectively, the "**Named Executive Officers**" or "**NEOs**"). Richard W. Clark, President and Chief Executive Officer, Kelly A. Tomyn, Vice President, Finance and Chief Financial Officer and Peter L. Churcher, Executive Vice President, Engineering and Geosciences are currently the only executive officers. The Trust does not currently anticipate that any other executive officer will be appointed.

The description contained herein represents the expectations of management with respect to the Trust's executive compensation program following closing of the Offering. However, it is anticipated that following closing of the Offering the Compensation Committee will meet with Management to review the Trust's executive compensation program and, if deemed appropriate, will make further recommendations to the Board regarding changes to the program in light of the Trust's status as a public entity and other relevant factors.

Compensation Discussion and Analysis

General

Based on recommendations made by the Compensation Committee, the Board will make decisions regarding salaries, annual bonuses and equity incentive compensation for the executive officers, and will approve corporate goals and objectives relevant to the compensation of the CEO and the other executive officers. The Board will solicit input from the CEO and the Compensation Committee regarding the performance of the Administrator's other executive officers. Finally, the Board will also administer the incentive compensation and benefit plans with the assistance of the Compensation Committee.

CEO Compensation

The compensation of the CEO will be determined by the Administrator Directors as a whole, on the recommendation of the Compensation Committee. The level of CEO compensation will be determined by the Administrator Directors considering all factors which they deem appropriate, including comparative CEO salaries for public companies of comparable size and complexity. The annual incentive and Option entitlements are determined by the Board, upon recommendation of the Compensation Committee, based on the Trust's overall performance, relative Unitholder returns and other relevant factors.

Compensation Objectives and Principles

The Board recognizes that the Trust's success depends greatly on its ability to attract, retain and motivate superior performing employees at all levels, which can only occur if the Trust has an appropriately structured and executed compensation program. The Trust's compensation policies will be founded on the principle that executive and employee compensation should be consistent with Unitholders' interests and the Trust's compensation plans are therefore intended to encourage decisions and actions that will result in the Trust's growth and create long-term Unitholder value. In determining the compensation to be paid to the executive officers, the Compensation Committee will consider corporate achievements, comparative market data and information supplied by Management.

The principal objectives of the Trust's executive compensation program are expected to be as follows:

- to attract and retain qualified executive officers;
- to have a compensation package that is competitive within the marketplace;
- to align the executives' interests with those of the Unitholders; and
- to reward the demonstration of both leadership and performance.

The Compensation Committee's objective will be to ensure the compensation of the NEOs provides a competitive package that reflects the above objectives, as well as provide a link between discretionary short and long-term incentives with short and long-term corporate goals**.** The compensation package will be designed to reward performance based on the achievement of performance goals and objectives and to be competitive with comparable companies in the market in which the Trust competes for talent.

Components of Compensation

The following components are currently intended to comprise the compensation package for the NEOs: base salary; annual short-term incentive and participation in the Trust's long-term compensation plans. All salary increases, cash bonuses and stock-based compensation for the NEOs will be reviewed by the Compensation Committee.

Base Salary

The base salary of each NEO will be negotiated by the Compensation Committee and the Board and reflect the complexity of the NEO's role in addition to the amount of industry experience they possess. Salaries will be reviewed annually and compared to industry peers through publicly available documents and available compensation surveys prepared by compensation consultants. Consideration will be given to the growth plans of the Trust and the objective to attract and retain highly talented individuals from the industry. Base salaries commencing in January 2011 will be determined by the Compensation Committee and the Board as part of the Trust's 2011 capital and operating budget process, which is anticipated to be completed in early December 2010. The Compensation Committee and the Board may also determine to compensate NEOs for their services from September through December 2010.

Annual Short-Term Incentive Compensation

Annual short-term incentive compensation will provide for annual cash awards, which are intended to motivate and reward NEOs for achieving and surpassing annual corporate and individual goals. The amount of the cash award or "bonus" will be determined by reference to a target percentage of base salary. Bonus awards for the NEOs, excluding the CEO, will be recommended by the CEO and reviewed and approved by the Compensation Committee. Bonus awards for the CEO will be determined solely by the Compensation Committee. Peer performance and practices will also be considered each year in determining the final amounts to be awarded. No additional bonuses are expected to paid for 2010.

Long-Term Compensation

The Trust's long-term compensation plan will initially be comprised of the Option Plan, which is intended to encourage participants to focus on creating and improving the Trust's long-term financial success by providing participants an opportunity to increase their ownership interests in the Trust. The purpose of the long-term compensation plans is to align the interests of Unitholders and Management. See "Options to Purchase Securities".

An aggregate of 775,000 Performance Options (of which 390,000 were granted to Management) were granted on September 14, 2010 as compensation to persons who provided substantial services and expertise in the creation of the Trust and its affiliates and the sourcing of the Salt Flat Acquisition. The Performance Options were granted with an initial exercise price of 50% of the per Unit issue price under the Offering, were non-transferable, had a ten year term and were to vest as to two-thirds on September 14, 2012 and as to the remaining one-third on September 14, 2013.

After determining that the Performance Options would not meet imposed regulatory requirements, the Trust agreed effective November 12, 2010 with the holders of Performance Options to issue Units and pay cash on the closing of the Offering in consideration for the surrender of the Performance Options and also to issue RURs. One-half of a Unit will be issued and $1.28 will be paid for each Performance Option surrendered. The Trust has also agreed to issue one RUR in respect of each Performance Option. Each RUR will entitle the holder to receive cash payments equal to the distributions payable on one Unit as well as capital appreciation. Each Unit and each RUR will vest as to two-thirds on September 14, 2012 and as to the remaining one-third on September 14, 2013. Until vested, Units will be held in escrow and RUR payments will be accrued for the benefit of the holders. The consequences of termination, death, disability or change of control on the Units and RURs are similar to that of Options under Option Plan. All holders of Performance Options have agreed to surrender their Performance Options on the foregoing basis and will enter into agreements with the Trust for such purpose concurrent with the closing of the Offering. Additional details are set out in the notes to the following Summary Compensation Table.

Summary Compensation Table

Based on the information available at the date hereof, the following table sets out information concerning the compensation anticipated to be paid by the Trust to the NEOs during the year ended December 31, 2010.

Name and Principal Position	Year	Salary ($)	Unit-Based Awards ($) (2)(3)(4)(5)	Option-Based Awards ($)	Non-Equity Incentive Plan Compensation ($) Annual Incentive Plans	Non-Equity Incentive Plan Compensation ($) Long-Term Incentive Plans	All Other Compensation ($) (6)	Total Compensation ($)
Richard W. Clark, President and Chief Executive Officer	2010	(1)	325,000 862,500 220,800	Nil	Nil	Nil	220,800	1,629,100
Kelly A. Tomyn, Vice President, Finance and Chief Financial Officer	2010	(1)	375,000 96,000	Nil	Nil	Nil	96,000	567,000
Peter L. Churcher, Executive Vice President, Engineering and Geosciences	2010	(1)	7,637 712,500 182,400	Nil	Nil	Nil	182,400	1,084,937

Notes:

(1) Base salaries commencing in January 2011 will be determined by the Compensation Committee and the Board as part of the Trust's 2011 capital and operating budget process, which is anticipated to be completed in early December 2010. The Compensation Committee and the Board may also determine to compensate NEOs for their services from September through December 2010.

(2) The Trust issued Units at a deemed price of $1.00 per Unit to Messrs. Clark (325,00 Units) and Churcher (7,637 Units) on August 2, 2010 in exchange for services and out-of-pocket expenses incurred pursuant to the formation of the Trust and the identification of the Salt Flat Acquisition. See "Prior Sales". The Board believes the grant date fair value of those Units is equal to their deemed issue price.

(3) The Trust has agreed to issue Units and pay cash on the closing of the Offering in consideration for the surrender of previously granted Performance Options and also to issue RURs. One-half of a Unit will be issued and $1.28 will be paid for each Performance Option surrendered and one RUR will be issued in respect of each Performance Option. Mr. Clark will receive 86,250 Units and 172,500 RURs, Ms. Tomyn will receive 37,500 Units and 75,000 RURs, Mr. Churcher will receive 71,250 Units and 142,500 RURs, plus the respective cash amounts under "All Other Compensation". The combination of the Units and cash issued in exchange for the surrender of the Performance Options, plus the RURs, are intended to reimburse the former Performance Option holders, on an after-tax basis, for the value lost upon surrender of those options.

(4) Each Unit issued in partial consideration for the surrender of Performance Options will be held in escrow and released as to two-thirds on September 14, 2012 and as to the remaining one-third on September 14, 2013, corresponding with vesting of the surrendered Performance Options. If a holder does not meet an escrow condition, then the related Units will be repurchased by the Trust for nominal consideration. The Units will also be subject to a voluntary contractual restriction on transfer for 18 months after the closing of the Offering. See "Securities Subject to Contractual Restrictions on Transfer". The Board believes the issue date fair value of each Unit will be $10.00.

(5) Each RUR will entitle the holder to receive cash payments equal to the distributions payable on one Unit as well as capital appreciation. The capital appreciation payments will be made annually and will be calculated from the $10.00 offering price of the Units during the first year, and thereafter from the greater of the immediately previous year-end's fair market value and the fair market value at the last year end respecting which a capital appreciation payment was made. Each RUR will vest as to two-thirds on September 14, 2012 and as to the remaining one-third on September 14, 2013. Until vested, RUR payments will be accrued for the benefit of the holders. The RURs will expire on December 31, 2020, subject to early expiry in the same manner as the surrendered Performance Options. The RURs were designed to have the same economic attributes as Performance Options with an exercise price of $10 instead of $5. Given the Black-Scholes model based estimate of $6.28 as the value of a Performance Option, the Board believes that each RUR has an issue date fair value of $1.28.

(6) The $1.28 cash paid in partial consideration for the surrender of each Performance Option is equal to the Black-Scholes model $6.28 estimated fair market value of each Performance Option, less its $5.00 in-the-money value satisfied by the issue of one half of one Unit. Substantially all of this cash will be paid to the Canada Revenue Agency as required under the Tax Act with respect to taxes payable as a result of the disposition of the Performance Options.

Option-Based and Unit-Based Awards Outstanding

The following table sets forth, for each NEO, all Option-based and Unit-based awards that will be outstanding on the closing of the Offering.

	Option-Based Awards				Unit-Based Awards	
Name and Principal Position	Number of Units Underlying Unexercised Options	Initial Option Exercise Price	Option Expiration Date	Value of Unexercised in-the-money Options	Number of Units that have not Vested (#) (1)	Market Value of Units that have not Vested ($) (2)
Richard W. Clark, President and Chief Executive Officer	Nil	-	-	-	86,250 172,500	862,500 220,800
Kelly A. Tomyn, Vice President, Finance and Chief Financial Officer	Nil	-	-	-	37,500 75,000	375,000 96,000
Peter L. Churcher, Executive Vice President, Engineering and Geosciences	Nil	-	-	-	71,250 142,500	712,500 182,400

Notes:

(1) The first number for each NEO is Units issued in partial consideration for the surrender of Performance Options and the second is the number of RURs issued. See "Summary Compensation Table" above.

(2) The Board believes the issue date fair value of each Unit will be $10.00 and of each RUR will be $1.28.

Option-Based and Unit-Based Awards – Value Vested or Earned

The following table sets forth, for each NEO, all Option-based and Unit-based awards that will be vested or earned on the closing of the Offering.

Name and Principal Position	Option-based awards – Value vested ($)	Unit-based awards – Value vested ($)	Non-equity incentive plan compensation – Value earned ($)
Richard W. Clark, President and Chief Executive Officer	Nil	Nil	Nil
Kelly A. Tomyn, Vice President, Finance and Chief Financial Officer	Nil	Nil	Nil
Peter L. Churcher, Executive Vice President, Engineering and Geosciences	Nil	Nil	Nil

Termination and Change of Control Benefits

The Trust intends to enter into executive employment contracts with each member of Management prior to December 31, 2010. The terms of such employment agreements will not be determined prior to the closing of the Offering but will be in accordance with current market standards for agreements of a similar nature.

Administrator Directors' Compensation

The Trust intends to pay each of its directors, other than Mr. Clark, who is an executive officer of the Trust and will receive no additional compensation for his role as an Administrator Director, an annual retainer of $30,000 and $1,000 per day for attending meetings of the Board or any meeting of a committee of the Board. Only one meeting fee per director or committee member per day will be paid. The Chairman of the Board will receive additional compensation of $8,000 per year and the chairperson of any committee of the Board will receive additional compensation of $5,000 per year. The Trust will also reimburse Administrator Directors for out-of-pocket expenses for attending meetings. Administrator Directors will participate in the Option Plan in accordance with the recommendations of the Compensation Committee.

An aggregate of 775,000 Performance Options (of which 310,000 were granted to Administrator Directors) were granted on September 14, 2010 as compensation to persons who provided substantial services and expertise in the creation of the Trust and its affiliates and the sourcing of the Salt Flat Acquisition. The Performance Options were granted with an initial exercise price of

50% of the per Unit issue price under the Offering, were non-transferable, had a ten year term and were to vest as to two-thirds on September 14, 2012 and as to the remaining one-third on September 14, 2013.

After determining that the Performance Options would not meet imposed regulatory requirements, the Trust agreed effective November 12, 2010 with the holders of Performance Options to issue Units and pay cash on the closing of the Offering in consideration for the surrender of the Performance Options and also to issue RURs. One-half of a Unit will be issued and $1.28 will be paid for each Performance Option surrendered. The Trust has also agreed to issue one RUR in respect of each Performance Option. Each RUR will entitle the holder to receive cash payments equal to the distributions payable on one Unit as well as capital appreciation. Each Unit and each RUR will vest as to two-thirds on September 14, 2012 and as to the remaining one-third on September 14, 2013. Until vested, Units will be held in escrow and RUR payments will be accrued for the benefit of the holders. The consequences of termination, death, disability or change of control on the Units and RURs are similar to that of Options under Option Plan. All holders of Performance Options have agreed to surrender their Performance Options on the foregoing basis and will enter into agreements with the Trust for such purpose concurrent with the closing of the Offering. Additional details are set out in the notes to the table below.

The following table sets forth information concerning the expected annualized compensation expected to be paid to the Administrator Directors for the year ending December 31, 2010.

Name	Fees Earned ($) (1)	Unit-Based Awards ($) (2)(3)(4)	Option-Based Awards (#)	Non-Equity Incentive Plan Compensation ($)	Pension Value ($)	All Other Compensation (5) ($)	Total ($)
David M. Fitzpatrick	45,000	675,000 172,800	Nil	Nil	Nil	172,800	1,020,600
Bruce K. Gibson	42,000	375,000 96,000	Nil	Nil	Nil	96,000	567,000
Joseph W. Blandford	42,000	250,000 64,000	Nil	Nil	Nil	64,000	378,000
Warren D. Steckley	42,000	250,000 64,000	Nil	Nil	Nil	64,000	378,000

Notes:

(1) Represents the Administrator Director's annualized retainer, chair fees and estimated committee meeting attendance fees. Actual fees earned during the year ending December 31, 2010 will be less than these amounts.

(2) The Trust has agreed to issue Units and pay cash on the closing of the Offering in consideration for the surrender of previously granted Performance Options and also to issue RURs. One-half of a Unit will be issued and $1.28 will be paid for each Performance Option surrendered and one RUR will be issued in respect of each Performance Option. Mr. Fitzpatrick will receive 67,500 Units and 135,000 RURs, Mr. Gibson will receive 37,500 Units and 75,000 RURs and Messrs. Blandford and Steckley will each receive 25,000 Units and 50,000 RURs, plus the respective cash amounts under "All Other Compensation". The combination of the Units and cash issued in exchange for the surrender of the Performance Options, plus the RURs, will reimburse the former Performance Option holders, on an after-tax basis, for the value lost upon surrender of those options.

(3) Each Unit issued in partial consideration for the surrender of Performance Options will be held in escrow and released as to two-thirds on September 14, 2012 and as to the remaining one-third on September 14, 2013, corresponding with vesting of the surrendered Performance Options. If a holder does not meet an escrow condition, then the related Units will be repurchased by the Trust for nominal consideration. The Units will also be subject to a voluntary contractual restriction on transfer for 18 months after the closing of the Offering. See "Securities Subject to Contractual Restrictions on Transfer". The Board believes the issue date fair value of each Unit will be $10.00.

(4) Each RUR will entitle the holder to receive cash payments equal to the distributions payable on one Unit as well as capital appreciation. The capital appreciation payments will be made annually and will be calculated from the $10.00 offering price of the Units during the first year, and thereafter from the greater of the immediately previous year-end's fair market value and the fair market value at the last year end respecting which a capital appreciation payment was made. Each RUR will vest as to two-thirds on September 14, 2012 and as to the remaining one-third on September 14, 2013. Until vested, RUR payments will be accrued for the benefit of the holders. The RURs will expire on December 31, 2020, subject to early expiry in the same manner as the surrendered Performance Options. The RURs were designed to have the same economic attributes as Performance Options with an exercise price of $10 instead of $5. Given the Black-Scholes model based estimate of $6.28 as the value of a Performance Option, the Board believes that each RUR has an issue date fair value of $1.28.

(5) The $1.28 cash paid in partial consideration for the surrender of each Performance Option is equal to the Black-Scholes model $6.28 estimated fair market value of each Performance Option, less its $5.00 in-the-money value satisfied by the issue of one half of one Unit. Substantially all of this cash will be paid to the Canada Revenue Agency as required under the Tax Act with respect to taxes payable as a result of the disposition of the Performance Options.

Administrator Directors will participate in the insurance and indemnification arrangements described under "Trustees, Directors and Management – Insurance Coverage and Indemnification".

Administrator Director Outstanding Option-Based Awards

The following table sets forth, for each Administrator Director, all Option-based and Unit-based awards that will be outstanding on the closing of the Offering.

	Option-Based Awards				Unit-Based Awards	
Name and Principal Position	Number of Units Underlying Unexercised Options	Initial Option Exercise Price	Option Expiration Date	Value of Unexercised in-the-money Options	Number of Units that have not Vested (#) (1)	Market Value of Units that have not Vested ($) (2)
David M. Fitzpatrick	Nil	-	-	-	67,500 135,000	675,000 172,800
Bruce K. Gibson	Nil	-	-	-	37,500 75,000	375,000 96,000
Joseph W. Blandford	Nil	-	-	-	25,000 50,000	250,000 64,000
Warren D. Steckley	Nil	-	-	-	25,000 50,000	250,000 64,000

Notes:

(1) The first number for each Administrator Director is Units issued in partial consideration for the surrender of Performance Options and the second is the number of RURs issued. See "Summary Compensation Table" above.

(2) The Board believes the issue date fair value of each Unit will be $10.00 and of each RUR will be $1.28.

Option-Based and Unit-Based Awards – Value Vested or Earned

The following table sets forth, for each Administrator Director, all Option-based and Unit-based awards that will be vested or earned on the closing of the Offering.

Name and Principal Position	Option-based awards – Value vested ($)	Unit-based awards – Value vested ($)	Non-equity incentive plan compensation – Value earned ($)
David M. Fitzpatrick	Nil	Nil	Nil
Bruce K. Gibson	Nil	Nil	Nil
Joseph W. Blandford	Nil	Nil	Nil
Warren D. Steckley	Nil	Nil	Nil

OPTIONS TO PURCHASE SECURITIES

The Trust has an Option Plan pursuant to which Options may be granted by the Administrator Directors to directors, officers, consultants and employees of the affiliates of the Trust. The purpose of the Option Plan is to aid in attracting, retaining and motivating eligible employees and other service providers of the Trust and its subsidiaries, to enable such persons to participate in the growth and development of the Trust by providing them with the opportunity to acquire an increased proprietary interest in the Trust.

Pursuant to the Option Plan, the Trust has reserved for issuance up to 10% of the aggregate number of Units of the Trust issued and outstanding from time to time. All Options granted will be in compliance with the requirements of the TSX. Options granted under the Option Plan will have an exercise price which is not less than the price allowed by regulatory authorities or the fair market value of the Units at the time the Options are granted. The Option exercise price will be reduced by the amount of distributions paid on the Units subsequent to the date of grant, subject to certain conditions specified by the Option Plan.

The Options will be non-transferable and will be exercisable for a period not to exceed ten years. No one optionee is permitted to hold options entitling such optionee to purchase more than 10% of the aggregate number of Units issued and outstanding. Insiders collectively, and each insider and such insider's associates, are not permitted to hold options entitling them to purchase more than 10% of the aggregate number of units issued and outstanding. The terms "insider" and "associate" for this purpose have the meanings assigned by the TSX.

As at the date hereof, no Options are issued and outstanding. Unless the Administrator Directors otherwise determine, Options granted under the Option Plan will terminate upon the date which is 90 days from the termination of an optionee's employment, 90 days from the date such optionee ceased to be an officer, director or consultant of the Administrator (provided that if such termination was for cause, as determined by a court of law having jurisdiction in the matter, all rights of appeal from a judgment of which have expired, the Option shall terminate immediately), one year following the optionee's incapacity, and two years following the optionee's death. The Administrator Directors shall determine the exercise price, term and vesting provisions of the options in accordance with the terms of the Option Plan. The Options shall vest immediately upon a change of control of the Trust, and shall be immediately exercisable.

A "change of control" of the Trust is defined under the Option Plan as follows: (a) the acceptance by the holders of Units, representing in the aggregate more than 50% of all issued and outstanding Units, of any offer, whether by way of a take-over bid or otherwise, for all or any of the Units; (b) the acquisition, by whatever means, of ownership or control of more than 20% in aggregate of all issued and outstanding Units by any person or persons acting in concert (any or all of the aforesaid hereinafter referred to as the control group); (c) the passing of a resolution by the Board or holders of Units to substantially liquidate assets or wind-up or significantly rearrange the Trust's affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation, winding-up or re-arrangement (except where such re-arrangement is part of a bona fide reorganization of the Trust in circumstances where the affairs of the Trust are continued and where the holders of Units remain substantially the same); (d) the sale, lease or exchange by the Trust of all or substantially all of its assets, other than in the ordinary course of business of the Trust; (e) a change in the Board such that immediately following any meeting of the holders of Units or Administrator Directors, 50% or more of the individuals comprising the Board were not Administrator Directors immediately prior to such meeting; (f) the employment of the incumbent President and Chief Executive Officer of the Administrator (Richard Clark) is terminated without cause; or (g) any other event which in the opinion of the Board reasonably constitutes a change of control of the Trust, provided, however, that a change of control shall be deemed not to have occurred if the Board, in good faith, determines that a change of control was not intended to occur in the particular circumstances, except with respect to (e), above, whereby the Board shall not make such a determination.

The Option Plan may be amended from time to time by the Administrator Directors provided that: (i) no amendment to the exercise price that would materially and adversely affect the Options previously granted to a particular optionee may be made without the written consent of such optionee; (ii) no change may be made to an exercise price (except for reduction as distributions are paid on the Units of the Trust during the term of an Option) without the prior approval of a majority of votes cast at a meeting of Unitholders; and (iii) the termination of the Option Plan shall not derogate from the rights of optionees to whom Options were granted prior to the date of such termination, unless consented to by such optionees.

At and after closing of the Offering and subject to Administrator Directors' approval, it is anticipated that Options to acquire Units equal to not greater than 10% of the aggregate number of Units then outstanding will be granted to directors and officers of the Administrator at an exercise price of not less than the offering price of the Units. The Options are expected to vest as to one-third on each of the first, second and third anniversaries of the date of grant.

The Administrator has reviewed the Option Plan and, based on this review and its consideration of the remuneration paid to directors, officers, employees and consultants of other publicly traded entities, is satisfied that the Option Plan is an appropriate long-term incentive plan for the Trust. The Option Plan was approved by the Administrator Directors.

DESCRIPTION OF THE TRUST

The following is a summary of certain terms of the Trust Indenture which, together with other summaries of the terms of the Trust Indenture appearing elsewhere in this prospectus, are qualified in their entirety by reference to the text of the Trust Indenture. Reference is made to the Trust Indenture for a complete description of the Units and the full text of its provisions. See "Material Contracts". A copy of the Trust Indenture is available on www.sedar.com.

General

The Trust is an unincorporated open-ended limited purpose trust established under the laws of the Province of Alberta on July 20, 2010 by the Trust Indenture. The Trust has been established to indirectly acquire an interest in the Partnership through its acquisition of the CT Units and the CT Notes. Although it is intended that the Trust qualify as a "mutual fund trust" under the Tax Act, the Trust will not be a mutual fund under applicable securities laws.

The Trust is a limited purpose trust and the undertaking of the Trust is restricted to investing its funds in property (other than real property or interests in real property) and "portfolio investment entities" as defined in the Tax Act. The Trust is also restricted from holding any "non-portfolio property" or "taxable Canadian property" as defined in the Tax Act and from taking any action, or acquiring, retaining or holding any investment or other property that would result in the Trust, the CT or the Partnership being a "SIFT trust" or "SIFT partnership", as applicable, or the Trust not being a "mutual fund trust", each as defined in the Tax Act.

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

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

(b) give a guarantee on behalf of the Trust to secure performance of an obligation of another person to the extent that such guarantee would not jeopardize the Trust's status as a mutual fund trust;

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

(d) lend, including without limitation the loans contemplated with regard to the CT Notes and other loans to subsidiaries;

(e) enter into the Administrative Services Agreement;

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

(g) issue or provide for the issuance of debt or equity securities of the Trust, including Units and Other Trust Securities, on such terms and conditions and at such time or times as the Trustee may determine;

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

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

(j) possess and exercise all the rights, powers and privileges pertaining to the ownership of CT Units and CT Notes;

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

(l) do all such other acts and things as are necessary, useful, incidental or ancillary to the foregoing and to exercise all powers and authorities which are necessary, useful, incidental or ancillary to carry on the affairs of the Trust, to promote any purpose for which the Trust is formed and to carry out the provisions of the Trust Indenture.

Units of the Trust

The beneficial interests in the Trust are represented and constituted by one class of units described and designated as "Units". An unlimited number of the Units may be issued pursuant to the Trust Indenture. The Trust may also issue an unlimited number of Other Trust Securities. Upon closing of the Offering, there will be 16,061,581 Units outstanding, including Units issuable on conversion of the Convertible Notes and on surrender of the Performance Options (or 18,011,581 Units outstanding if the Over-Allotment Option is exercised in full). See "Consolidated Capitalization".

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

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

Issuance of Units

Units are to be issued only when fully paid in money, property or past services, and they are not to be subject to future calls or assessments, provided that: (a) Units may be issued for consideration payable in instalments if the Trust takes security over any such Units for unpaid instalments; and (b) the consideration for any Unit issued by the Trust shall be paid in money or in property or in past services that are not less in value than the fair equivalent of the money that the Trust would have received if the Unit had been issued for money, provided that property may include a promissory note or promise to pay given by the allottee.

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

Limitation on Non-Resident Ownership

Under current law, a mutual fund trust may lose its status under the Tax Act as a "mutual fund trust" if it can reasonably be considered that the trust was established or is maintained primarily for the benefit of non residents of Canada, except in limited circumstances. Among those circumstances are that all or substantially all of the mutual fund trust's property is not "taxable Canadian property", as defined by the Tax Act. The Trust is restricted from holding or acquiring taxable Canadian property by its investment restrictions, and therefore is not subject to a limit on non-resident ownership. However, in the event that the Trust determines that such non-resident ownership restrictions nevertheless apply, the Trustee has various powers that can be used for the purpose of monitoring and controlling the extent of non-resident ownership of the Units.

Book Entry Only System

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

None of the Trust, the Promoter or the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Units held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Units; or (c) any statement made with respect to CDS and contained in this prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its Participants. The rules governing CDS provide that it acts as the agent and depositary for the Participants. As a result, Participants must look solely to CDS and Beneficial Owners must look solely to Participants for the payment of the distributions on the Units paid by or on behalf of the Trust to CDS.

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

If : (i) CDS resigns or is removed from its responsibilities as depositary with respect to the Units and the Trust is unable or does not wish to locate a qualified successor, or (ii) the Administrator or the Trust, at their option (including to ensure compliance with the Trust's limitations on non-resident ownership) elects, or is required by law, to terminate the book entry system, or (iii) Unitholders representing not less than 66⅔% of the aggregate votes entitled to be voted at a meeting of Unitholders determine that the continuation of the book entry system is no longer in the best interests of the Unitholders, then Units will be issued in fully registered form to Unitholders or their nominees.

Transfer of Units

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

Repurchase of Securities

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

Take-over Bids

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

Investments

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

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

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

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

(c) does not take any action, or acquire, retain or hold any investment or other property that would result in the Trust, the CT or the Partnership being a SIFT trust or a "SIFT partnership", as applicable, as defined in the Tax Act;

(d) does not invest in any entity other than a "portfolio investment entity" and, for greater certainty, does not hold any "non-portfolio property", each as defined in the Tax Act; and

(e) does not acquire any "taxable Canadian property" as defined in the Tax Act.

Distributions

The Trust intends to make monthly distributions to Unitholders of record as of the close of business on the last business day of each month which are expected to be paid to Unitholders on or about the 15th day of the following month or if not a business day, the next business day thereafter. The amount of cash to be distributed on a pro rata basis per month per Unit will be determined in the discretion of the Trust. The Trust expects that the initial monthly cash distribution rate will be $0.0875 per Unit. The initial cash distribution, which will be for the period from and including the date of closing of the Offering to December 31, 2010, is expected to be paid on January 17, 2011 to Unitholders of record on December 31, 2010 and is estimated to be $0.1064 per Unit (assuming the closing of the Offering occurs on November 24, 2010). As results of operations may vary, the distribution of cash is not guaranteed.

The Administrator anticipates that approximately 40-50% of the distributable cash during the first taxation year of the Trust will be included in the income of Unitholders for income tax purposes. The balance will not be taxable and will be deducted from the adjusted cost base of their Units.

Where the Administrator, as administrator of the Trust, determines that the Trust does not have cash in an amount sufficient to make payment of the full amount of any distribution which has been declared to be payable, payment of such distribution may, at the option of the Administrator, include the issuance of additional Units, if necessary, having an aggregate value equal to the difference between the amount of such declared distribution and the amount of cash which has been determined by the Administrator to be available for the payment of such distribution. The value of each Unit which is to be issued in payment of distributions shall be the "market price" (as determined in accordance with the provisions of the Trust Indenture). See

"Description of the Trust – Issuance of Units". Such additional Units will be issued pursuant to applicable exemptions under applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or a prospectus or similar filing.

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

The Trust's ability to pay distributions to Unitholders is dependent upon the ability of the Partnership and the CT to meet their interest, principal and other distribution obligations. The Partnership's income will be derived from the production of oil and natural gas from its U.S. resource properties and is susceptible to the risks and uncertainties associated with the oil and natural gas industry generally, and specifically in the U.S.

The CT and the Partnership will be required to comply with covenants under the Credit Facility. In the event that they do not comply with covenants under the Credit Facility, the ability to make distributions to Unitholders may be restricted. See "Risk Factors".

Redemption at the Option of Unitholders

Units are redeemable at any time and from time to time on demand by the Unitholders thereof upon delivery to the Trust at its head office and to CDS (if a global unit certificate has been issued by the Trust) of a duly completed and properly executed notice, in a form reasonably acceptable to the Trustee, requesting redemption, together with written instructions as to the number of Units to be redeemed and together with the certificates, if any, representing Units to be redeemed (if a global unit certificate has not been issued by the Trust). Upon tender of Units by a Unitholder for redemption, all rights to and under the Units tendered for redemption shall immediately cease, provided that the Unitholder thereof shall retain the right to receive distributions thereon which have been declared payable to Unitholders of record prior to the date of tender for redemption (the "**Redemption Date**") and the right to receive a price per Unit (the "**Redemption Price**") in cash equal to the lesser of: (i) 90% of (a) the volume weighted average trading price of a Unit traded on the principal stock exchange on which the Units are listed (or, if the Units are not listed on any such exchange, on the principal market on which the Units are quoted for trading) during the period of the last 10 trading days ending immediately prior to the Redemption Date; (b) if the applicable exchange or market does not provide information necessary to compute a volume weighted average trading price, an amount equal to the volume weighted average of the closing prices of a Unit for each of the last 10 trading days occurring immediately prior to the Redemption Date on which there was a closing price; provided that if the applicable exchange or market does not provide a closing price, but only provides the highest and lowest prices of the Units traded on a particular day, the price shall be an amount equal to the volume weighted average of the average of the highest and lowest prices for each of the trading days on which there was a trade; and (c) if there was trading on the applicable market or exchange for fewer than five of the 10 trading days occurring immediately prior to the Redemption Date, the volume weighted average of the following prices established for each of the 10 trading days: (1) the average of the last bid and last asking prices for each day on which there was no trading; (2) the closing price of the Units for each day that there was trading if the exchange or market provides a closing price; and (3) the average of the highest and lowest prices of the Units for each day that there was trading, if the exchange or market provides only the highest and lowest prices of Units traded on a particular day; and (ii) an amount equal to 100% of the (a) volume weighted average trading price of a Unit on the Redemption Date, on the principal stock exchange on which Units are listed (or, if the Units are not listed on any such exchange, on the principal market on which the Units are quoted for trading) if the applicable exchange or market provides information necessary to compute a volume weighted average trading price on such date; (b) the closing price of a Unit if there was a trade on the Redemption Date, and the exchange or market provides only a closing price; (c) simple average of the highest and lowest prices of Units on the Redemption Date if there was trading on such date and the exchange or market provides only the highest and lowest trading prices of Units traded on a particular day; or (d) simple average of the last bid and the last asking prices of the Units on the Redemption Date if there was no trading on such date.

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

Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the Redemption Date or for more than five trading days during the 10 trading-day period immediately prior to the Redemption Date; or (iv) the Trust or any affiliate of the Trust (including the Partnership) is, or after such redemption would be, in default under the Credit Facility or any other credit facilities and agreements entered into by the Trust or any of its affiliates, from time to time, which set forth the terms and conditions of any debt financing obtained by the Trust, or by any one of its affiliates (as the case may be), from any person or persons not affiliated with the Trust (and for further certainty, shall include all agreements pertaining to issuances of debentures or other debt securities to the public).

If a Unitholder is not entitled to receive cash upon the redemption of Units as a result of the limitations set forth in the immediately preceding paragraph, then the redemption price for each Unit tendered for redemption shall be equal to the fair market value of a Unit as determined by the Trustee, in its discretion, and shall, subject to all necessary regulatory approvals, be paid and satisfied by way of a distribution *in specie* of Trust Property which may include the CT Notes or other Trust Property (other than the CT Units), as determined by the Trustee in its discretion. Any CT Notes so distributed shall be in the principal amount of $100. No fractional CT Notes will be distributed and where the number of CT Notes to be received by a Unitholder includes a fraction, such number shall be rounded to the next lowest whole number.

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

Trustee

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

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

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

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

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

Any resignation or removal of the Trustee will take effect on the date upon which the last of the following occurs (i) a successor Trustee is appointed or elected pursuant to the Trust Indenture, and (ii) the new successor Trustee has accepted such election or appointment and has legally and validly assumed all obligations of the Trustee under the Trust Indenture. If no successor Trustee has been appointed or elected within 60 days of notice being given by the Trustee of its resignation, approval of an Ordinary

Resolution to remove the Trustee, or the giving of notice by the Administrator to remove the Trustee, as the case may be, any Unitholder, the Trustee, the Administrator or any other interested person may apply to a court of competent jurisdiction for the appointment of a successor trustee.

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

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

Certain Restrictions on Trustee's Powers

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

The Trust Indenture further provides that the Trustee shall not, without approval of Unitholders by Ordinary Resolution, (i) vote the CT Units with respect to any matter which, under the CT Trust Indenture, requires or permits approval of the holders of the CT Units by Ordinary Resolution, (ii) instruct on the voting of any share of the Administrator pursuant to the Voting Agreement for the appointment of Administrator Directors by the Unitholders, or (iii) appoint or change the auditors of the Trust, except in the event of a voluntary resignation of such auditors, acting reasonably.

In addition, the Trust Indenture provides that the Trustee shall not, without approval of Unitholders by Special Resolution, (i) vote the CT Units with respect to any matter which, under the CT Trust Indenture, requires or permits approval by the holders of the CT Units by Special Resolution, (ii) amend the Trust Indenture, except as permitted by the Trust Indenture (as described under "Amendments to the Trust Indenture" below), (iii) sell, lease or exchange all or substantially all of the Trust Property, other than (a) pursuant to *in specie* redemptions permitted under the Trust Indenture, (b) in order to acquire the CT Units and the CT Notes in connection with pursuing the purpose of the Trust and completing the transactions described herein, or (c) in conjunction with an internal reorganization involving the sale, lease, exchange or other transfer of the Trust Property (whether or not involving all or substantially all of the Trust Property) as a result of which the Trust has substantially the same interest, whether directly or indirectly, in the Trust Property that it had prior to the reorganization and, for greater certainty, such reorganization includes an amalgamation, arrangement or merger of the Trust and its affiliates with any entities.

Amendments to the Trust Indenture

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

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

Rights of Unitholders

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

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

Unitholders do not have recourse to a dissent right under which shareholders of an ABCA corporation are entitled to receive the fair value of their shares where certain fundamental changes affecting the corporation are undertaken (such as an amalgamation, a continuance under the laws of another jurisdiction, the sale of all or substantially all of its property, a going private transaction or the addition, change or removal of provisions restricting (i) the business or businesses that the corporation can carry on, or (ii) the issue, transfer or ownership of shares). As an alternative, Unitholders seeking to terminate their investment in the Trust are entitled to redeem their Units, as described under "Description of the Trust – Redemption at the Option of Unitholders". Unitholders similarly do not have recourse to the statutory oppression remedy that is available to shareholders of an ABCA corporation where the corporation undertakes actions that are oppressive, unfairly prejudicial or disregarding the interests of securityholders and certain other parties.

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

Meetings of Unitholders

The Trust Indenture provides that there shall be an annual meeting of the Unitholders immediately prior to, and at the same place as, each annual meeting of holders of the CT Units and common shares of the Administrator for the purpose of: (i) presentation of the financial statements of the Trust for the immediately preceding fiscal year; (ii) appointing the auditors of the Trust for the ensuing year; (iii) transacting such other business as the Trustee may determine or as may be properly brought before the meeting; and (iv) directing and instructing the Trustee as to the manner in which the Trustee shall vote, at the annual meeting of the holders of CT Units which is to immediately follow the annual meeting of Unitholders, the CT Units held by the Trust; and (v) electing the Administrator Directors.

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

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

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

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

Information and Reports

The Administrator, as administrator of the Trust, will furnish to Unitholders, in accordance with applicable securities laws, all financial statements of the Trust (including quarterly and annual financial statements and certifications) and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of Unitholder's tax returns under the Tax Act and equivalent provincial legislation.

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

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

Term of the Trust

The Trust has been established for a term ending 21 years after the date of death of the last surviving issue of Her Majesty, Queen Elizabeth II, alive on July 19, 2010. The termination or winding-up of the Trust may also be effected by passage of a Special Resolution authorizing the same.

Delegation to the Administrator

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

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

Power of Attorney

Upon becoming a Unitholder, each Unitholder, pursuant to the terms of the Trust Indenture, grants to the Trustee a power of attorney constituting the Trustee, with full power of substitution, as the true and lawful attorney of such Unitholder to act on his behalf, with full power and authority in his name, place and stead, to execute, swear to, acknowledge, deliver, make, file or record (and to take all requisite action in connection with such matters), when, as and where required: (i) the Trust Indenture and any other instrument required or desirable to qualify, continue and keep in good standing the Trust as a "mutual fund trust" under the Tax Act in all jurisdictions that the Trustee deems appropriate; (ii) any instrument, deed, agreement or document in connection with carrying on the affairs of the Trust as authorized in the Trust Indenture, including all conveyances, transfers and other documents required in connection with any disposition of Units; (iii) all conveyances, transfers and other documents required in connection with the dissolution, liquidation or termination of the Trust; (iv) any and all elections, determinations or designations whether jointly with third parties or otherwise, under the Tax Act or any other taxation or other legislation or similar laws of Canada or of any other jurisdiction in respect of the affairs of the Trust or of a Unitholder's interest in the Trust; (v) any instrument, certificate and other documents necessary or appropriate to reflect and give effect to any duly authorized amendment to the Trust Indenture; and (vi) all transfers, conveyances and other documents required to facilitate the acquisition of Units of non-tendering offerees in the event of a take-over bid.

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

DESCRIPTION OF THE COMMERCIAL TRUST

The CT Trust Indenture contains provisions substantially similar to those of the Trust Indenture. The principal differences between the CT Trust Indenture and the Trust Indenture are described below. The description below is a summary only and is qualified in its entirety by reference to the full text of the CT Trust Indenture and the Trust Indenture. See "Material Contracts".

General

The CT is an unincorporated trust established under the laws of the Province of Alberta on September 27, 2010 by the CT Trust Indenture. The CT has been created to acquire and hold on closing of the Offering a 99.999% interest in the Partnership, with the remaining 0.001% held by the GP, a wholly-owned subsidiary of the CT. The CT's activities are restricted to the direct or indirect operation of energy related businesses, including through the ownership of an interest in the Partnership, provided that the CT shall not: (i) take any action, or acquire or retain any investment, that would result in the Trust, the CT or any entity in which the Trust or the CT has invested being considered a "SIFT trust" or a "SIFT partnership" as defined in the Tax Act.

Units of the CT

The beneficial interest in the CT is represented and constituted by one class of units, the CT Units. An unlimited number of the CT Units are authorized for issuance pursuant to the CT Trust Indenture. Upon closing of the Offering, there will be 6,457,070 CT Units outstanding (all of which will be owned by the Trust). The CT Units are to be issued only when fully paid in money, property or past services and are not to be subject to future calls or assessments. It is anticipated that the Trust will always be the sole holder of the CT Units.

The CT Unitholders are entitled to participate equally with respect to any and all distributions if, as and when declared in accordance with the provisions of the CT Trust Indenture. See "Description of the CT — Distributions".

On the liquidation or termination of the CT or other distribution of assets of the CT among the CT Unitholders for the purpose of winding up the affairs of the CT, each CT Unit will entitle the holder to participate equally with respect to the distribution of the remaining assets of the CT after payment of its debts, liabilities and liquidation or termination expenses. Except as set out immediately above, and as set forth below under "Redemption of the CT Units", there are no conversion, retraction, redemption, repurchase, or pre-emptive rights attaching to the CT Units.

Governance

The trustee of the CT is the Administrator. The Administrator Directors are appointed from time to time by the Unitholders of the Trust pursuant to the terms of the Voting Agreement.

The CT Trust Indenture provides that the Administrator must exercise its power and carry out its function as CT Trustee honestly, in good faith and in the best interest of the CT and CT Unitholders. Additionally, the CT Trustee must exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in the circumstances.

Acquisitions and Investments

Monies or other property received by the CT or the Administrator on behalf of the CT may be used for any purpose, activity or undertaking not inconsistent with the CT Trust Indenture.

Distributions

The distributable cash of the CT is an amount determined in the discretion of the CT Trustee and will be derived exclusively from distributions on the interest in the Partnership owned by the CT. The CT intends to make monthly cash distributions to the Trust in conjunction with the monthly distributions made by the Trust to the Unitholders after satisfaction of its interest obligations and other obligations. The description of the distributable cash of the CT is substantially similar to that of the Trust.

Redemption of the CT Units

The CT Units are redeemable at any time on demand by any CT Unitholder upon delivery to the CT of a duly completed and properly executed notice requiring the CT to redeem the CT Units, in a form reasonably acceptable to the Administrator Directors, together with the certificates representing the CT Units to be redeemed and written instructions as to the number of the CT Units to be redeemed. Upon tender of the CT Units by any CT Unitholder for redemption, the tendering CT Unitholder will no longer have any rights with respect to such CT Units other than the right to receive the redemption price for such CT Units and the right to receive distributions in respect of such CT Units which have been declared payable to holders of record on a date prior to the date of tender for redemption. The redemption price for each CT Unit tendered for redemption will be equal to:

$$\frac{(A \times B) - C}{D}$$

where:

A = the cash redemption price per Unit calculated as of the close of business on the date the CT Units were so tendered for redemption by the CT Unitholder;

B = the aggregate number of Units outstanding as of the close of business on the date the CT Units were so tendered for redemption by the CT Unitholder;

C = the aggregate unpaid principal amount of the CT Notes owned by the Trust, taking into account all accrued but unpaid interest thereon, any other indebtedness of, or liabilities owed by, the CT to the Trust, and the fair market value of all other assets or investments owned by the Trust (other than the CT Units and the CT Notes), as of the close of business on the date the CT Units were so tendered for redemption by the CT Unitholder; and

D = the aggregate number of the CT Units outstanding as of the close of business on the date the CT Units were so tendered for redemption by the CT Unitholder.

The CT may also call for redemption, at any time, all or any part of the outstanding CT Units registered in the name of holders thereof (other than those registered in the name of the Trust) at the same redemption price as described above for each CT Unit called for redemption, calculated with reference to the date the Administrator Directors approved the redemption of the CT Units as opposed to the close of business on the date the CT Units are tendered for redemption.

The aggregate redemption price payable by the CT in respect of any CT Units tendered for redemption by the holders thereof during any month shall be satisfied, at the option of the Administrator Directors (i) by cheque in immediately available funds, (ii) by the issuance, to or to the order of the holder whose CT Units are to be redeemed, of such aggregate principal amount of the CT Notes as is equal to the aggregate redemption price payable to such CT Unitholder rounded down to the nearest $100, with the balance of any such aggregate redemption price not paid in the CT Notes to be paid by cheque in immediately available funds; or (iii) by any combination of cash and the CT Notes as the Administrator Directors shall determine in their discretion, in each such case payable or issuable on or before the fifth business day of the calendar month following the calendar month in which the CT Units were so tendered for redemption. A CT Unitholder whose CT Units are so tendered for redemption may elect, at any time prior to the payment of the redemption price, to receive the CT Notes pursuant to subparagraph (ii) above in the place of all or part of the cash otherwise payable, with the principal amount of such CT Notes to be equal to the amount of cash otherwise payable rounded down to the nearest $100. In the case of the CT Units called for redemption by the CT, the aggregate redemption price payable by the CT to the CT Unitholders whose CT Units have been so called for redemption shall be satisfied by payment by cheque, in immediately available funds.

The CT Notes

Following is a summary of the material attributes and characteristics of the CT Notes which will be issued by the CT under the CT Note Indenture. This summary is qualified in its entirety by reference to the provisions of the CT Note Indenture. See "Material Contracts".

Upon closing of the Offering, the CT will be capitalized by the Trust investing an aggregate of $138,600,000, comprised of the net proceeds of the Underwritten Offering together with the 2,000,000 Units comprising of the Concurrent Offering, consisting of $64,571,000 in consideration for 6,457,070 CT Units and CT Notes with an aggregate principal amount of $74,029,000. If the Over-Allotment Option is exercised in full, the Trust's aggregate investment in the CT will be $156,930,000, consisting of approximately $82,901,000 in consideration for 8,290,070 CT Units and CT Notes with an aggregate principal amount of approximately $74,029,000. Immediately following the closing of the Offering, the Trust will own all of the CT Units and all of the CT Notes.

Interest and Maturity

The CT Notes to be issued at closing of the Offering will bear interest at 11.5%, payable monthly, in arrears, with such payment to be made on the last business day of each calendar month or such earlier date as the principal balance outstanding and all accrued and unpaid interest is payable by the CT to the holder of the CT Notes. The CT may repay all or any portion of the principal amount of any CT Note at any time without interest or penalty. The Series 1 CT Note will mature on December 31, 2020 and each Series 2 CT Note will mature on a date determined at the issue of the issuance of such Series 2 CT Note by the CT Trustee.

Payment upon Maturity

Except as otherwise provided under the CT Note Indenture, on maturity the CT will repay the CT Notes by paying to the CT Trustee the principal amount of the outstanding CT Notes which have then matured, together with accrued and unpaid interest thereon.

Subordination/Security

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

The Series 2 CT Notes rank prior to the Series 1 CT Note. The Series 2 CT Notes issued under the Note Indenture rank *pari passu* with one another, provided, however, that the principal and interest, if any, may be payable at different times for the Series 2 CT Notes where the CT Notes within such series are issued at different times in accordance with the tenor of such Series 2 CT Notes.

Default

The CT Note Indenture will provide that any of the following shall constitute an event of default: (i) default in payment of the principal of the CT Notes when the same becomes due and the continuation of such default for a period of 10 business days; (ii) default in payment of any interest due on any CT Notes and continuation of such default for a period of 15 business days;

(iii) default in the observance or performance of any other covenant or condition of the CT Note Indenture and continuance of such default for a period of 30 days after notice in writing has been given by the holder(s) of the CT Notes specifying such default and requiring the CT to rectify the same; (iv) if there occurs, with respect to any issue of indebtedness of the CT having an outstanding principal amount of $10 million or more, an event of default that has caused the holder thereof to declare such indebtedness to be due and payable prior to its maturity and such indebtedness has not been discharged in full or such acceleration has not been rescinded or annulled within 30 days of such acceleration; and (v) certain events of dissolution, liquidation, reorganization or other similar proceedings relative to the CT. The provisions governing an event of default under the CT Note Indenture and remedies available thereunder do not provide protection to the holders of the CT Notes which would be comparable to the provisions generally found in debt securities issued to the public.

DESCRIPTION OF THE PARTNERSHIP

General

Eagle Energy Acquisitions LP is a limited partnership formed under the laws of the State of Delaware on September 28, 2010 and governed by the LP Agreement. The Partnership has been created to initially acquire the Salt Flat Interest. The business of the Partnership will be such businesses and activities as the directors of the GP, as general partner, may determine and as may be contemplated by this prospectus. The following is a summary of the material attributes and characteristics of the Partnership and certain provisions of the LP Agreement, which summary is not intended to be complete. Reference is made to the LP Agreement for a complete description. See “Material Contracts”.

General Partner

The general partner of the Partnership is the GP, a limited liability company formed under the laws of the State of Delaware initially on September 28, 2010. The sole member of the GP is the CT. The Voting Agreement will provide that the Unitholders of the Trust shall have the right to appoint all of the directors of the GP. The directors of the GP will be the same as the Administrator Directors.

As general partner of the Partnership, the GP will be allocated 0.001% of the income or loss of the Partnership for each fiscal year and, upon dissolution of the Partnership, will be entitled to receive 0.001% of the remaining property of the Partnership. As general partner, the GP will have the authority to manage the business and affairs of the Partnership and will have unlimited liability for the obligations of the Partnership.

The GP will provide or procure from its affiliates or third parties, subject to the general oversight and discretion of the directors of the GP, all services that are or may be required or advisable, from time to time, in order to manage, operate, control and administer the business of the Partnership (as required of the GP pursuant to the terms and conditions of the LP Agreement), including: (i) overseeing the business and affairs; (ii) developing, implementing and monitoring a strategic plan; (iii) developing acquisition strategies and investigating potential acquisitions and analyzing the feasibility of potential acquisitions; (iv) carrying out acquisitions or dispositions and related financings; (v) preparing an annual management plan; (vi) assisting in connection with any financings; and (vii) the preparation, planning and co-ordination of meetings of directors of the GP.

The GP is further authorized to provide, or procure from its affiliates and third parties, the provision of operational and maintenance services in respect of the facilities comprising the business of the Partnership, and in respect thereto shall be entitled to the reimbursement of all costs and expenses (including payroll and payroll related costs, overhead, general and administrative costs, and out-of-pocket and third party fees and expenses) reasonably incurred in the provision of such services.

Under the LP Agreement, the GP will receive no fees in consideration of the services it will provide to the Partnership as GP. However, the GP will retain a 0.001% interest in the Partnership, which will not be required to be offset against expenses incurred by the GP pursuant to the LP Agreement. The GP is not required to contribute capital to the Partnership in order to earn its 0.001%.

The GP will be entitled to the reimbursement of all costs and expenses reasonably incurred by the GP in carrying out its obligations and duties under the LP Agreement, including but not limited to payroll and payroll related costs, overhead, accounting and other general and administrative costs, and out-of-pocket and third party fees and expenses.

The GP may be replaced as the GP of the Partnership in accordance with the terms of the LP Agreement, upon a determination by the CT.

Partnership Interests and Distributions

Immediately following the closing of the Offering, and whether or not the Over-Allotment Option is exercised, the CT will have 99.999% interest in the Partnership and the GP will hold the remaining 0.001% interest.

The Partnership intends to adopt a policy to distribute its distributable funds to the extent determined prudent by the directors of the GP, which is expected to coincide with distributions made by CT to the Trust. Distributions will be made as to 99.999% to the CT and as to 0.001% to the GP within 15 days of the end of each month and the distributions are intended to be received by the CT prior to its related monthly distributions to the Trust. The Partnership may, in addition, make a distribution at any other time. Distributable funds will represent, in general, all of the Partnership's cash flow, after:

1. satisfaction of its debt service obligations (principal and interest) under credit facilities or other agreements with third parties, including amounts payable under the Credit Facility;
2. payment of all general and administrative expenses incurred by the Partnership;
3. retaining reasonable working capital reserves, maintenance and other capital expenditure reserves, or other reserves, including reserves to stabilize distributions to the partners, as may be considered appropriate by the GP; and
4. payment of expenditures other than as provided for in 1 to 3 above, provided such payment has been approved by the GP.

Capital and other expenses, including amounts required to enable the Partnership to stabilize monthly distributions based on anticipated future distributable funds, may be financed with drawings under one or more credit facilities that may be established by the Partnership, other borrowings or additional capital contributions to the Partnership.

Allocation of Income and Losses

The income or loss of the Partnership for each fiscal year will be allocated to the partners in accordance with their respective interests in the Partnership. The amount of income allocated to a partner may exceed or be less than the amount of cash distributed by the Partnership to that partner. For U.S. federal income tax purposes, the Partnership will be treated as a disregarded entity and all items of income or loss will ultimately be allocated to the CT for U.S. federal income tax purposes. The fiscal year end of the Partnership will be December 31.

Limited Liability

The GP intends to operate the Partnership in a manner so as to ensure, to the greatest extent possible, the limited liability of the CT as limited partner. Limited liability may be lost in certain circumstances. The GP, as general partner, will indemnify the CT as limited partner against all claims arising from assertions that the CT's liability is not limited as intended by the LP Agreement, unless the liability is not so limited as a result of or arising out of any act of the CT. The GP has no significant assets or financial resources, however, and therefore the indemnity from GP will have nominal value.

Transfer of Partnership Interests

Partnership interests may not be transferred without the prior written consent of the GP, such consent not to be unreasonably withheld. No transfer of a Partnership interest will be accepted by the GP, as general partner, unless a transfer form, duly completed and signed by the holder of the Partnership interest, has been remitted to the GP. In addition, a transferee of a Partnership interest must provide to the GP such other instruments and documents as the GP may reasonably require in appropriate form completed and executed in a manner acceptable to the general partner. A transferee of a Partnership interest will not become a partner or be admitted to the Partnership and will not be subject to the obligations and entitled to the rights of a partner under the LP Agreement until the foregoing conditions are satisfied and such transferee is recorded on the Partnership's register of partners.

Amendments to the LP Agreement

The LP Agreement may only be amended by agreement of the partners. In particular, no amendment will be permitted to be made to the LP Agreement changing the liability of any limited partner, allowing any limited partner to exercise control over the business of the Partnership, adversely affecting the rights, privileges or conditions attaching to any Partnership interest, reducing the percentage of income allocable to the CT as a limited partner to below 99.999% or changing the Partnership from a limited partnership to a general partnership, in each case, without the unanimous approval of the partners. No amendment that would terminate the Partnership other than as provided in the LP Agreement or that would change the priority of distributions or the priority to return of the assets on a liquidation will be permitted to be made without unanimous approval of the partners.

PLAN OF DISTRIBUTION

The Underwritten Offering consists of 13,000,000 Units (14,950,000 Units if the Over-Allotment Option is exercised in full). See "Description of the Trust" for a description of the attributes of the Units.

Under an agreement dated November 16, 2010 among the Trust, the CT, the Partnership, the Administrator, the GP, EEI Holdings, the Promoter and the Underwriters (the "**Underwriting Agreement**"), the Trust has agreed to issue and sell and the Underwriters have agreed to purchase on November 24, 2010, or on such other date as may be agreed upon among the parties thereto, but in any event no later than December 24, 2010, the 13,000,000 Units qualified for distribution under this prospectus pursuant to the Underwritten Offering at a price of $10.00 per Unit for a total consideration of $130,000,000 payable in cash to the Trust against delivery of certificates representing such Units.

The offering price of the Units to be issued pursuant to the Underwritten Offering was determined by negotiation among the Administrator, on behalf of the Trust, the Promoter and the Underwriters. The Trust has agreed to pay a fee to the Underwriters in the amount of $0.60 per Unit issued pursuant to the Underwritten Offering, being an aggregate fee of $7,800,000 ($8,970,000 if the Over-Allotment Option is exercised in full). The Underwriter's fee is payable on closing of the Underwritten Offering. No fee will be paid in respect of the Concurrent Offering.

The Underwriters propose to offer the Units to be issued pursuant to the Underwritten Offering initially at the offering price specified herein. After a reasonable effort has been made to sell all of such Units at the price specified, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of such Units remaining unsold. In the event the offering price of the Units to be issued pursuant to the Underwritten Offering is reduced, the compensation received by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for such Units is less than the gross proceeds paid by the Underwriters to the Trust for such Units. Any such reduction will not affect the proceeds received by the Trust.

The obligations of the Underwriters under the Underwriting Agreement are several and not joint, and may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. If an Underwriter fails to purchase the Units which it has agreed to purchase, the remaining Underwriter(s) may terminate their obligation to purchase their allotment of Units, or may, but are not obligated to, purchase the Units not purchased by the Underwriter or Underwriters which fail to purchase. The Underwriters are, however, obligated to take up and pay for all of the Units if any of the Units are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that the Trust, the CT, the Partnership, the Administrator and the GP will jointly and severally indemnify the Underwriters, their respective affiliates and each of their respective directors, officers, employees, partners, shareholders, agents and each other person, if any, controlling the Underwriter or any of its subsidiaries against certain liabilities, claims, actions, complaints, losses, costs, fines, penalties, taxes, interest, damages and expenses. The Promoter and EEI Holdings have provided a separate, similar indemnity as to certain matters, including to breaches by or misrepresentations relating to either person or entity, as applicable.

The Underwritten Offering is being made in each of the provinces of Canada. The Units to be issued pursuant to the Underwritten Offering will be offered in each of the provinces of Canada through those Underwriters or their affiliates who are registered to offer such Units for sale in such provinces and such other registered dealers as may be designated by the Underwriters. Subject to applicable law and the provisions of the Underwriting Agreement, the Underwriters may offer such Units outside of Canada.

The TSX has conditionally approved the listing of the Units under the symbol "EGL.UN". Listing is subject to the Trust fulfilling all of the requirements of the TSX on or before February 1, 2011, including distribution of the Units to a minimum number of public Unitholders.

In addition, the Trust has granted to the Underwriters the Over-Allotment Option to purchase up to an additional 1,950,000 Units, representing up to 15% of the Underwritten Offering, at a price of $10.00 per Unit on the same terms and conditions as the Underwritten Offering, exercisable in whole or in part from time to time, not later than the 30th day following the closing of the Underwritten Offering, to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total price to public, Underwriters' fee and net proceeds to the Trust in respect of the Underwritten Offering (before deducting expenses of the Underwritten Offering) will be $149,500,000, $8,970,000 and $140,530,000 respectively. A purchaser who acquires Units forming part of the Underwriters' over-allotment position acquires those Units under this prospectus regardless of whether the over-allotment position is ultimately filled through exercise of the Over-Allotment Option or secondary market purchases. This prospectus also qualifies for distribution the Over-Allotment Option and the issuance of the additional Units pursuant to the exercise of the Over-Allotment Option.

The Units offered hereby to be issued pursuant to the Underwritten Offering have not been, and will not be, registered under the U.S. Securities Act, or any state securities laws, and may not be offered or sold within the United States absent registration or pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act, and applicable state securities laws. Accordingly, except to the extent permitted by the Underwriting Agreement and except for offers and sales made by the Trust pursuant to an available exemption from registration requirements of the U.S. Securities Act, the Units to be issued pursuant to the Underwritten Offering may not be offered or sold within the United States. Each Underwriter has agreed that it will not offer or sell Units within the United States, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Underwriting Agreement provides that the Underwriters may re-offer and re-sell the

Units that they have acquired pursuant to the Underwriting Agreement in the United States to qualified institutional buyers in accordance with Rule 144A under the U.S. Securities Act. The Underwriting Agreement also provides that the Underwriters will offer and sell the Units outside the United States in accordance with Regulation S under the U.S. Securities Act. In addition, until 40 days after the commencement of the Underwritten Offering, an offer or sale of the Units within the United States by any dealer (whether or not participating in the Underwritten Offering) may violate the registration requirements of the U.S. Securities Act, unless such offer is made pursuant to an exemption from registration under the U.S. Securities Act.

Prior to the Offering, there has been no public market for the Units. The sale of a substantial amount of the Units in the public market after the Offering, or the perception that such sales may occur, could adversely affect the prevailing market price of the Units.

Subscriptions for Units comprising the Underwritten Offering will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. One or more certificates representing the Units to be sold in the Underwritten Offering will be issued in registered form to CDS, or to its nominee, and deposited with CDS on the date of closing of the Underwritten Offering. A purchaser of Units comprising the Underwritten Offering will receive only a customer confirmation from the registered dealer from or through which the Units are purchased. The Units comprising the Underwritten Offering (other than any Units transferable or issuable, as applicable, upon exercise of the Over-Allotment Option) are to be taken up by the Underwriters, if at all, on or before a date not later than 42 days after the date of the receipt for this prospectus.

Price Stabilization, Short Positions and Passive Market Making

In connection with the Underwritten Offering, the Underwriters may over-allocate or effect transactions which stabilize, maintain or otherwise affect the market price of the Units at levels other than those which otherwise might prevail on the open market, including: stabilizing transactions; short sales; purchases to cover positions created by short sales; imposition of penalty bids; and syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Units while the Underwritten Offering is in progress. These transactions may also include making short sales of the Units, which involve the sale by the Underwriters of a greater number of Units than they are required to purchase in the Underwritten Offering. Short sales may be "covered short sales", which are short positions in an amount not greater than the Over-Allotment Option, or may be "naked short sales", which are short positions in excess of that amount.

The Underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Units in the open market or as otherwise permitted by applicable law.

In making this determination, the Underwriters will consider, among other things, the price of Units available for purchase in the open market compared with the price at which they may purchase Units through the Over-Allotment Option. The Underwriters must close out any naked short position by purchasing Units in the open market or as otherwise permitted by applicable law. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Units in the open market that could adversely affect investors who purchase in the Underwritten Offering.

In addition, in accordance with rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at any time during the period of distribution, bid for or purchase Units. The foregoing restriction is, however, subject to exceptions where the bid or purchase is not made for the purpose of creating actual or apparent active trading in, or raising the price of, the Units. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable regulatory authorities and the TSX, including the Universal Market Integrity Rules for Canadian Marketplaces, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution.

As a result of these activities, the price of the Units may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on any stock exchange on which the Units are listed, in the over-the-counter market, or as otherwise permitted by applicable law.

Restrictions on the Sales of Units of the Trust

Restrictions on the Trust

Under the Underwriting Agreement, the Trust, the CT, the Partnership, the Administrator and GP have agreed that without the prior consent of Scotia Capital Inc. on behalf of the Underwriters, which consent shall not be unreasonably withheld, delayed or refused, none of them will (and will cause the CT, the Partnership, the Administrator and the GP, to not), during the period ending

180 days after the closing of the Underwritten Offering, (i) create, allot, authorize, offer, issue, secure, pledge, sell, offer to sell, grant any option, right or warrant for the sale of, or contract to purchase or sell, or otherwise lend, transfer or dispose of, directly or indirectly, any Units, rights to purchase such Units or any securities convertible into or exercisable or exchangeable for such Units or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Units, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of such Units, or such other securities or interests, in cash or otherwise, or agree or, within such period, announce any intention to do so, other than: (i) Units granted under the Option Plan as described under the heading "Options to Purchase Securities", (ii) Units issued pursuant to the exercise of the Over-Allotment Option, (iii) 324,103 Units issuable on exercise of the Convertible Notes outstanding on the date of the Underwriting Agreement, (iv) 387,500 Units issuable to the former holders of Performance Options on surrender for cancellation, (v) 2,000,000 Units issuable pursuant to the Concurrent Offering, and (vi) as full or partial consideration for arm's length acquisitions of assets or a corporate acquisition.

Restrictions on Certain Unitholders

The Underwriters have entered into lock-up agreements with certain existing securityholders of the Trust holding, in the aggregate, $332,560 aggregate principal amount of Convertible Notes, 349,978 Units previously issued by the Trust and 387,500 Units to be issued on surrender of Performance Options, and the Escrow Agreement with OAG regarding the 2,000,000 Units to be issued pursuant to the Concurrent Offering.

Pursuant to the lock-up agreements and the Escrow Agreement, each securityholder has agreed, subject to certain exceptions, not to offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any Units or securities convertible into or exchangeable or exercisable for any Units, enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of the Units, whether any such aforementioned transaction is to be settled by delivery of such Units or such other securities, in cash or otherwise, or publicly disclose the intention to make any such offer, sale, pledge or disposition, or to enter into any such transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of Scotia Capital Inc.

Pursuant to the lock-up agreements, each securityholder is permitted to make transfers, sales, tenders or other dispositions of Units pursuant to a take-over bid for securities of the Trust or any other transaction, including, without limitation, a merger, arrangement or amalgamation, involving a change of control of the Trust (including, without limitation, entering into any lock-up, voting or similar agreement pursuant to which the locked-up securityholder may agree to transfer, sell, tender or otherwise dispose of Units in connection with any such transaction, or vote any Units in favour of any such transaction), provided that all Units subject to the lock-up agreement that are not so transferred, sold, tendered or otherwise disposed of remain subject to the lock-up agreement; and provided further that it shall be a condition of transfer, sale, tender or other disposition that if such take-over bid or other transaction is not completed, any Units subject to the lock-up agreement shall remain subject to the restrictions therein.

The lock-up agreements will not apply to the disposition of Units acquired by the locked-up securityholders in the open market after the completion of the Underwritten Offering. In addition, Scotia Capital Inc. has the authority, on behalf of the Underwriters, to provide consents to release locked-up securityholders from the lock-up agreements and, subject to TSX approval in certain circumstances, provide consent to release OAG from the Escrow Agreement.

RELATIONSHIP BETWEEN THE TRUST AND AN UNDERWRITER

It is anticipated that an affiliate of Scotia Capital Inc. (the "**Lender**") will make the Credit Facility available to the Partnership at or before closing of the Offering. The Credit Facility will be secured by a first priority security interest on certain oil and gas properties of the Trust and its subsidiaries, including the Partnership, and substantially all personal property of such entities including the interest in the Partnership held by the CT and GP, a fixed and floating charge debenture over all of the assets of the Trust and its subsidiaries, including the Partnership, and guarantees by the Trust and each of its subsidiaries other than the Partnership. See "Debt Financing" and "Consolidated Capitalization". In addition, the same affiliate of Scotia Capital Inc. has acted as financial advisor to OAG in connection with the sale of the Salt Flat Interest and is entitled to a fee upon completion of the Salt Flat Acquisition. Accordingly, under applicable securities laws, the Trust may be considered a "connected issuer" to such Underwriter.

The decision to offer the Units to be issued pursuant to the Underwritten Offering was made by the Administrator and the Promoter and the determination of the terms of the Underwritten Offering, including the offering price of such Units, has been determined by negotiation among the Administrator (on behalf of the Trust), the Promoter and the Underwriters. The Lender did not have any involvement in such decision or determination; however, the Lender has been advised of the Underwritten Offering and the terms thereof. As a consequence of the Underwritten Offering, each of the Underwriters will receive a share of the Underwriters' fee.

CONCURRENT OFFERING

OAG has agreed in the Purchase and Sale Agreement to subscribe for the 2,000,000 Units comprising the Concurrent Offering at an issue price of $10.00 per Unit as payment of $20,000,000 of the purchase price for the Salt Flat Interest, based on the Offering price of the Units to be issued pursuant to the Underwritten Offering. See "Funding, Salt Flat Acquisition and Related Transactions".

Pursuant to the Escrow Agreement that will be entered into on the closing of the Offering among OAG, the Partnership, the Escrow Agent and Scotia Capital Inc., on behalf of the Underwriters, the 2,000,000 Units to be issued to OAG pursuant to the Concurrent Offering will be deposited with the Escrow Agent and held until certain TSX requirements are satisfied and the Escrow Period has expired. While subject to the Escrow Agreement, no voting or other rights attaching to those Units may be exercised and distributions in respect of those Units will be held in trust for OAG. If the TSX's requirements are not satisfied, then OAG must after the end of the Escrow Period sell at least that number of Units that will result in OAG holding less than 10% of the outstanding Units.

Pursuant to the Escrow Agreement, OAG has agreed, subject to certain exceptions, not to offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any Units or securities convertible into or exchangeable or exercisable for any Units, enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of the Units, whether any such aforementioned transaction is to be settled by delivery of such Units or such other securities, in cash or otherwise, or publicly disclose the intention to make any such offer, sale, pledge or disposition, or to enter into any such transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of Scotia Capital Inc., on behalf of the Underwriters, during the Escrow Period.

Scotia Capital Inc. has the authority, on behalf of the Underwriters, to, subject to TSX approval in certain circumstances, provide consent to release OAG from the Escrow Agreement.

OAG has also provided a written acknowledgement and agreement to and in favour of the Underwriters pursuant to which OAG acknowledges that the Underwriters shall have no liability to OAG with respect to the Units comprising the Concurrent Offering for any misrepresentation in this prospectus or and amendment or supplement thereto.

PRINCIPAL SECURITYHOLDERS

There are no persons known by the Trust who, following closing of the Offering, will own beneficially, directly or indirectly, or exercise control or direction over more than 10% of any class or series of voting securities of the Trust, other than OAG, which will own, of record and beneficially, 2,000,000 Units, being 12.5% of the total Units then outstanding (11.1% if the Over-Allotment Option is exercised in full).

PRIOR SALES

On July 20, 2010, in connection with the establishment of the Trust, the Trust issued one Unit to the Promoter and one Unit to the settlor of the Trust, as initial Unitholders, for $100 per Unit. Those Units will be repurchased by the Trust for the same price on closing of the Offering.

On August 2, 2010, the Trust issued 349,978 Units at a deemed price of $1.00 per Unit to the Promoter (as to 325,000 Units), an officer of the Administrator (as to 7,637 Units), a director of the Administrator (as to 4,300 Units) and a consultant to the Administrator (as to 13,041 Units) in exchange for services and out-of-pocket expenses incurred pursuant to the formation of the Trust and the identification of the Salt Flat Acquisition. All such Units will be subject to a voluntary contractual restriction on transfer for 18 months after the closing of the Offering. See "Securities Subject to Contractual Restrictions on Transfer".

On September 14, 2010, the Trust completed a one-time issuance of 775,000 Performance Options to directors, officers and a consultant to the Administrator, at an initial exercise price per Performance Option of 50% of the per Unit issue price of the Units under the Offering. The exercise price of the Performance Options is equal to the conversion price of the Convertible Notes, which the Administrator Directors determined to be the fair market value of the Units when the Performance Options were granted. The Performance Options were non-transferable, had a ten year term and were to vest as to two-thirds on September 14, 2012 and as to the remaining one-third on September 14, 2013. After determining that the Performance Options would not meet imposed regulatory requirements, the Trust agreed effective November 12, 2010 with the holders of Performance Options to issue Units and pay cash on the closing of the Offering in consideration for the surrender of the Performance Options and also to issue RURs. See "Executive Compensation".

During September and early October, 2010, the Trust issued a total of $1,577,560 principal amount of Convertible Notes to raise necessary working capital. Each Convertible Note will be automatically converted into Units concurrently with the closing of the Offering at a conversion price of 50% of the per Unit issue price of the Units under the Offering, as to both the outstanding principal amount of the Convertible Notes as well as all accrued interest on such Convertible Notes until the date of closing of the

Offering. The conversion price of the Convertible Notes was set by the Board based on the perceived investment risk and on arm's-length negotiations in mid-August 2010 between the Trust and prospective purchasers. There were 31 purchasers of Convertible Notes, 26 of whom were at arm's length to the Trust. Other prospective purchasers were contacted by the Trust but declined to invest.

	Initial Units (1)(2)	Performance Options (3)	Convertible Notes
Administrator Directors	4,300	310,000	$312,560 (4)
Management	332,638	390,000	$20,000 (4)
Consultant	13,041	75,000	0
Arm's-Length Parties	1	0	$1,245,000
Totals:	349,980	775,000	$1,577,560

Notes:

(1) The Trust issued an aggregate of 2 Units to the Promoter and the settlor of the Trust at a price of $100 per Unit in connection with the establishment of the Trust. Those 2 Units will be repurchased by the Trust for the same price on closing of the Offering.

(2) The Trust issued Units at a deemed price of $1.00 per Unit to the following non-arm's length parties (i) the Promoter (325,000 Units), (ii) Peter L. Churcher, Executive Vice President, Engineering and Geosciences of the Administrator (7,637 Units), (iii) Bruce K. Gibson, Administrator Director (4,300 Units) and (iv) a consultant (13,041 Units).

(3) The Trust has agreed to issue Units and RURs and pay cash on the closing of the Offering in consideration for the surrender of the Performance Options. One-half of a Unit will be issued and $1.28 will be paid for each Performance Option surrendered. The Trust has also agreed to issue one RUR in respect of each Performance Option. See "Executive Compensation".

(4) Convertible Notes were issued to the following non-arm's length parties: (i) Kelly A. Tomyn ($20,000 of Convertible Notes), (ii) Bruce K. Gibson ($10,000 of Convertible Notes), (iii) David M. Fitzpatrick ($100,000 of Convertible Notes), (iv) Warren D. Steckley ($100,000 of Convertible Notes) and (v) Joseph Blandford and certain of his associates ($102,560 of Convertible Notes). Ms. Tomyn is the Vice President, Finance and Chief Financial Officer of the Administrator and Messrs. Gibson, Fitzpatrick, Steckley and Blandford are independent Administrator Directors. These Convertible Notes will be converted into an aggregate of 68,122 Units, comprised of 66,512 Units on conversion of principal and 1,610 Units on conversion of accrued interest (assuming that the closing of the Offering occurs on November 24, 2010).

Units issuable to Administrator Directors and Management on surrender of the Performance Options and conversion of the Convertible Notes will be subject to a voluntary contractual restriction on transfer for 180 days after the closing of the Offering. See "Securities Subject to Contractual Restrictions on Transfer".

SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

The following lock-up agreements and the Escrow Agreement contain or will contain on the closing of the Offering contractual restrictions on transfer of securities of the Trust:

1. Lock-up agreements were entered into on the date of this prospectus between the Underwriters and certain members of the Board and Management holding, in the aggregate, $332,560 principal amount of Convertible Notes, which Convertible Notes were among $1,577,560 aggregate principal amount of Convertible Notes issued in September and early October 2010 to raise necessary working capital. See "Prior Sales". The holders of those Convertible Notes have voluntarily agreed with the Underwriters that the Convertible Notes and the Units issuable on conversion thereof will be subject to a lock-up period ending 180 days after the closing of the Offering.

2. Lock-up agreements were entered into on the date of this prospectus between the Underwriters and four Unitholders holding an aggregate of 349,978 Units, being the Promoter, a member of the Board (Bruce K. Gibson), an officer of the Administrator (Peter L. Churcher) and a consultant to the Trust. These Units were issued at a price of $1.00 per Unit in exchange for services and out-of-pocket expenses incurred pursuant to the formation of the Trust and the identification of the Salt Flat Acquisition. See "Prior Sales". The holders of these Units have voluntarily agreed with the Underwriters that the Units will be subject to a lock-up period ending 18 months after the closing of the Offering.

3. Lock-up agreements were entered into on the date of this prospectus between the Underwriters and each Administrator Director, Management and a consultant to the Trust in respect of an aggregate of 387,500 Units to be issued on surrender of Performance Options. See "Executive Compensation" and "Prior Sales". The holders of these Performance Options have voluntarily agreed with the Underwriters that the Units issuable on surrender of the Performance Options will be subject to a lock-up period ending 18 months after the closing of the Offering.

4. The Escrow Agreement will be entered into on the closing of the Offering among OAG, the Partnership, the Escrow Agent and Scotia Capital Inc., on behalf of the Underwriters, regarding the 2,000,000 Units to be issued to OAG pursuant to the Concurrent Offering. See "Concurrent Offering". The Escrow Agreement will provide that that those 2,000,000 Units will be deposited with the Escrow Agent and held until certain TSX approvals are received and the Escrow Period has expired. While subject to the Escrow Agreement, no voting or other rights attaching to those Units may be exercised and distributions in respect of those Units will be held in trust for OAG. If the TSX's requirements are not satisfied, then OAG must after the end of the Escrow Period sell at least that number of Units that will result in OAG holding less than 10% of the outstanding Units.

Pursuant to the lock-up agreements and the Escrow Agreement, each securityholder has agreed, subject to certain exceptions, not to offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any Units or securities convertible into or exchangeable or exercisable for any Units, enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of the Units, whether any such aforementioned transaction is to be settled by delivery of such Units or such other securities, in cash or otherwise, or publicly disclose the intention to make any such offer, sale, pledge or disposition, or to enter into any such transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of Scotia Capital Inc.

Pursuant to the lock-up agreements, each securityholder is permitted to make transfers, sales, tenders or other dispositions of Units pursuant to a take-over bid for securities of the Trust or any other transaction, including, without limitation, a merger, arrangement or amalgamation, involving a change of control of the Trust (including, without limitation, entering into any lock-up, voting or similar agreement pursuant to which the locked-up securityholder may agree to transfer, sell, tender or otherwise dispose of Units in connection with any such transaction, or vote any Units in favour of any such transaction), provided that all Units subject to the lock-up agreement that are not so transferred, sold, tendered or otherwise disposed of remain subject to the lock-up agreement; and provided further that it shall be a condition of transfer, sale, tender or other disposition that if such take-over bid or other transaction is not completed, any Units subject to the lock-up agreement shall remain subject to the restrictions therein.

Pursuant to the Escrow Agreement, the Units may be transferred within escrow to (i) any entity into or with which OAG may be merged or consolidated or amalgamated, or any entity resulting therefrom, with evidence of such merger, consolidation or amalgamation having been provided to the Escrow Agent in a form acceptable to the Escrow Agent; (ii) any entity designated by a final order, decree or judgment of a court or arbitrator of competent jurisdiction, the time for perfection of an appeal of such order, decree or judgment having expired provided such order, decree or judgment authorizes and directs the Escrow Agent to effect such transfer (iii) a trustee in bankruptcy or another person or company entitled to the Units on bankruptcy provided that prior to the transfer, the Escrow Agent shall have received a certified copy of (A) the assignment in bankruptcy filed with the U.S. federal courts, (B) the receiving order adjudging OAG bankrupt; or (C) a certificate of appointment of the trustee in bankruptcy; and (D) a transfer power of attorney, duly completed and executed by the transferor or its/their legal representative in accordance with the requirements of the transfer agent of the Units. If, during the Escrow Period, a reorganization affecting the capital structure of the Trust occurs, then and in each such event, the Units will be released and replaced by the units, shares of stock or other securities and property upon the terms and conditions provided in the relevant reorganization documents.

Scotia Capital Inc. has the authority, on behalf of the Underwriters, to provide consents to release locked-up securityholders from the lock-up agreements and, subject to TSX approval in certain circumstances, provide consent to release OAG from the Escrow Agreement.

The securities subject to the lock-up agreements and the Escrow Agreement are summarized in the following table.

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class (5)(6)
Convertible Notes (Units issued on conversion)	68,122 (1)	0.4%
Units	349,978 (2)	2.2%
Units	387,500 (3)	2.4%
Units	2,000,000 (4)	12.5%

Notes:

(1) With respect to such Convertible Notes, the securityholders have voluntarily agreed with the Underwriters to a lock-up period ending 180 days after the closing of the Offering. The Trust issued $332,560 aggregate principal amount of Convertible Notes to the following members of the Board and Management during September and October 2010 on a private placement basis: (i) Bruce K. Gibson ($10,000 of Convertible Notes), (ii) Kelly A. Tomyn ($20,000 of Convertible Notes), (iii) David M. Fitzpatrick ($100,000 of Convertible Notes), (iv) Warren D. Steckley ($100,000 of Convertible Notes) and (v) Joseph Blandford and certain of his associates ($102,560 of Convertible Notes). These Convertible Note will be automatically converted into 68,122 Units concurrently with closing of the Offering at a conversion price of 50% of the per Unit issue price of the Units under the Offering, as to both the outstanding principal amount of the Convertible Notes as well as all accrued interest on such notes until the date of closing of the Offering.

(2) With respect to such Units, each securityholder has voluntarily agreed with the Underwriters to a lock-up period ending 18 months after the closing of the Offering. The Trust issued an aggregate of 349,978 Units to: (i) the Promoter (as to 325,000 Units), (ii) Peter L. Churcher (as to 7,637 Units), (iii) Bruce K. Gibson (as to 4,300 Units) and (iv) a consultant (as to 13,041 Units).

(3) The Trust has agreed to issue an aggregate of 387,500 Units to eight persons, being all Administrator Directors, Management and a consultant, on the surrender of Performance Options at the closing of the Offering. With respect to such Units, each securityholder has voluntarily agreed with the Underwriters to a lock-up period ending 18 months after the closing of the Offering.

(4) Pursuant to the Escrow Agreement, 2,000,000 Units to be issued to OAG pursuant to the Concurrent Offering will be subject to a lock-up period ending 180 days after the closing of the Offering.

(5) Prior to any exercise of the Over-Allotment Option.

(6) The percentage for the Convertible Notes is presented as the number of Units that the holders of Convertible Notes identified in note (1) will be issued on conversion as a percentage of the total number of Units that will be outstanding on completion of the Offering (prior to any exercise of the Over-Allotment Option).

FIDUCIARY RESPONSIBILITY OF THE ADMINISTRATOR

The Administrator, as administrator of the Trust and trustee of the CT, will have a duty to administer the Trust and the CT in a manner beneficial to the respective unitholders thereof. The GP will have a duty to manage the Partnership in a manner beneficial to all partners of the Partnership, including the CT. As well, the directors and officers of the Administrator and the GP will have fiduciary obligations in that capacity to the unitholders of the Trust and the CT and the Partnership, respectively. Situations may arise in which the interests of the Trust and the CT and their affiliates and associates may conflict with the interests of the GP and the Partnership and their affiliates and associates and the Administrator Directors and the directors of the GP will be obligated to resolve such conflicts. Unless otherwise agreed, neither the GP nor the Administrator shall be obligated to offer any business opportunities to the Trust, the CT or the Partnership.

PROMOTER

Richard W. Clark (the "**Promoter**") may be considered to be the promoter of the Trust in that he directly took the initiative in founding and organizing the Trust and its affiliates. The following table represents the Units that will be held, directly or indirectly, or controlled by the Promoter on the closing of the Offering:

Name	Number of Units Held, Directly or Indirectly, or Controlled	Percentage of Outstanding Units after giving effect to the Offering
Richard W. Clark	411,250	2.6%

On August 2, 2010, the Trust issued 325,000 Units at a deemed price of $1.00 per Unit to the Promoter in exchange for services and out-of-pocket expenses incurred pursuant to the formation of the Trust and the identification of the Salt Flat Acquisition. After closing of the Offering, the Promoter will own approximately 2.6% of the Units (approximately 2.3% if the Over-Allotment Option is exercised in full). All Units held by the Promoter will be subject to a voluntary contractual restriction on transfer for 18 months after the closing of the Offering. See "Securities Subject to Contractual Restrictions on Transfer".

The Administrator is a wholly-owned subsidiary of EEI Holdings, a corporation the sole shareholder, director and officer of which is Richard W. Clark, the Promoter of the Trust. Pursuant to the Administrative Services Agreement, the Administrator will provide administrative and support services for the Trust. The Administrator will also provide trustee, management and administrative services with respect to the CT, pursuant to the CT Trust Indenture. See "Administrative Services Agreement" and "Interest of Management and Others in Material Transactions".

The Promoter is also an Administrator Director, a director of the GP and the President and Chief Executive Officer of the Administrator and the GP. As such, the Promoter, in these various capacities, was granted 172,500 Performance Options on September 14, 2010 and will be entitled to participate in the Option Plan of the Trust, as deemed appropriate by the Administrator Directors. The Performance Options were non-transferable, had a ten year term and were to vest as to two-thirds on September 14, 2012 and as to the remaining one-third on September 14, 2013. The Trust has agreed to issue 86,250 Units to the Promoter on the closing of the Offering in partial consideration for the surrender of those Performance Options. The Administrator Directors will also set the annual salary, benefits and bonus compensation of the Promoter, in his capacity as the President and Chief Executive Officer of the Administrator and the GP.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Pursuant to the terms of the Voting Agreement, EEI Holdings has granted all of the voting rights to elect the Administrator Directors to the Unitholders of the Trust.

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

THE INDUSTRY

United States Oil and Natural Gas Industry

Overview

The oil and gas industry in the United States is very well-established. Since the 1860s, oil has been produced in economic quantities in a number of discrete sedimentary basins in the lower 48 states and Alaska. Accompanying this production has been the development of supportive infrastructure including pipelines, gas processing facilities and a drilling and service sector as well as a wide range of professional services.

The demand for low cost, domestic sources of hydrocarbons remains strong. U.S. domestic policy has historically supported the development and exploitation of oil and gas reserves to assure access to domestic supplies of hydrocarbons. Many state and municipal governments are also supportive and recognize the monetary contribution that the industry makes to their state and municipal budgets. In Texas, where the Salt Flat Field is located, oil has been produced since 1928.

Background

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

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

The owner of the mineral estate has many interests which are capable of being conveyed alone or in various combinations, including the right to convey a working interest to an oil and natural gas exploration and production company to explore for and produce oil and natural gas from the mineral estate. Such a working interest is typically conveyed by the owner or owners of the mineral estate to the working interest owner pursuant to a lease agreement. The owner of the mineral estate typically retains a royalty interest, which is the right to receive a specified percentage of the production of any oil and natural gas recovered from the mineral estate prior to deduction of any costs or expenses.

The rights of exploration, drilling and production conveyed by a typical lease agreement customarily require that production of oil and natural gas in paying quantities be established within a specified period of time, typically two to five years. Absent an ability to extend the primary term of the lease, the lease terminates if such production is not established within the specified time period. Once such production is established during the primary term, the lease agreement would generally continue in effect (either in whole or in part as to the proration units located around producing wells) so long as production in paying quantities continues. However, the interest of the lessee under an oil an gas lease is capable of being abandoned by the lessee and may also be subject to forfeiture for failure on the part of the lessee to comply with express covenants and implied obligations, including, for example, the duty to reasonably develop the premises, the duty of protect the leasehold against drainage and the duty to manage and administer the lease.

Operations

Purchase and Sale Agreement

The Purchase and Sale Agreement provides for the Salt Flat Acquisition and the execution of the Joint Operating Agreement, the Joint Venture Agreement, and other assignments, conveyances and other instruments that are customary in transactions of the nature of the Salt Flat Field. By virtue of the Salt Flat Acquisition, the Partnership will own an average 73% working interest. As the majority interest owner in the Salt Flat Field, the Partnership will have the ability to manage the capital spending of the operator as contemplated by the Joint Operating Agreement and the Joint Venture Agreement, in accordance with the rights and powers typically afforded (in both Canada and the U.S.) to majority interest owners as a standard term of such agreements.

Well Operations

The Joint Venture Agreement and the Joint Operating Agreement govern the joint ownership and operation of the oil and gas properties constituting the Salt Flat Field as between the Partnership, North South Oil and OAG. The Joint Venture Agreement sets forth a detailed rolling process of planning and budgeting for the development and operation of the Salt Flat Field. While the Joint Venture Agreement provides for joint planning and budgeting, in the event that OAG and the Partnership fail to agree on the development plan or budget, the Partnership has ultimate control over the budgeting and planning process. In addition, pursuant to the Joint Operating Agreement and the Joint Venture Agreement, North South Oil is designated as the contract operator of the oil and gas properties that constitute the Salt Flat Field and provides such services as an independent contractor. North South Oil is obligated to conduct the day-to-day operations of the Salt Flat Field as well as the implementation of the development plan generated under the Joint Venture Agreement.

Marketing

The Partnership plans to sell 100% of its crude oil production from the Salt Flat Interest to Texon L.P., pursuant to a contract under which Texon L.P. will pay an index based price with adjustments for transportation. The contract with Texon L.P. is binding on the Salt Flat Interest until August 31, 2011, after which the agreement can be cancelled upon 30 days notice. However, due to the easily transportable nature of crude oil and a large number of alternative purchasers in the producing region, Management does not believe that the termination of the contract with Texon L.P. or any other single crude the purchaser would have a material adverse effect on operations.

Title to Properties

It is customary in the U.S. oil and natural gas industry to conduct a preliminary review of title to properties on which proved reserves do not exist. Prior to the commencement of drilling operations on those properties, a title examination typically is performed and curative work is undertaken with respect to significant defects. Based on third-party prepared title opinions, the Trust has confirmed title as to the leases and wells that comprise the majority of the reserves value of the Salt Flat Interest as reflected in the GLJ Reserve Report. Due to OAG having sold unrecorded beneficial interests in the Salt Flat Field to certain investors which are not reflected in the county real property records, on leases representing approximately 9% of the value of Salt Flat Acquisition, the Trust may ultimately determine to rely in part on OAG's representations in the Purchase and Sale Agreement regarding title in respect of those leases. The Trust has no reason to believe that those representations are inaccurate, and if determined necessary by Management, it will attempt to review the documentation respecting the unrecorded beneficial interests as an alternative method to court house searches for verifying title. However, the Trust may not receive the assurance at closing normally afforded to fully registered interests as to the title it will acquire in those particular leases.

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

Competition

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

Regulation of the Oil and Natural Gas Industry

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

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

Regulation of Transportation of Oil

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

Sales of crude oil will be affected by the availability, terms and cost of transportation. The transportation of oil in common carrier pipelines is also subject to rate and access regulation. The FERC regulates interstate oil pipeline transportation rates under the *Interstate Commerce Act*. In general, interstate oil pipeline rates must be cost-based, although settlement rates agreed to by all shippers are permitted and market based rates may be permitted in certain circumstances. Effective January 1, 1995, the FERC implemented regulations establishing an indexing system (based on inflation) for transportation rates for oil that allowed for an increase or decrease in the cost of transporting oil to the purchaser. A review of these regulations by the FERC in 2000 was successfully challenged on appeal by an association of oil pipelines. On remand, the FERC in February 2003 increased the index ceiling slightly, effective July 2001. Following the FERC's five-year review of the indexing methodology, the FERC issued an order in 2006 increasing the index ceiling.

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

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

Regulation of Transportation and Sales of Natural Gas

Historically, the transportation and sale for resale of natural gas in interstate commerce has been regulated by the FERC under the *Natural Gas Act of 1938* ("**NGA**"), the *Natural Gas Policy Act of 1978* (the "**NGPA**"), and regulations issued under those statutes. In the past, the federal government has regulated the prices at which natural gas could be sold. While sales by producers of natural gas can currently be made at market prices, Congress could re-enact price controls in the future. Deregulation of wellhead natural gas sales began with the enactment of the NGPA and culminated in adoption of the *Natural Gas Wellhead Decontrol Act* which removed all price controls affecting wellhead sales of natural gas effective January 1, 1993.

There is no appreciable natural gas production related to the Salt Flat Field and there are no reserves or value assigned to natural gas. Future acquisitions by the Trust may acquire gas weighted assets.

Regulation of Production

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

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

Other Federal Laws and Regulations Affecting the Industry

The *Energy Policy Act of 2005* (the "**EPAct 2005**") is a comprehensive compilation of tax incentives, authorized appropriations for grants and guaranteed loans, and significant changes to the statutory policy that affects all segments of the U.S. energy industry. Among other matters, EPAct 2005 amends the NGA to add an anti-manipulation provision which makes it unlawful for any entity to engage in prohibited behaviour to be prescribed by FERC, and furthermore provides FERC with additional civil penalty authority. EPAct 2005 provides the FERC with the power to assess civil penalties of up to US$1,000,000 per day for violations of the NGA and increases the FERC's civil penalty authority under the NGPA from US$5,000 per violation per day to US$1,000,000 per violation per day. The civil penalty provisions are applicable to entities that engage in the sale of natural gas for resale in interstate commerce. On January 19, 2006, FERC issued Order No. 670, a rule implementing the anti-manipulation provision of EPAct 2005, and subsequently denied rehearing. The rule makes it unlawful for any entity, directly or indirectly, in connection with the purchase or sale of natural gas subject to the jurisdiction of FERC, or the purchase or sale of transportation services subject to the jurisdiction of FERC, (1) to use or employ any device, scheme or artifice to defraud; (2) to make any untrue statement of material fact or omit to make any such statement necessary to make the statements made not misleading; or (3) to engage in any act, practice, or course of business that operates as a fraud or deceit upon any person. The new anti-manipulation rules do not apply to activities that relate only to intrastate or other non-jurisdictional sales or gathering, but do apply to activities of gas pipelines and storage companies that provide interstate services, such as Section 311 service, as well as otherwise non-jurisdictional entities to the extent the activities are conducted "in connection with" gas sales, purchases or transportation subject to FERC jurisdiction, which now includes the annual reporting requirements under Order 704. The anti-manipulation rules and enhanced civil penalty authority reflect an expansion of FERC's NGA enforcement authority. Should Management fail to comply with all applicable FERC administered statutes, rules, regulations, and orders, the Trust could be subject to substantial penalties and fines.

FERC Market Transparency Rules

On December 26, 2007, FERC issued a final rule on the annual natural gas transaction reporting requirements, as amended by subsequent orders on rehearing, or Order No. 704. Under Order No. 704, wholesale buyers and sellers of more than 2.5 million MMBtu of physical natural gas in the previous calendar year, including interstate and intrastate natural gas pipelines, natural gas gatherers, natural gas processors, natural gas marketers and natural gas producers, are required to report, on May 1 of each year beginning in 2009, aggregate volumes of natural gas purchased or sold at wholesale in the prior calendar year to the extent such transactions utilize, contribute to or may contribute to the formation of price indices. In order to provide respondents time to implement new regulations related to Order No. 704, the FERC has extended the deadline for calendar year 2009 until October 1, 2010. The report for calendar year 2010 and subsequent years remains May 1 of the following calendar year. It is the responsibility of the reporting entity to determine which individual transactions should be reported based on the guidance of Order No. 704. Order No. 704 also requires market participants to indicate whether they report prices to any index publishers and, if so, whether their reporting complies with FERC's policy statement on price reporting.

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

Environmental, Health and Safety Regulation

Exploration, development and production operations will be subject to various federal, state and local laws and regulations governing health and safety, the discharge of materials into the environment or otherwise relating to environmental protection. These laws and regulations may, among other things, require the acquisition of permits to conduct exploration, drilling and production operations; govern the amounts and types of substances that may be released into the environment in connection with oil and gas drilling and production; restrict the way the Trust handles or dispose of wastes; limit or prohibit construction or drilling activities in sensitive areas such as wetlands, wilderness areas or areas inhabited by endangered or threatened species; require investigatory and remedial actions to mitigate pollution conditions caused by operations or attributable to former operations; and impose obligations to reclaim and abandon well sites and pits. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of remedial obligations and the issuance of orders enjoining some or all operations in affected areas.

These laws and regulations may also restrict the rate of oil and natural gas production below the rate that would otherwise be possible. The regulatory burden on the oil and gas industry increases the cost of doing business in the industry and consequently affects profitability. Additionally, the Congress and federal and state agencies frequently revise environmental, health and safety laws and regulations, and any changes that result in more stringent and costly waste handling, disposal, cleanup and remediation requirements for the oil and gas industry could have a significant impact on operating costs.

The clear trend in environmental regulation is to place more restrictions and limitations on activities that may affect the environment, and thus, any changes in environmental laws and regulations or re-interpretation of enforcement policies that result in more stringent and costly waste handling, storage, transport, disposal, or remediation requirements could have a material adverse effect on operations and financial position. Of particular note, the U.S. Environmental Protection Agency ("**EPA**") has recently made the enforcement of environmental laws in the oil and gas exploration and production sector a formal enforcement priority. Increased compliance costs may not be able to be passed on to purchasers or customers. Moreover, accidental releases or spills may occur in the course of operations, and the Trust cannot assure Unitholders that it will not incur significant costs and liabilities as a result of such releases or spills, including any third party claims for damage to property, natural resources or persons.

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

Hazardous Substances and Waste

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

Management anticipates operations will also generate solid and hazardous wastes that are subject to the requirements of the *Resource Conservation and Recovery Act*, as amended, (the "**RCRA**"), and comparable state statutes. RCRA imposes strict requirements on the generation, storage, treatment, transportation and disposal of hazardous wastes. Management anticipates that operations will generate petroleum hydrocarbon wastes and ordinary industrial wastes that may be regulated as hazardous wastes.

Once the Salt Flat Acquisition is complete, the Trust will own or lease and, in connection with future acquisitions, Management anticipates that the Trust will acquire, properties that have been used for numerous years to explore and produce oil and natural gas. Hydrocarbons and wastes may have been disposed of or released on or under the properties owned or leased by the Trust or on or under other locations where these hydrocarbons and wastes have been taken for treatment or disposal. In addition, certain of these properties may have been operated by third parties whose treatment and disposal or release of hydrocarbons and wastes was not under the Trust's control. These properties and wastes disposed thereon may be subject to CERCLA, RCRA and analogous state laws. Under these laws, the Trust could be required to remove or remediate previously disposed wastes (including wastes disposed of or released by prior owners or operators), to clean up contaminated property (including contaminated groundwater) and to perform remedial operations to prevent future contamination.

Air Emissions

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

Climate Change

In response to certain scientific studies suggesting that emissions of certain gases, commonly referred to as "greenhouse gases" and including carbon dioxide and methane, are contributing to the warming of the Earth's atmosphere and other climatic changes, the U.S. Congress has been actively considering legislation to reduce such emissions. On June 26, 2009, the U.S. House of Representatives passed the *American Clean Energy and Security Act of 2009* (the "**ACESA**"), which would establish an economy-wide cap-and-trade program to reduce U.S. emissions of "greenhouse gases" including carbon dioxide and methane that may contribute to warming of the Earth's atmosphere and other climatic changes. ACESA would require a 17% reduction in greenhouse gas emissions from 2005 levels by 2020 and just over an 80% reduction of such emissions by 2050. Under this legislation, the EPA would issue a capped and steadily declining number of tradable emissions allowances to major sources of greenhouse gas emissions so that such sources could continue to emit greenhouse gases into the atmosphere. These allowances would be expected to escalate significantly in cost over time. The U.S. Senate considered pursuing its own legislation for restricting domestic greenhouse gas emissions and President Obama has indicated his support of legislation to reduce greenhouse gas emissions through an emission allowance system. Although it is not possible at this time to predict when the Senate may act on climate change legislation or how any bill passed by the Senate would be reconciled with ACESA, any future federal laws or implementing regulations that may be adopted to address greenhouse gas emissions could require the Trust to incur increased operating costs and could adversely affect demand for the oil and natural gas produced.

In addition, on December 15, 2009, the EPA published its finding that emissions of greenhouse gases presented an endangerment to human health and the environment. These findings by the EPA allow the agency to proceed with the adoption and implementation of regulations that would restrict emissions of greenhouse gases under existing provisions of the federal *Clean Air Act*. Consequently, the EPA proposed two sets of regulations that would require a reduction in emissions of greenhouse gases from motor vehicles and could trigger permit review for greenhouse gas emissions from certain stationary sources. On October 30, 2009, the EPA also published a final rule requiring the reporting of greenhouse gas emissions from specified large greenhouse gas emission sources in the U.S. beginning in 2011 for emissions occurring in 2010. On March 23, 2010, the EPA announced a proposal to expand its final rule on greenhouse gas emissions reporting to include owners and operators of onshore oil and natural gas production. If the proposed rule is finalized in its current form, reporting of greenhouse gas emissions from such onshore production would be required on an annual basis beginning in 2012 for emissions occurring in 2011. The adoption and implementation of any regulations imposing reporting obligations on, or limiting emissions of greenhouse gases from, equipment and operations could require the Trust to incur costs to reduce emissions of greenhouse gases associated with operations or could adversely affect demand for the oil and natural gas produced.

Even if such legislation is not adopted at the national level, more than one-third of the states have begun taking actions to control and/or reduce emissions of greenhouse gases, primarily through the planned development of greenhouse gas emission inventories and/or regional greenhouse gas cap and trade programs. Although most of the state-level initiatives have to date focused on large sources of greenhouse gas emissions, such as coal-fired electric plants, it is possible that smaller sources of emissions could become subject to greenhouse gas emission limitations or allowance purchase requirements in the future. Any one of these climate change regulatory and legislative initiatives could have a material adverse effect on the Trust's business, financial condition and results of operations.

Water Discharges

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

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

Insurance

The Trust will maintain insurance coverage on its assets in the amounts and against the risks typical of entities carrying on businesses similar to the Trust. Insurance for Salt Flat Field drilling, completion and production operations will be maintained on behalf of the Partnership by the operator, North South Oil, pursuant to the Joint Venture Agreement and Joint Operating Agreement.

Employees and Labour Relations

There are six employees and contractors of the Trust and its subsidiaries involved in the operations, commercial, accounting and administrative functions of the business.

Employee Health and Safety

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

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

The Trust's safety program will meet, and in many cases exceed, the standards set by the industry as well as by government regulations.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of McCarthy Tétrault LLP, counsel to the Trust, and Blake, Cassels & Graydon LLP, counsel to the Underwriters, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Units by a Unitholder who acquires Units pursuant to this prospectus. This summary is applicable to a Unitholder who is an individual (other than a trust) and who, for the purposes of the Tax Act and at all relevant times, is resident in Canada, deals at arm's length with and is not affiliated with the Trust and holds Units as capital property. This summary is not applicable to (i) "financial institutions" which are subject to the "mark-to-market" provisions of the Tax Act, (ii) partnerships, (iii) a person an interest in which would be a "tax shelter investment" as defined in the Tax Act, or (iv) persons who have made a functional currency reporting election under Section 261 of the Tax Act. The Units will generally be considered to be capital property to a purchaser provided that the purchaser does not hold such Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Unitholders (other than traders or dealers in securities) who might not otherwise be considered to hold Units as capital property may be entitled to make the irrevocable election permitted by subsection 39(4) of the Tax Act to have their Units and all other "Canadian securities" as defined in the Tax Act owned or subsequently acquired by them treated as capital property.

This summary is based on the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof ("**Proposed Amendments**"), counsel's understanding of the current published administrative policies and assessing practices of the CRA, and relies upon advice from the Administrator as to certain factual matters. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account other federal or any provincial, territorial or foreign income tax legislation or considerations. There can be no assurance that the Proposed Amendments will be enacted in the form publicly announced or at all.

On October 31, 2003, the Department of Finance released, for public consultation, draft proposed amendments (the "**October 2003 Proposals**") relating to the deductibility of losses under the Tax Act. Under the October 2003 Proposals, a taxpayer will be considered to have a loss from a business or property for a taxation year only if, in that year, it is reasonable to assume that the taxpayer will realize a cumulative profit from the business or property during the time that the taxpayer has carried on, or can reasonably be expected to carry on, the business or has held, or can reasonably be expected to hold, the property. Profit, for this purpose, does not include capital gains or capital losses. The October 2003 Proposals could, among other things, adversely affect a Unitholder who has borrowed funds in connection with the acquisition of Units and may limit certain losses of the Trust with after-tax returns to Unitholders reduced as a result. On February 23, 2005, the Department of Finance announced that it has developed an alternative proposal to the October 2003 Proposals, which it intends to release for comment at the earliest opportunity. To date, no such alternative proposal has been released.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units and does not describe the income tax considerations relating to the deductibility of interest on money borrowed to acquire Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on an investor's particular circumstances including the province or territory in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to constitute legal or tax

advice to any particular investor. Investors should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Units, based on their particular circumstances.

Status of the Trust

This summary is also based on the assumption that the Trust will at no time be a SIFT trust. Provided that the Trust only invests in entities that qualify as a "portfolio investment entity" and does not hold any "non-portfolio property", each as defined in the Tax Act, it will not be a SIFT trust. Based upon the investment restrictions of the Trust, the CT and the Partnership as set out in the Trust Indenture, the CT Trust Indenture and the LP Agreement, the Trust, the CT and the Partnership will only invest in entities that qualify as a "portfolio investment entity" and will not hold any "non-portfolio property" or "taxable Canadian property", each as defined in the Tax Act.

This summary is based on the assumptions that the Trust will qualify at all times as a "mutual fund trust" within the meaning of the Tax Act, that the Trust will validly elect under the Tax Act to be a mutual fund trust from the date it was established and that the Trust will not be subject to the limit on non-resident ownership in the Tax Act because the Trust will not own any "taxable Canadian property" as defined in the Tax Act.

To qualify as a mutual fund trust (i) the Trust must be a Canadian resident "unit trust" for purposes of the Tax Act; (ii) the only undertaking of the Trust must be (a) the investing of its funds in property (other than real property or interests in real property), (b) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) that is capital property of the Trust, or (c) any combination of the activities described in (a) and (b); and (iii) the Trust must comply with certain minimum requirements respecting the ownership and dispersal of Units (the "**minimum distribution requirements**"). In this connection, (i) the Administrator intends to cause the Trust to qualify as a unit trust throughout the life of the Trust, (ii) the Trust's undertaking conforms with the restrictions for mutual fund trusts, and (iii) the Administrator has advised counsel that it has no reason to believe that, following the closing of the Offering, the Trust will not comply with the minimum distribution requirements at all material times. The Administrator has advised counsel that it intends to ensure that the Trust will meet the requirements necessary for it to qualify as a mutual fund trust no later than the closing of the Offering and at all times thereafter and to file the necessary election so that the Trust will qualify as a mutual fund trust throughout its first taxation year. If the Trust were not to qualify as a mutual fund trust at all times, the income tax considerations described below would, in some respects, be materially and adversely different.

Provided that the Trust qualifies and continues to qualify as a "mutual fund trust" as defined in the Tax Act, the Units will be a qualified investment for Registered Plans. For certain tax consequences of holding Units in a Registered Plan, see "Canadian Federal Income Tax Considerations – Taxation of Registered Plans".

Taxation of the Trust

The taxation year of the Trust is the calendar year. The Trust is subject to tax in each taxation year on its income for the year, including net realized taxable capital gains. The Trust is required to include in its income for each taxation year all interest on the CT Notes that accrues to the Trust to the end of the year, or that becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year. The Trust will also be required to include in computing its income for each taxation year its share of the net income of the CT that is paid or becomes payable to the Trust in the year. Costs incurred in the issuance of Units may generally be deducted by the Trust on a five year, straight line basis. The Trust will also be entitled to deduct reasonable current administrative and other expenses that are incurred to earn income.

The Tax Act requires the Trust to compute its income or loss for a taxation year as though it were an individual resident in Canada. To the extent the Trust has any taxable income for a taxation year after the inclusions and deductions outlined above, the existing provisions of the Tax Act permit the Trust to deduct all amounts which are paid or become payment by it to Unitholders in such year. An amount will be considered to be payable in a taxation year if it is paid to the Unitholder in the year by the Trust or if the Unitholder is entitled in the year to enforce payment of the amount.

Under the Trust Indenture, an amount equal to all of the income of the Trust for each year, together with the taxable and non-taxable portion of any capital gains realized by the Trust in the year (excluding capital gains which may be realized by the Trust on a redemption of the CT Units in connection with a redemption of Trust Units), net of the Trust's expenses and any "non-capital losses" as defined in the Tax Act of the Trust that may be deducted in computing the taxable income of the Trust for such year will be payable to holders of the Units by way of distributions of cash or additional Units. Under the Trust Indenture, income of the Trust may be used to finance cash redemptions of Units and for certain other limited purposes, and accordingly such income so utilized will not be payable or paid to holders of the Units by way of cash distributions but rather will be payable and paid to such holders in the form of additional Units ("**Reinvested Units**").

For purposes of the Tax Act, counsel has been advised that the Trust intends to deduct, in computing its income in each taxation year, such amount as will be sufficient to ensure that the Trust will not be liable for income tax under Part I of the Tax Act for each year other than such tax on net realized capital gains that will be recoverable by the Trust in respect of such year by reason of the capital gains refund (described below). However, no assurances can be given in this regard.

The Trust may fund a redemption of Units by a Unitholder by distributing the CT Notes received by the Trust on a redemption of a portion of CT Units held by the Trust. The Trust will be considered to dispose of the CT Notes for proceeds of disposition equal to the fair market value of the CT Notes. The Trust may realize a capital gain on the redemption of CT Units or the disposition of CT Notes to the extent that the fair market value of the CT Units or CT Notes exceeds the adjusted cost base of such CT Units or CT Notes. The Trust Indenture provides that where Unitholders elect to have their Units redeemed by the Trust in a particular year, the taxable portion of any capital gain realized in that year by the Trust as a result of such redemptions may be treated as income paid to, and designated as a taxable capital gain of, the redeeming Unitholders. Any amount so designated must be included in the income of the redeeming Unitholders and will be deductible by the Trust.

The Trust will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized taxable capital gains by an amount determined under the Tax Act based on the redemption of Units during the year. In certain circumstances, as a result of redemptions of the CT Units in connection with the redemption of Units, the capital gains refund for a particular taxation year may not completely offset the Trust's tax liability for such taxation year.

The non-taxable portion of any net realized capital gain of the CT (being one half thereof) that is paid or payable to the Trust in a year will not be included in computing the Trust's income for the year. Any other amount in excess of the net income of the CT that is paid or payable to the Trust in a year generally should not be included in the Trust's income for the year. However, such an amount received by the Trust (other than proceeds of disposition in respect of the redemption of the CT Units) will reduce the adjusted cost base of the CT Units held by the Trust, except to the extent that the amount was included in the income of the Trust or was the non-taxable portion of net capital gains of the CT (the taxable portion of which were designated by the CT in respect of the Trust) or is paid as a repayment of principal of any CT Notes. To the extent that the adjusted cost base of a CT Unit would otherwise be less than zero, the Trust will be deemed to have realized a capital gain equal to the negative amount.

Taxation of the CT

The taxation year of the CT is the calendar year. The CT is subject to taxation in each taxation year on its income for the year, including net realized taxable capital gains, less the portion thereof that is paid or payable in the year to the Trust (as the sole CT Unitholder) and is deducted by the CT in computing its income for purposes of the Tax Act. An amount will be considered to be payable by the CT to the Trust in a taxation year if it is paid to the Unitholder in the year by the Trust or if the Trust is entitled in that year to enforce payment of the amount.

In computing its income, the CT is required to include its share of the income of the Partnership for the fiscal period of the Partnership ending in the taxation year and may deduct reasonable current administrative and other expenses that are incurred to earn income. Under the CT Trust Indenture, an amount equal to all of the income of the CT for each year, together with the taxable and non-taxable portion of any capital gains realized by the CT in the year, net of the Trust's expenses and any "non-capital losses" as defined in the Tax Act of the CT that may be deducted in computing the taxable income of the CT for such year will be payable in the year to the Trust (as the sole CT Unitholder).

The adjusted cost base of the Partnership interest held by the CT will be increased at a particular time by the CT's share of the amount of income of the Partnership for a fiscal year of the Partnership ended before that time, and will be reduced by all distributions of cash or other property made by the Partnership to the CT before that time. If at the end of any fiscal year of the Partnership, the adjusted cost base of Partnership interest held by the CT would otherwise be less than zero, the CT will be deemed to have realized a capital gain equal to the negative amount.

Taxation of the Partnership

The Partnership is not subject to tax under the Tax Act. Each partner of the Partnership, including the CT, is required to include in computing its income for a particular taxation year, the partner's share of the income or loss of the Partnership (subject, in the case of a loss, to the application of the "at risk" rules described below) for its fiscal year ending in, or coincidentally with, the partner's taxation year, whether or not any of that income is distributed to the partner in the year. For this purpose, the income or loss of the Partnership will be computed for each fiscal year as if the Partnership were a separate person resident in Canada. In computing the income or loss of the Partnership, the Partnership is entitled to deduct its reasonable administrative and other expenses incurred by it to earn income. The income or loss of the Partnership for a fiscal year will be allocated to the partners of the Partnership, including the CT, in the manner set out in the LP Agreement, subject to the detailed rules in the Tax Act.

If the Partnership incurs a loss for tax purposes, the CT will be entitled to deduct in computing its income its share of such loss to the extent that the CT's investment is considered to be "at risk" within the meaning of the Tax Act. In general, the amount considered to be "at risk" for an investor in a limited partnership for any taxation year will be the adjusted cost base of the investor's partnership interest at the end of the year, plus any undistributed income allocated to the limited partner for the year and minus the amount of any guarantee or indemnity provided to a limited partner against the loss of the limited partner's investment.

Taxation of Taxable Unitholders

Trust Distributions

A Unitholder generally will be required to include in computing income for a particular taxation year of the Unitholder, as income from property, the portion of the net income of the Trust, including net realized taxable capital gains, that is paid or payable to the Unitholder in that taxation year, including any such amount which is payable in Reinvested Units. Any loss of the Trust for purposes of the Tax Act cannot be allocated to, and treated as a loss of, a Unitholder.

Provided that the appropriate designations are made by the Trust, such portion of its net taxable capital gains as are paid or payable to a Unitholder will effectively retain its character as a taxable capital gain and shall be treated as such in the hands of the Unitholder for purposes of the Tax Act.

The non-taxable portion of any net realized capital gains of the Trust (currently being one-half thereof) that is paid or payable to a Unitholder in a year will not be included in computing the Unitholder's income for the year. Any other amount in excess of the net income of the Trust that is paid or payable to a Unitholder in a year generally should not be included in the Unitholder's income for the year. However, such an amount which becomes payable to a Unitholder (other than as proceeds of disposition in respect of the redemption of Units) will reduce the adjusted cost base of the Units held by such Unitholder, except to the extent that the amount either was included in the income of the Unitholder or was the Unitholder's share of the non-taxable portion of the net capital gains of the Trust, the taxable portion of which was designated by the Trust in respect of the Unitholder. To the extent that the adjusted cost base of a Unit otherwise would be less than zero, the Unitholder will be deemed to have realized a capital gain equal to the negative amount.

The cost for tax purposes of a Unit acquired pursuant to this Offering will be the subscription price of the Unit. Units issued to a Unitholder in lieu of a cash distribution of income will have a cost to the Unitholder equal to the amount of income of the Trust distributed by the issuance of such Reinvested Units. Under the Tax Act, the adjusted cost base of Reinvested Units will be averaged with the adjusted cost base of all other Units already owned by the Unitholder in order to determine the respective adjusted cost base of each such Unit. The adjusted cost base of Units disposed of is based on such average calculated immediately prior to the disposition.

Disposition of Units

Upon the disposition or deemed disposition of Units by a Unitholder, whether on a redemption or otherwise, the Unitholder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition (excluding any amount payable by the Trust which represents an amount that must otherwise be included in the Unitholder's income as described herein) are greater (or less) than the aggregate of the Unitholder's adjusted cost base of the Unit immediately before such disposition and any reasonable costs of disposition.

Where Units are redeemed and the redemption price is paid by the delivery of CT Notes to the redeeming Unitholder, the proceeds of disposition to the Unitholder will be equal to the fair market value of such CT Notes so distributed. The cost for tax purposes to a Unitholder of any CT Notes distributed by the Trust to the Unitholder upon a redemption of Units will be equal to the fair market value of such security at the time of the distribution less any accrued interest thereon for which the Unitholder claims the deduction under the Tax Act. Such a Unitholder will be required to include in income interest on such CT Notes in accordance with the provisions of the Tax Act (including interest that had accrued to the date of the distribution of the CT Notes to the Unitholder). To the extent that the Unitholder is required to include in income any interest that had accrued to the date of the distribution of the CT Notes, an offsetting deduction may be claimed in computing the Unitholder's income for tax purposes.

One-half of any capital gain realized by a Unitholder from a disposition of Units and the amount of any net taxable capital gains designated by the Trust in respect of the Unitholder will be included in the Unitholder's income under the Tax Act as a taxable capital gain. One-half of any capital loss realized on the disposition of a Unit may be deducted against any taxable gains realized by the Unitholder in the year of disposition, in the three preceding taxation years or any subsequent taxation year, subject to the detailed rules contained in the Tax Act.

Taxable capital gains, resulting from either a disposition of Units by a Unitholder who is an individual or the designation by the Trust in respect of such a Unitholder, may give rise to alternative minimum tax depending on the Unitholder's circumstances. A Unitholder that is a "Canadian controlled private corporation" as defined in the Tax Act may be liable to pay additional refundable tax of 6⅔% on certain investment income including taxable capital gains and interest.

Taxation of Registered Plans

Amounts of income and capital gains included in a Registered Plan's income are generally not taxable under Part I of the Tax Act, provided that the Units are qualified investments for the Registered Plan. See "Canadian Federal Income Tax Considerations – Status of the Trust". Unitholders should consult their own tax advisors regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a Registered Plan.

Provided that the holder of a TFSA does not hold a "significant interest" (as defined in the Tax Act) in the Trust or a corporation, partnership or trust with which the Trust does not deal at arm's length for the purposes of the Tax Act, and provided that such holder deals at arm's length with the Trust for purposes of the Tax Act, the Units will not be prohibited investments for a trust governed by such TFSA. Holders should consult their own tax advisors in this regard.

UNITED STATES FEDERAL INCOME TAXATION OF THE TRUST, THE CT AND THE PARTNERSHIP

Circular 230

TO COMPLY WITH U.S. TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY PROSPECTIVE INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE U.S. INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS BEING USED IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE, LOCAL, NON-U.S. AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE UNITS.

The following is a summary of certain United States federal income tax considerations applicable to the Trust, the CT and the Partnership that was prepared by Hogan Lovells US LLP, special counsel to the Trust. Except as provided in "United States Federal Income Taxation of Interest Paid on CT Notes held by Non-U.S. Holders on Redemption of Units" below, this summary does not address any United States federal tax considerations applicable to a Unitholder. No rulings have been or will be sought from the Internal Revenue Service ("**IRS**") with respect to any of the United States federal income tax issues discussed in this summary. As a result, there can be no assurance that the IRS will not successfully challenge the conclusions reached in this summary. United States federal income tax treatment that is different from this summary could negatively impact cash flows, the cash available for distribution to the Unitholders, and the value of the Units.

This summary is not exhaustive of all possible United States federal income tax considerations applicable to the Trust, the CT and the Partnership. This summary is of a general nature only and is not intended to be legal or tax advice to any prospective purchaser of Units.

This summary is based on the Internal Revenue Code of 1986, as amended (the "**Code**"), Treasury Regulations, IRS rulings and official pronouncements, judicial decisions and the Convention between the United States of America and Canada with Respect to Taxes on Income and Capital, signed September 26, 1980, as amended (the "**U.S.-Canada Tax Treaty**"), all as in effect on the date of this prospectus and all of which are subject to change, possibly with retroactive effect, or different interpretations, which could affect the accuracy of the statements and conclusions set forth below.

United States Federal Income Taxation of Foreign Corporations

As a general rule, a foreign corporation engaged in a United States trade or business is subject to U.S. federal income tax on income that is effectively connected with the United States trade or business and, if an income tax treaty with the United States applies, is attributable to a permanent establishment maintained by the foreign corporation in the United States ("**ECI**"). ECI will be subject to United States federal income tax on a net basis at the regular United States federal graduated rates of tax that apply to United States persons. A foreign corporation's taxable income is computed by claiming deductions that are attributable to the effectively connected gross income on a timely filed return. A foreign corporation that derives ECI (including amounts received as a partner through a partnership or disregarded entity) is generally required to make quarterly payments of estimated United States tax, and is required to file a United States federal income tax return. Furthermore, a foreign corporation with ECI may also be subject to federal branch profits taxes, as discussed below under "United States Federal Income Taxation of the CT – Branch Taxes".

A foreign corporation is also generally subject to a 30% United States withholding tax on certain types of income which are not ECI, but are derived from United States sources, unless the foreign corporation otherwise establishes an exemption from, or a reduced rate of, withholding under an applicable income tax treaty. These types of income generally include passive income such as dividends, rents and royalties, and compensation, certain interest and other "fixed or determinable annual or periodic" income (collectively referred to as "**FDAP**"). Unless an exception applies, a foreign corporation will be subject to withholding tax on the gross amount of any FDAP income, and will not be entitled to a United States tax deduction for any expenses to the extent allocable to FDAP income.

United States Federal Income Taxation of the Trust

The Trust will elect under applicable Treasury Regulations to be treated as a corporation for United States federal income tax purposes prior to the end of 2010. The Trust does not expect to be engaged in a United States trade or business nor does it expect to be a member of a partnership or disregarded entity that is engaged in a United States trade or business. Therefore, the Trust does not expect have any ECI that would be subject to United States federal income tax.

United States Federal Income Taxation of the CT

Generally

The CT will elect under applicable Treasury Regulations to be treated as a corporation for United States federal income tax purposes effective on the date of formation. For United States federal income tax purposes, the CT will own all of the interests in the Partnership. Thus, the Partnership will be disregarded as a entity separate from the CT and the CT will be treated as directly owning the assets of the Partnership. The CT will be deemed to be engaged in a trade or business in the United States as a result of owning such assets, and the Partnership's income, including income related to the Salt Flat Field and the Salt Flat Interest, generally will be treated as ECI of the CT. Pursuant to the discussion above, the CT generally will be subject to United States federal income tax on its net taxable income which is ECI. See "United States Federal Income Taxation of Foreign Corporations" above.

In computing its United States taxable income, however, the CT expects to deduct interest paid on the CT Notes and other deductible expenses incurred by the CT, including the expenses of the Partnership (including intangible drilling and developments costs and depletion), in each case to the extent that any such deductions are allocable to the CT's income which is ECI. See "Deductions" below.

In addition to the United States federal income tax on taxable income which is ECI, the CT generally will be liable for a 5% branch profits tax on its after-tax earnings attributable to ECI. See " – Branch Taxes" below.

The CT may also be subject to a United States withholding tax on FDAP. The statutory withholding tax rate is 30%, but that rate is reduced if a United States income tax treaty applies. In this case, the CT should be eligible for the benefits of the U.S.-Canada Tax Treaty. Unless an exception applies, the CT will be subject to withholding tax on the gross amount of any FDAP income, and will not be entitled to a United States tax deduction for any expenses to the extent allocable to FDAP income.

Deductions

Interest Deductions

Based on independent interest rate and debt feasibility studies provided to the CT by its advisors, the Trust and the CT intend to treat the CT Notes as debt of the CT for United States federal income tax purposes; however neither the Trust nor the CT have obtained an opinion of counsel on this issue. The determination of whether the CT Notes are debt or equity for United States federal income tax purposes is based on an analysis of the facts and circumstances. Generally, the IRS will not issue a ruling on whether an advance is to be treated as debt or equity. There is no clear statutory definition of debt and its characterization is governed by principles developed in case law, which analyzes numerous factors that are intended to identify the economic substance of the particular instrument. Although the Trust and the CT intend to take the position that the CT Notes are debt for United States federal income tax purposes, there can be no assurance that this position will not be challenged by the IRS. If such a challenge were sustained, interest payments on the CT Notes would be recharacterized as non-deductible distributions with respect to the CT's equity, and the CT's net taxable income which is ECI and thus its United States federal income tax liability would be increased. As a result, the CT's after-tax cash flow would be reduced which would negatively impact cash flows, the cash available for distribution to the Unitholders, and the value of the Units. Management has calculated the maximum impact of the treatment of interest payments on the CT Notes as non-deductible, and believes that such an event would not have a material adverse impact on cash flows from operations, or upon distributions.

Code Section 163(j), the so-called "earnings stripping rules," is another potentially limiting factor on the CT's ability to deduct interest paid on the CT Notes. In general, Code Section 163(j) limits a corporation's deductions for interest paid to related foreign persons exempt from United States tax in years that: (i) the debt-to-equity ratio of the United States corporate taxpayer exceeds 1.5 to 1 (based on the tax basis of assets), and (ii) the corporation's net interest expense (i.e., the excess of interest expense over interest income) exceeds 50% of "adjusted taxable income". Adjusted taxable income is generally defined as the corporation's taxable income before net interest expense, depreciation, and amortization. For purposes of Code Section 163(j), a corporation and a creditor of the corporation will generally be "related" if the creditor owns, directly or by attribution, more than 50% of the corporation by vote or value. The Trust owns 100% of the CT Units and the CT anticipates that in certain taxable years its debt-to-equity ratio may exceed 1.5 to 1. Based on the CT's internal cash flow and tax projections upon which the transaction is modeled, however, the CT does not expect that Code Section 163(j) will apply to limit the CT's ability to deduct interest paid on the CT Notes. In any event, the CT does not expect that any application of Code Section 163(j) will have a material adverse impact on its cash flow.

Proposed Legislation

In computing its United States taxable income, the CT also expects to deduct certain items such as intangible drilling and development costs and percentage depletion. Substantive changes to existing United States federal income tax law have been proposed in the past that, if adopted, would affect the ability to take certain operations related deductions, including deductions for intangible drilling and development costs, percentage depletion and certain other deductions related to United States production activities. We are unable to predict whether any changes, or other proposals, ultimately will be enacted. Any such changes would negatively impact cash flows, the cash available for distribution to the Unitholders and the value of the Units.

Branch Taxes

Under the "branch profits tax" rules of Code Section 884 (as modified by the U.S.-Canada Tax Treaty), the CT will be subject to an additional tax equal to 5% of its effectively connected earnings and profits for the taxable year which exceed CAN$500,000 or its equivalent in U.S. dollars, as adjusted for certain items. Under these rules, reductions in the CT's "U.S. net equity" in its U.S. trade or business conducted through the Partnership, as a result, for example, of the CT's distributions to the Trust, may trigger such tax. If deductions for interest paid on the CT Notes are denied or limited (as discussed above), the CT's earnings and profits and its resulting liability for branch profits tax could increase substantially. If the branch profits tax were to apply, the CT's after-tax cash flow would be reduced which would negatively impact cash flows, the cash available for distribution to the Unitholders, and the value of the Units.

Provided that the CT Notes are respected as debt for United States federal income tax purposes (see "United States Federal Income Taxation of the CT – Deductions") because more than 80% of the assets of the CT are United States assets (or because the CT Notes are properly reflected as a liability on books maintained with respect to the CT's United States trade or business arising from its ownership of the Partnership), interest paid on the CT Notes will be "branch interest" under Code Section 884 and will be treated as paid by a United States corporation. However, because the U.S.-Canada Tax Treaty generally reduces to zero the applicable rate of withholding on payments of interest to Non-U.S. Holders (as defined below) who are entitled to claim the benefits of the U.S.-Canada Tax Treaty, including the Trust, interest payments on the CT Notes generally should not be subject to United States withholding tax.

United States Federal Income Taxation of Interest Paid on CT Notes Held by Non-U.S. Holders on Redemption of Units

As discussed above, interest paid on the CT Notes will be "branch interest" under Code Section 884 and will be treated as paid by a United States corporation. As such, interest paid on the CT Notes received on the redemption of Units held by Non-U.S. Holders (as defined below) who are entitled to claim the benefits of the U.S.-Canada Tax Treaty will be entitled to the reduced rate of withholding under the U.S.-Canada Tax Treaty and, therefore, will not be subject to U.S. withholding tax on such interest, as long as the Non-U.S. Holder provides a properly completed and executed IRS Form W-8BEN (or a suitable substitute or successor form) prior to the payment of interest. Interest paid on CT Notes received on redemption of Units held by Non-U.S. Holders who are not entitled to claim the benefits of the U.S.-Canada Tax Treaty (or some other applicable income tax treaty with the United States) should qualify for the "Portfolio Interest Exemption" from United States income tax, provided the holder of the CT Notes:

(a) is a Non-U.S. Holder (i.e., is *not* (i) a citizen or individual resident in the United States for United States federal income tax purposes; (ii) a corporation or other entity taxable as a corporation created or organized under the laws of the United States or political subdivision thereof; (iii) an estate, the income of which is subject to United States federal income tax regardless of the source; or (iv) a trust, if (A) a court within the United States is able to exercise primary supervision over the trust's administration and one or more United States persons have the authority to control all of its substantial decisions, or (B) the trust was in existence on August 20, 1996 and has properly elected under applicable Treasury Regulations to continue to be treated as a United States person);

(b) (i) does not own, actually or constructively, 10% or more of the total combined voting power of all of Units entitled to vote, (ii) is not a controlled foreign corporation related, directly or indirectly, to the Trust through Unit ownership, (iii) is not a bank receiving certain types of interest; and

(c) either: (i) the Non-U.S. Holder certifies to the CT or its agent on IRS Form W-8BEN (or a suitable substitute or successor form) under penalties of perjury that such Non-U.S. Holder is not a "United States person" (as defined in the Code) and provides its name and address; (ii) a "qualified intermediary" (as defined in applicable Treasury Regulations) receives documentation upon which it can rely to treat the Non-U.S. Holder as not a United States person and provides the CT with an IRS Form W-8IMY (or a suitable substitute or successor form); or (iii) certain other documentation requirements are met.

If a Non-U.S. Holder of the CT Notes who is not entitled to claim the benefits of the U.S.-Canada Tax Treaty (or some other applicable treaty) does not satisfy these requirements, interest paid on the CT Notes to such Non-U.S. Holder will be subject to a 30% United States withholding tax, unless such Non-U.S. Holder otherwise establishes an exemption from or reduced rate of withholding under another tax treaty and satisfies certain documentation requirements.

RISK FACTORS

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

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

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

The Trust is a limited purpose trust and is entirely dependent upon the operations and assets of the Partnership through the Trust's ownership of the CT Notes and the CT Units, and the CT's ownership of a 99.999% interest in the Partnership. Accordingly, the Trust's ability to pay distributions to Unitholders is dependent upon the ability of the Partnership and the CT to meet their interest, principal and other distribution obligations. The Partnership's income will be derived from the production of oil and natural gas from its U.S. resource properties and is susceptible to the risks and uncertainties associated with the oil and natural gas industry generally, and specifically in the U.S.

If the oil and natural gas reserves associated with the Salt Flat Interest and other assets that may be acquired by the Partnership are not supplemented through additional development or the acquisition of additional oil and natural gas properties, the ability of the Partnership and the CT to meet their obligations to the Trust and the ability of the Trust to pay distributions to Unitholders may be adversely affected.

Risks Relating to the Business and Operations of the Trust, the CT and the Partnership

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

The Partnership intends to undertake a development drilling program over the next four years and Management expects that the Partnership's working interest production will be between 1,200 and 1,300 bbls/d by the end of December 2010. See "Funding, Salt Flat Acquisition and Related Transactions – Salt Flat Acquisition – Drilling and Production". The ability of the Trust to make regular cash distributions to Unitholders following closing of the Salt Flat Acquisition will be entirely dependent on production from the Salt Flat Field. The Trust will not be able to make regular cash distributions at Management's intended initial monthly distribution rate based on current production of approximately 900 bbls/d from the Salt Flat Interest and accordingly the level of distributions paid by the Trust may be decreased in the event that the Partnership is not successful in increasing production to the level anticipated by Management.

The Trust may not be able to achieve the anticipated benefits of the Salt Flat Acquisition and future acquisitions. The integration of the Salt Flat Acquisition and future acquisitions may result in the loss of key employees and the disruption of ongoing business relationships

The Trust intends to make acquisitions and dispositions of assets in accordance with the Trust's investment strategy. Achieving the benefits of acquisitions, including the Salt Flat Acquisition, depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner, as well as the ability to realize the anticipated growth opportunities and synergies from combining newly acquired assets with those of the Trust. The integration of newly acquired assets may require substantial Management effort, time and resources and may divert Management's focus from other strategic opportunities and operational matters, and may also result in the loss of key employees and the disruption of ongoing business, supplier, customer and employee relationships. The Trust will continually assess the value and contribution of assets that it holds. In this regard, assets may be disposed of from time to time, so that Management can focus efforts and resources more efficiently. Depending on the state of the market for these types of assets, if disposed of, the Trust may realize less than their carrying value in the Trust's financial statements.

The incorrect assessment of value at the time of the Salt Flat Acquisition could adversely affect the value of the Units and distributions to Unitholders

The Salt Flat Acquisition will be based in large part on engineering and economic assessments made by independent engineers. These assessments include a series of assumptions regarding such factors as recoverability and marketability of oil and gas, future prices of oil and gas and operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the control of the Trust. All such assessments involve a measure of geological and engineering uncertainty that could result in lower production and reserves than anticipated. If actual production or reserves are less than expected, funds flow from operations and cash available for distribution to Unitholders could be negatively affected.

Title to the Salt Flat Interest cannot be assured

The Trust cannot be sure of the title it is acquiring in the Salt Flat Acquisition. Custom in the U.S. oil and natural gas industry is to conduct due diligence as to ownership of producing wells and leasehold in connection with an acquisition. A part of this due diligence typically consists of examining title records to the mineral interest which are maintained at the county courthouse. Based on third-party prepared title opinions, the Trust has confirmed title as to the leases and wells that comprise the majority of the reserves value of the Salt Flat Interest as reflected in the GLJ Reserve Report. Due to OAG having sold unrecorded beneficial interests in the Salt Flat Field to certain investors which are not reflected in the county real property records, on leases representing approximately 9% of the value of Salt Flat Acquisition, the Trust may ultimately determine to rely in part on OAG's representations in the Purchase and Sale Agreement regarding title in respect of those leases. The Trust has no reason to believe that those representations are inaccurate, and if determined necessary by Management, it will attempt to review the documentation respecting the unrecorded beneficial interests as an alternative method to court house searches for verifying title. However, the Trust may not receive the assurance at closing normally afforded to fully registered interests as to the title it will acquire in those particular leases.

There may be undisclosed liabilities associated with the Salt Flat Acquisition

In connection with the Salt Flat Acquisition, there may be liabilities that the Administrator fails to discover or was unable to quantify in its due diligence conducted prior to the Salt Flat Acquisition. The Trust may not be indemnified for some or all of these liabilities, which will negatively affect distributions to Unitholders. In addition, OAG has not reviewed the disclosure in this prospectus relating to the Salt Flat Acquisition and as such has not represented that the disclosure represents full, true and plain disclosure and that the disclosure does not contain a misrepresentation. OAG will have no liability to purchasers of Units pursuant to the Offering if the disclosure relating to the Salt Flat Acquisition contains a misrepresentation.

Declines in oil and natural gas prices will negatively affect the trust's financial results and distributions

The Trust's and its subsidiaries' operational results and financial condition, and therefore the amounts the Trust can pay to Unitholders as distributions, will be dependent on the prices received for oil and natural gas production. Oil and natural gas prices have exhibited extreme volatility over the past few years and monthly distributions may be similarly affected. Declines in oil and natural gas prices could result in reductions to, or elimination of, distributions. Oil and natural gas prices are determined by economic factors and in the case of oil prices, political factors and a variety of additional factors beyond the Trust's control. These factors include economic conditions, in the United States, Canada and worldwide, the actions of the Organization of Petroleum Exporting Countries, governmental regulation, political stability in the Middle East and elsewhere, internal capacity to produce natural gas in the United States from shale deposits, the foreign supply of oil and natural gas, risks of supply disruption, the price of foreign imports and the availability of alternative fuel sources. Any substantial and extended decline in the price of oil and natural gas would have an adverse effect on the carrying value of the Partnership's proved and probable reserves, net asset value, borrowing capacity, revenues, profitability and cash flows from operating activities and ultimately on the overall financial condition of the Trust, the CT and the Partnership, and therefore on the amounts to be distributed to Unitholders.

Estimated proved reserves are based on many assumptions that may turn out to be inaccurate. There are numerous uncertainties inherent in estimating quantities of recoverable oil and natural gas reserves, including many factors beyond Management's control

In general, estimates of economically recoverable oil and natural gas reserves and resources, the future net revenues and finding and development costs therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. The reserves and recovery information contained in the GLJ Reserve Report is only an estimate and the actual production and ultimate reserves from the Salt Flat Interest may be greater or less than the estimates prepared by GLJ. The GLJ Reserve Report has been prepared using certain commodity price assumptions which are described in the notes to the reserves tables under the heading "Reserves and Other Oil and Gas Information." If the Trust realizes lower prices for crude oil, natural gas liquids and natural gas and they are substituted for the price assumptions utilized in that reserves report, the present value of estimated future net revenues for reserves and net asset value would be reduced and the reduction could be significant. The estimates in the GLJ Reserve Report are based in part on the timing and success of activities Management intends to undertake in 2010 and future years. The reserves and estimated future net revenues to be derived therefrom contained in the GLJ Reserve Report will be reduced in future years to the extent that such activities do not achieve the production performance set forth in the GLJ Reserve Report. Estimates of proved undeveloped reserves are sometimes based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Recovery factors and drainage areas were estimated by experience and analogy to similar producing pools. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves and such variations could be material.

Additionally, due to the lack of production history using horizontal drilling techniques on the Trust's acreage, any estimates of future production associated with the planned use of such techniques may be subject to greater variance to actual production than would be the case with properties having a longer production history using such techniques.

The net present value of future net revenues attributable to the Trust's reserves will not necessarily be the same as the current market value of estimated oil and natural gas reserves

Potential investors and Unitholders should not assume that the net present value of future net revenues attributable to the Trust's reserves is the current market value of estimated oil and natural gas reserves. GLJ based the estimated discounted future net revenues from proved reserves on certain commodity price assumptions, which assumptions are described in the notes to the reserves tables. Actual future net revenues from the Trust's oil and natural gas properties will be affected by factors such as:

- actual prices received for oil and natural gas;
- actual cost of development and production expenditures;
- the amount and timing of actual production; and
- changes in governmental regulations or taxation.

The timing of both production and incurrence of expenses in connection with the development and production of oil and natural gas properties will affect the timing and amount of actual future net revenues from proved reserves, and thus their actual present value. In addition, the 10% discount factor used when calculating discounted future net revenues may not be the most appropriate discount factor based on interest rates in effect from time to time and risks associated with the Trust or the oil and natural gas industry in general. Additionally, such calculation excludes a number of important costs that the Trust will actually incur, such as interest expense, income taxes and general and administrative expenses.

Actual future prices and costs may differ materially from those used in the present value estimates included in this prospectus. If oil prices decline by US$1.00 per bbl, then the net present value of future net revenue attributable to the reserves as of July 1, 2010 would decrease by approximately US$3.27 million.

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

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

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

World oil prices are quoted in U.S. dollars and as all of the assets of the Partnership are located in the U.S., the Partnership's oil and natural gas revenue is also received in U.S. dollars.

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

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

Market events and conditions including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions caused significant volatility to commodity prices over the last few years. These conditions worsened in 2008 and early 2009, causing a loss of confidence in the broader U.S. and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. Although economic conditions improved towards the latter portion of 2009 and continue to improve in 2010, these factors have negatively impacted company and trust valuations and continue to impact the performance of the global economy going forward.

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

The Credit Facility will be established at closing of the Offering and increasing interest charges will adversely affect the financial condition of the Trust

The CT and the Partnership will be required to comply with covenants under the Credit Facility. In the event that they do not comply with covenants under the Credit Facility, access to capital could be restricted or repayment could be required on an accelerated basis by the lenders, and the ability to make distributions to Unitholders may be restricted. The lenders have security over substantially all of the assets of the Partnership. If the Partnership becomes unable to pay its debt service charges or otherwise commits an event of default such as breach of its financial covenants, the lender may foreclose on or sell the Partnership's working interests in its properties. Amounts paid in respect of interest and principal on debt may reduce distributions. Variations in interest rates and scheduled principal repayments could result in significant changes in the amount required to be applied to debt service before payment by the CT of distributions on the CT Units and interest on the CT Notes and distributions by the Partnership to the CT. Certain covenants in the Credit Facility may also limit distributions. Although Management believes the Credit Facility will be sufficient for the near term, there can be no assurance that the amount will be adequate for the Trust's future financial obligations including the Partnership's future capital expenditure programs, or that additional funds will be able to be obtained. For more information, see "Debt Financing".

The Trust's level of indebtedness may reduce financial flexibility

The Trust expects to have no outstanding external indebtedness on closing of the Offering and the Salt Flat Acquisition but the Trust may incur significant indebtedness in the future, including under the Credit Facility, in order to make additional acquisitions or to develop its properties. Management intends to maintain a conservative approach to debt levels. The Trust's objective is to maintain an external debt to cash flow ratio at approximately 1.0 times estimated future annual cash flows and not to exceed 1.5 times estimated future annual cash flows.

Upon completion of the Offering, level of indebtedness will be very low, relative to its asset value. In the event that debt levels exceed the limits stated above, operations could be affected in several ways, including the following:

- a significant portion of cash flows could be used to service indebtedness;
- a high level of debt would increase vulnerability to general adverse economic and industry conditions;
- the covenants contained in the Credit Facility will limit the Trust's ability to borrow additional funds, dispose of assets, pay distributions and make certain investments;

- a high level of debt may place the Trust at a competitive disadvantage compared to competitors that are less leveraged and therefore, may be able to take advantage of opportunities that the Trust's indebtedness would prevent it from pursuing;
- the Trust's debt covenants may also affect flexibility in planning for, and reacting to, changes in the economy and in the industry;
- a high level of debt may make it more likely that a reduction in the Trust's borrowing base following a periodic redetermination could require the Trust to repay a portion of then-outstanding bank borrowings; and
- a high level of debt may impair the ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general corporate or other purposes.

A high level of indebtedness increases the risk that the Trust may default on its debt obligations. The Trust's ability to meet its debt obligations and to reduce its level of indebtedness depends on future performance. General economic conditions, oil and natural gas prices and financial, business and other factors affect operations and future performance. Many of these factors are beyond the Trust's control. The Trust may not be able to generate sufficient cash flows to pay the interest on debt and future working capital, borrowings or equity financing may not be available to pay or refinance such debt. Factors that will affect the ability to raise cash through an offering of capital stock or a refinancing of debt include financial market conditions, the value of assets and performance at the time the Trust needs capital.

Upon completion of the Offering, the Trust's level of indebtedness will be very low. Many of the risk factors outlined above are likely to occur only in the event that the Trust incurs high levels of debt or if the producing properties of the Partnership suffer a substantial impairment that has a material impact on cash flow from operations or if a substantial decline in the price of oil were to occur.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Oil and natural gas operations (including land tenure, exploration, development, production, refining, transportation and marketing) are subject to extensive controls and regulations imposed by various levels of government, which may be amended from time to time. Governments may regulate or intervene with respect to price, taxes, royalties and the exportation of oil and natural gas. Regulation increases costs. In order to conduct oil and gas operations, licenses from various governmental authorities are required. There can be no assurance that the Trust will be able to obtain all of the licenses and permits that may be required to conduct operations that it may wish to undertake. See "The Industry".

Income tax laws, or other laws or government incentive programs or regulations relating to the industry may in the future be changed or interpreted in a manner that adversely affects the Trust and its Unitholders

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

- The Units would not be qualified investments for Registered Plans.
- The Trust would be taxed on certain types of income distributed to Unitholders, including income generated by the CT Notes and the CT Units. Payment of this tax may have adverse consequences for some Unitholders,

particularly Unitholders that are not residents of Canada and residents of Canada that are otherwise exempt from Canadian income tax.

- The Trust would cease to be eligible for the capital gains refund mechanism available under the Tax Act.

The SIFT Rules will apply to a trust that is a SIFT trust. The Trust will not be a SIFT trust for the purposes of these rules because the Trust will not invest in any entity other than a "portfolio investment entity" and will not hold any "non-portfolio property" (each as defined in the Tax Act), and will not carry on business in Canada, based on its investment restrictions. If the SIFT Rules were to apply to the Trust, they would have an adverse impact on the Trust and on the distributions received by the Unitholders.

The scope of the October 2003 Proposals limiting the deductibility of losses is uncertain. There can be no assurance that the October 2003 Proposals or an alternative proposal will not have an adverse effect on the Trust.

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

The IRS may adopt tax positions that differ from the positions taken by the Trust, including the Trust's position that the interest on the CT Notes is deductible. It may be necessary to resort to administrative or court proceedings to sustain some or all of the positions taken by the Trust. A United States court may not agree with some or all of the positions taken by the Trust. Any contest with the IRS may materially and adversely impact the market for the Units and the price at which they trade. In addition, the costs of any contest with the IRS will be borne indirectly by Unitholders because the costs will reduce cash available for distribution.

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

The activities of exploration and production companies operating in the United States are subject to extensive regulation at the federal, state and local levels. Changes to existing laws and regulations or new laws and regulations such as those described below could, if adopted, have an adverse effect on the Trust's business.

Recent proposals to increase U.S. Federal income taxation of independent producers may negatively affect the Trust's results

Recently, U.S. federal budget proposals would potentially increase and accelerate the payment of federal income taxes of independent producers of oil and natural gas. Proposals that would significantly affect the Trust would repeal the expensing of intangible drilling costs, repeal the percentage depletion allowance and increase the amortization period of geological and geophysical expenses. These changes, if enacted, will make it more costly to explore for and develop oil and natural gas resources. The Trust is unable to predict whether any changes, or other proposals to such laws, ultimately will be enacted. Any such changes could negatively impact cash flows, the cash available for distribution to Unitholders, and the value of the Units.

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

The U.S. Congress recently enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"), which contains measures aimed at increasing the transparency and stability of the over-the-counter (OTC) derivative markets and preventing excessive speculation. In the future, the Trust may use the OTC market for its oil and natural gas derivative contracts. The Dodd-Frank Act could reduce liquidity in the energy futures markets. Such changes could materially reduce hedging opportunities and negatively affect revenues and cash flow during periods of low commodity prices.

Regulation of environmental matters related to climate change could have a negative impact on the Trust's business

Federal and state governments are considering enacting new legislation and promulgating new regulations governing or restricting the emission of greenhouse gases from certain stationary sources common in the Trust's industry. The EPA has already made findings and issued proposed regulations that could lead to the imposition of restrictions on greenhouse gas emissions from certain stationary sources and that could require the Trust to establish and report an inventory of greenhouse gas emissions. In addition, the U.S. Congress has been considering various bills that would establish an economy-wide cap-and-trade program to reduce U.S. emissions of greenhouse gases, including carbon dioxide and methane. Such a program, if enacted, could require phased reductions in greenhouse gas emissions over several or many years as could the issuance of a declining number of tradable allowances to sources that emit greenhouse gases into the atmosphere. Legislative and regulatory proposals for restricting greenhouse gas emissions or otherwise addressing climate change could require the Trust to incur additional operating costs and could adversely affect demand for the oil and natural gas that the Trust sold. The potential increase in operating costs could include new or increased costs to obtain permits, operate and maintain equipment and facilities, install new emission controls on equipment and facilities, acquire allowances to authorize greenhouse gas emissions, pay taxes related to greenhouse gas emissions and administer and manage a greenhouse gas emissions program. Moreover, incentives to conserve energy or use alternative energy sources could reduce demand for oil and natural gas.

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

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

These risks include, but are not limited to, encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, equipment failures and other accidents, sour gas releases, uncontrollable flows of oil, natural gas or well fluids, adverse weather conditions, pollution, other environmental risks, fires, spills and delays in payments between parties caused by operation or economic matters. These risks will increase as the Trust undertakes more developmental drilling. Although the Trust will maintain insurance in accordance with customary industry practice, it is not fully insured against all of these risks. Continuing production from a property, and to some extent the marketing of production therefrom, are largely dependent upon the ability of the operator of the property. Other companies operate all of the Salt Flat Interest being acquired in the Salt Flat Acquisition and may operate other properties the Trust acquires in the future and as a result returns on assets operated by others depends upon a number of factors outside its control. To the extent the operator fails to perform these functions properly, operating income may be reduced. Losses resulting from the occurrence of any of these risks may have a material adverse effect on the Trust's business, financial condition, results of operations and prospects and its ability to maintain distributions.

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

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

The Administrator Directors have discretion in the payment of distributions and may not choose to maintain distributions in certain circumstances

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

The Trust is participating in larger projects and has concentrated risk in certain areas of operations

The Salt Flat Interest is located in a concentrated area of the State of Texas. The Partnership plans to undertake a variety of small and large projects in respect of the Salt Flat Interest. Project delays may impact expected revenues from operations. Significant project cost over-runs could make a project uneconomic. The Trust's ability to execute projects and market oil and natural gas depends upon numerous factors beyond Management's control, including:

- the availability of processing capacity;
- the availability and proximity of pipeline capacity;
- the availability of storage capacity;
- reductions in oil and natural gas prices;
- the availability of alternative fuel sources;

- the effects of inclement weather;
- the availability of drilling and related equipment;
- unexpected cost increases;
- accidental events;
- changes in regulations;
- the availability and productivity of skilled labour; and
- the regulation of the oil and natural gas industry by various levels of government and governmental agencies.

Because of these factors, the Partnership could be unable to execute projects on time, on budget or at all, and may not be able to effectively market the oil and natural gas that is produced.

Substantially all of the Partnership's producing properties and operations will be located in Caldwell County, Texas, making the Trust vulnerable to risks associated with operating in one major geographic area

Upon the completion of this Offering and the Salt Flat Acquisition, all of the proved reserves of the Partnership and all of the production of the Partnership will be located in Caldwell County, Texas. As a result, the Partnership, and by extension the CT and the Trust, may be disproportionately exposed to the impact of delays or interruptions of production from these wells caused by transportation capacity constraints, curtailment of production, availability of equipment, facilities, personnel or services, significant governmental regulation, natural disasters, adverse weather conditions, plant closures for scheduled maintenance or interruption of transportation of oil or natural gas produced from the wells in this area. In addition, the effect of fluctuations on supply and demand may become more pronounced within specific geographic oil and gas producing areas containing the Salt Flat Interest, which may cause these conditions to occur with greater frequency or magnify the effect of these conditions on the Partnership, the CT and the Trust. Due to the concentrated nature of the Partnership's portfolio of properties, upon the completion of this Offering and the Salt Flat Acquisition, a number of these properties could experience any of the same conditions at the same time, resulting in a relatively greater impact on the Partnership's results of operations than they might have on other companies that have a more diversified portfolio of properties. Such delays or interruptions could have a material adverse effect on the results of operations of the Partnership and the financial condition of the Partnership, the CT and the Trust.

The Trust's business is difficult to evaluate because it has no operating history

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

The Trust only operates in one region of the United States and expansion outside of this area or into new business activities may increase its risk exposure

Upon the completion of this Offering and the Salt Flat Acquisition, all proved reserves and production will be located in Caldwell County, Texas. The Trust's business plan contemplates acquisitions of additional production and the development thereof in the mid-continental U.S. (Williston to south Texas) as well as other select basins. In the future, the Trust may acquire oil and gas properties outside these geographic areas. In addition, the Trust Indenture does not limit activities to oil and gas production and development, and allows the Trust to acquire and own assets or property in connection with gathering, processing, transporting, extracting, buying, storing or selling petroleum, natural gas, natural gas liquids or other related products, or in connection with other forms of energy and related businesses, or in connection with such other investments as the Trustee may determine. Expansion of activities into new areas may present new additional risks or alternatively, significantly increase the exposure to one or more of the present risk factors which may adversely affect the Trust's future operational and financial conditions.

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

The overall business strategy contemplates future acquisitions targeting undercapitalized, conventional oil and natural gas producing properties and developmental drilling thereon. The successful acquisition of producing properties requires an assessment of several factors, including:

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

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

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

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

The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of the Trust's business. Management may be required to devote considerable amounts of time to this integration process, which will decrease the time they will have to manage the business. If Management is not able to effectively manage the integration process, or if any significant business activities are interrupted as a result of the integration process, the Trust's business could suffer.

The Trust may not be able to realize the anticipated benefits of acquisitions and dispositions

The Trust plans to make acquisitions of producing properties in the ordinary course of business. The price the Trust pays for the purchase of properties is based on engineering and economic estimates of the reserves made by Management and independent engineers modified to reflect technical and economic views. These assessments include a number of material factors and assumptions. Consequently, the reserves acquired may be less than expected, which could adversely impact cash flow from operating activities and distributions to Unitholders. Achieving the benefits of acquisitions depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner as well as the ability to realize the anticipated developmental drilling opportunities. There is no assurance that the Trust will be able to continue to complete acquisitions or dispositions of oil and natural gas properties which realize all the synergistic benefits.

The future use of hydraulic fracturing may be subject to new regulations that could negatively affect the Trust's results

Hydraulic fracturing is used in drilling and completing many oil and natural gas wells. Although the Trust's business strategy contemplates developing the Salt Flat Interest without the use of hydraulic fracturing, this technique may be used during future drilling activities. Certain environmental and other groups have suggested that additional federal, state and local laws and regulations may be needed to more closely regulate the hydraulic fracturing process, and legislation related to hydraulic fracturing has been proposed by some members of U.S. Congress. The Trust cannot predict whether any such federal, state or local laws or regulations will be enacted and, if so, what actions any such laws or regulations would require or prohibit. If additional levels of regulation or permitting requirements were imposed through the adoption of new laws and regulations, the Trust's business and operations could be subject to delays, increased operating and compliance costs and process prohibitions.

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

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

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

The Trust has the authority to impose restrictions on the issuance of Units to, or the transfer by any Unitholder, of Units to a non-resident

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

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

Restrictions on issuances by the Trust to non-residents, to the extent such restrictions become applicable, could negatively affect the ability of the Trust to raise financing for future acquisitions or operations by issuing Units, since non-residents may not be able to subscribe for Units in an offering. In addition, the fact that such restrictions may be implemented in the future may limit the ability of Unitholders to sell their Units at the best price, and could discourage certain categories of investors from purchasing Units in the open market. This reduced demand for Units could negatively affect the liquidity of the Units and the future market price for Units.

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

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

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

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

The Trust's ability to acquire and develop additional reserves in the future will depend on the ability to evaluate and select suitable properties and to consummate transactions in a highly competitive environment for acquiring properties, marketing oil and natural gas and securing equipment and trained personnel. Also, there is substantial competition for capital available for investment in the oil and natural gas industry. Many competitors possess and employ financial, technical and personnel resources substantially greater than the Trust's. Those companies may be able to pay more for productive oil and natural gas properties or to identify, evaluate, bid for and purchase a greater number of properties than the Trust's financial or personnel resources permit. Furthermore, these companies may also be better able to withstand the financial pressures of unsuccessful drilling attempts, sustained periods of volatility in financial markets and generally adverse global and industry-wide economic conditions, and may be better able to absorb the burdens resulting from changes in relevant laws and regulations, which would adversely affect competitive position. In addition, companies may be able to offer better compensation packages to attract and retain qualified personnel. The cost to attract and retain qualified personnel has increased over the past few years due to competition and may increase substantially in the future. The Trust may not be able to compete successfully in the future in acquiring and developing reserves, marketing hydrocarbons, attracting and retaining quality personnel and raising additional capital, which could have a material adverse effect on the Trust's business.

There is strong competition relating to all aspects of the oil and gas industry

There are numerous trusts, publicly traded partnerships and corporations in the oil and gas industry, who are competing for the acquisitions of properties with longer life reserves, properties with exploitation and development opportunities and undeveloped land. As a result of such competition, it may be more difficult to acquire reserves on beneficial terms. Many of these other oil and gas companies have significantly greater financial and other resources. The Trust competes with other oil and gas entities to hire and retain skilled personnel necessary for the daily operations of the Trust including planning, realizing on available technical advances and the execution of the annual capital development program. The inability to hire and retain skilled personnel could adversely impact certain of operational and financial results.

Application of IFRS to the Trust's financial results may result in non-cash losses which may adversely affect the market price of Units

IFRS requires that management apply certain accounting policies and make certain estimates and assumptions which affect reported amounts in the financial statements. The accounting policies may result in non-cash charges to net income and write-downs of net assets in the financial statements. Such non-cash charges and write-downs may be viewed unfavourably by the market and may result in an inability to borrow funds and/or may result in a decline in the Unit price. Under IFRS, the net amounts at which petroleum and natural gas costs on a cash generating unit ("**CGU**") basis are subject to an assessment at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, an estimate of the recoverable amount will be made. The recoverable amount is determined as the higher of the assets value in use or fair value less costs to sell. If net capitalized costs for a CGU exceed the estimated recoverable amounts, the Trust will have to charge the amounts of the excess to earnings. A decline in the net value of oil and natural gas properties could cause capitalized costs to exceed the recoverable amounts, resulting in a charge against earnings. The net value of oil and gas properties is highly dependent upon the prices of oil and natural gas. Under IFRS, the accounting for financial instruments may result in non-cash charges against net income as a result of changes in the fair market value of financial instruments. A decrease in the fair market value of the financial instruments as the result of fluctuations in commodity prices and foreign exchange rates may result in a write-down of net assets and a non-cash charge against net income. Such write-downs and non-cash charges may be temporary in nature if the fair market value subsequently increases. Where there is objective evidence of a subsequent increase in fair value, these non-cash impairment charges may be reversed.

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

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

The Trust will be highly reliant on operators of any properties it acquires interest in but does not operate

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

In particular, the Partnership will be dependent on North South Oil as the sole operator of the Salt Flat Field. North South Oil is largely dependant upon the performance and management of its managing director. Pursuant to the terms of the Joint Operating Agreement, in the event that North South Oil's managing director was to be unable to fulfill his duties or was to depart from North South Oil, the Partnership would have the right to replace North South Oil as the operator of the Salt Flat Field. The greater Houston, Texas area is home to the largest concentration of oil and gas expertise in North America. Management believes that it would be able to replace North South Oil with a competent contract operator with little delay and no material adverse effect to the Partnership.

Oil and natural gas reserves are a depleting resource and decline as such reserves are produced

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

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

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

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

Industry practice in the U.S. for acquiring oil and gas leases or interests does not typically involve retaining lawyers to examine the title to the mineral interest and instead relies upon the judgment of oil and gas lease brokers or landmen who perform the fieldwork in examining records in the appropriate governmental office before attempting to acquire a lease in a specific mineral interest.

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

Based on third-party prepared title opinions, the Trust has confirmed title as to the leases and wells that comprise the majority of the reserves value of the Salt Flat Interest as reflected in the GLJ Reserve Report. Due to OAG having sold unrecorded beneficial interests in the Salt Flat Field to certain investors which are not reflected in the county real property records, on leases representing approximately 9% of the value of Salt Flat Acquisition, the Trust may ultimately determine to rely in part on OAG's representations in the Purchase and Sale Agreement regarding title in respect of those leases. The Trust has no reason to believe that those representations are inaccurate. However, the Trust may not receive the assurance at closing normally afforded to fully registered interests as to the title it will acquire in those particular leases.

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

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

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

Units will have no value when reserves from the properties owned by the Trust can no longer be economically produced and, as a result, distributions do not represent a "yield" in the traditional sense and are not comparable to bonds or other fixed yield securities, where investors are entitled to a full return of the principal amount of debt on maturity in addition to a return on investment through interest payments. Distributions represent a blend of return of Unitholders' initial investment and a return on Unitholders' initial investment. Unitholders have a limited right to require a repurchase of their Units, which is referred to as a redemption right. It is anticipated that the redemption right will not be the primary mechanism for Unitholders to liquidate their investment. The right to receive cash in connection with a redemption is subject to material limitations. Any securities which may be distributed *in specie* to Unitholders in connection with a redemption may not be listed on any stock exchange and a market may not develop for such securities and such securities may be illiquid. The CT Notes are not expected to be qualified investments within the meaning of the Tax Act for Registered Plans. In addition, there may be resale restrictions imposed by law upon the recipients of the securities pursuant to the redemption right. See "Description of the Trust – Redemption at the Option of Unitholders".

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

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

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

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

The Trust Indenture provides that no Unitholder will be subject to any liability in connection with the Trust or its obligations and affairs and, in the event that a court determines Unitholders are subject to any such liabilities, the liabilities will be enforceable only against, and will be satisfied only out of the Trust's assets. Pursuant to the Trust Indenture, the Trust will indemnify and hold harmless each Unitholder from any costs, damages, liabilities, expenses, charges and losses suffered by a Unitholder resulting from or arising out of such Unitholder not having such limited liability. The Trust Indenture provides that all written instruments signed by or on behalf of the Trust must contain a provision to the effect that such obligation will not be binding upon Unitholders personally. The principal investment of the Trust is the royalty agreements which contain such provisions. Personal liability may also arise in respect of claims against the Trust that do not arise under contracts, including claims in tort, claims for taxes and possibly certain other statutory liabilities. The possibility of any personal liability of this nature arising is considered unlikely. The *Income Trusts Liability Act* (Alberta) came into force on July 1, 2004. The legislation provides that a Unitholder will not be, as a beneficiary, liable for any act, default, obligation or liability of the trustee that arises after the legislation came into force. The Trust's operations will be conducted, upon the advice of counsel, in such a way and in such jurisdictions as to avoid as far as possible any material risk of liability on Unitholders for claims against the Trust.

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

There is limited liability of residents in the United States to enforce civil remedies

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

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

The Trust reports its production and reserve quantities in accordance with Canadian practices and specifically in accordance with NI 51-101. These practices are different from the practices used to report production and to estimate reserves in reports and other materials filed with the Securities Exchange Commission by companies in the United States. The Trust incorporates additional information with respect to production and reserves which is either not generally included or prohibited under rules of the Securities Exchange Commission and practices in the United States. The Trust follows the Canadian practice of reporting gross production and reserve volumes (before deduction of Crown and other royalties); however, it also follows the United States practice of separately reporting reserve volumes on a net basis (after the deduction of royalties and similar payments). The Trust also follows the Canadian practice of using forecast prices and costs when estimating reserves; whereas the Securities Exchange

Commission requires that prices and costs be averaged for the 12 months as of the date of the GLJ Reserve Report. Included in this prospectus are estimates of proved and proved plus probable reserves. Probable reserves are higher risk and are generally believed to be less likely to be accurately estimated or recovered than proved reserves. The Securities Exchange Commission generally prohibits the inclusion of estimates of probable reserves in filings made with it. This prohibition does not apply to the Trust as a Canadian foreign private issuer.

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

There is additional taxation applicable to non-residents

The Tax Act may impose additional withholding or other taxes on the distributions or other property paid by the Trust to Unitholders who are non-residents of Canada (including partnerships owned in whole or in part by non-residents), and these taxes and any reduction thereof under a tax treaty between Canada and another country may change from time to time. Since January 1, 2005, a 25% Canadian withholding tax is applied to the return of capital portion of distributions made to non-resident Unitholders, subject to reduction to 15% under the provisions of the U.S.-Canada Tax Treaty.

If the Trust ceases to qualify as a mutual fund trust for purposes of the Tax Act, Units held by non-residents of Canada would become "taxable Canadian property" as defined in the Tax Act and non-resident Unitholders may be subject to Canadian income tax on any gains realized on a disposition of Units held by them, subject to relief under a tax treaty.

It is also anticipated that the application of the SIFT Rules may have tax consequences for non-residents of Canada that are more adverse than the tax consequences to other classes of Unitholders.

There is a foreign exchange risk of non-resident Unitholders

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

LEGAL PROCEEDINGS AND REGULATORY ACTION

Management is not aware of any material outstanding, threatened or pending litigation as at the date hereof by or against the Trust, the CT, the Partnership, the Administrator or any other direct or indirect subsidiaries of the Partnership.

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

EXEMPTIONS FROM CERTAIN DISCLOSURE REQUIREMENTS

The Trust applied to the Alberta Securities Commission, as principal regulator on behalf of the securities regulatory authorities in the other provinces of Canada (other than Ontario), and to the Ontario Securities Commission, for exemptive relief from Sections 32.2 and 32.3 of Form 41-101F1 – *Information Required in a Prospectus* ("**Form 41-101F1**"), as prescribed under National Instrument 41-101 – *General Prospectus Requirements* of the Canadian Securities Administrators. Those sections require that the Trust include in this prospectus: (i) annual financial statements for each of the three most recently completed financial years of the Salt Flat Interest, being the years ended December 31, 2009, December 31, 2008 and December 31, 2007 and (ii) interim financial statements for the most recent interim period of the Salt Flat Interest, being the six month periods ended June 30, 2010 and June 30, 2009. The Trust will indirectly acquire the Salt Flat Interest pursuant to the Purchase and Sale Agreement. Initially, the Salt Flat Interest will comprise the principal undertaking of the Trust and may therefore be viewed as the primary business of the Trust pursuant to Section 32.1(b) of Form 41-101F1. The Trust sought exemptive relief from the requirements to include in this prospectus the financial statements described above.

The Trust has instead included an audited balance sheet of the Trust as at August 31, 2010 together with statements of earnings and deficit, comprehensive income (loss) and statement of cash flows of the Trust for the period from July 20, 2010 to August 31, 2010, as well as a schedule of revenues, royalties and operating expenses for the Salt Flat Interest for: (i) the year ended December 31, 2009 (audited), (ii) the six months ended December 31, 2008 (reviewed) and (iii) the three and nine months ended September 30, 2010 and 2009 (audited) (collectively, the "**Financial Statements**").

The Trust has also applied for exemptive relief from Section 3.1 of National Instrument 52-107 – *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*, which requires that financial statements included in a prospectus be prepared in accordance with Canadian generally accepted accounting principles. The Trust has early adopted IFRS, in accordance with the Canadian Securities Administrator's Staff Notice 52-321 – *Early Adoption of International Financial Reporting Standards, Use of U.S. GAAP and Reference to IFRS-IASB*, and has prepared the Financial Statements in accordance with IFRS. Management believes it has carefully assessed the readiness of its staff, the Board, audit committee, auditors, investors and other market participants for the immediate adoption of IFRS for the presentation of its Financial Statements in connection with the Offering and for all subsequent financial periods after the Offering, and has concluded that all parties are adequately prepared for the immediate adoption of IFRS. Management believes it has also considered the implications of adopting IFRS before January 1, 2011 on its obligations under securities legislation, including, but not limited to, those relating to Chief Executive Officer and Chief Financial Officer certifications, business acquisition reports and offering documents, and material forward looking information. The Trust expects to be granted such relief prior to its next reporting period.

In addition, the Trust applied for exemptive relief from Section 5.5 of 41-101F1, which requires that the Trust include oil and gas disclosure in accordance with Form 51-101F1, together with reports in Form 51-101F2 and Form 51-101F3, each under National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* of the Canadian Securities Administrators, with an effective date as at the most recent date for which the prospectus includes an audited balance sheet. The Trust sought exemptive relief from the requirements to include oil and gas disclosure at that effective date and has instead included oil and gas disclosure in such forms with an original effective date of June 1, 2010 adjusted for production, operating and capital costs and cash flow as of July 1, 2010. A GLJ July 1, 2010 price forecast was used in the GLJ Reserve Report.

The issuance by the Alberta Securities Commission of a final receipt for this prospectus constitutes evidence of the granting of relief from the foregoing requirements in all jurisdictions in Canada.

Additionally, the Trust has made a separate formal application to the Alberta Securities Commission, as principal regulator on behalf of the other securities regulatory authorities in the other provinces of Canada (other than Ontario) and to the Ontario Securities Commission, for exemptive relief to use IFRS for its ongoing continuous disclosure records. Prior to its next reporting period, the Trust expects to receive a decision document evidencing the granting of relief to use IFRS for its ongoing continuous disclosure requirements from all provinces of Canada.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Trust are PricewaterhouseCoopers LLP, Chartered Accountants, Suite 3100, 111 – 5th Avenue S.W., Calgary, Alberta, T2P 5L3. PricewaterhouseCoopers LLP is independent in accordance with the Rules of Professional Conduct as outlined by the Institute of Chartered Accountants of Alberta.

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

EXPERTS

Certain legal matters relating to the distribution of the Units will be passed upon by McCarthy Tétrault LLP on behalf of the Trust, the CT and the Administrator, and Hogan Lovells US LLP, on behalf of the Partnership and the GP, and by Blake, Cassels & Graydon LLP, on behalf of the Underwriters. As at the date hereof, the partners and associates of each of McCarthy Tétrault LLP, Hogan Lovells US LLP and Blake, Cassels & Graydon LLP, as respective groups, do not beneficially own, directly or indirectly, any of the outstanding Units, and such groups respectively each own less than 1% of the outstanding securities of any associate or affiliate of the Trust.

No person or company whose profession or business gives authority to a report, valuation, statement or opinion made by such person or company and who is named in this prospectus as having prepared or certified a part of this prospectus, or a report, valuation, statement or opinion described in this prospectus, has received or shall receive a direct or indirect interest in any securities or other property of the Trust or any associate or affiliate of the Trust.

As at the date hereof, the principals of each of Carr, environmental auditor, and GLJ, independent engineering consultants to the Administrator, as respective groups, do not beneficially own, directly or indirectly, any of the outstanding Units, and such groups respectively each own less than 1% of the outstanding securities of any associate or affiliate of the Trust.

MATERIAL CONTRACTS

Copies of the following documents, once executed, will be available for inspection during normal business hours at the Administrator's office at Suite 900, 639 - 5th Avenue S.W., Calgary, Alberta, T2P 0M9 and at the offices of McCarthy Tétrault LLP, in Calgary, Alberta and Toronto, Ontario during the period of distribution, or at any time after closing of the Offering at the website maintained by the Canadian Securities Administrators at: www.sedar.com.

1. Trust Indenture. See “Description of the Trust”.
2. CT Trust Indenture. See “Description of the Commercial Trust”.
3. LP Agreement. See “Description of the Partnership”.
4. Administrative Services Agreement. See “Administrative Services Agreement”.
5. CT Note Indenture. See “Description of the Commercial Trust – the CT Notes”.
6. Underwriting Agreement. See “Plan of Distribution”.
7. Purchase and Sale Agreement. See “Funding, Salt Flat Acquisition and Related Transactions”.
8. The credit agreement relating to the Credit Facility. See “Debt Financing”.
9. The Voting Agreement. See “Voting Agreement”.
10. The Escrow Agreement. See “Concurrent Offering”.

RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission, or, in some jurisdictions, revisions of the price or damages, if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal advisor.

AUDITORS' CONSENT

We have read the prospectus of Eagle Energy Trust (the "**Trust**") dated November 16, 2010 qualifying the distribution of trust units of the Trust. We have complied with Canadian generally accepted auditing standards for an auditor's involvement with offering documents.

We consent to the use in the above-mentioned prospectus of our report to the directors of Eagle Energy Inc., as administrator of the Trust on the statement of financial position of the Trust as at August 31, 2010 and the statement of loss and comprehensive loss, statement of changes in equity and statement of cash flows of the Trust for the period from July 20, 2010 to August 31, 2010. Our report is dated November 16, 2010.

We also consent to the use in the above-mentioned prospectus of our report to the directors of Eagle Energy US GP LLC, as general partner of Eagle Energy Acquisitions LP on the schedule of revenue, royalties and operating expenses pertaining to the Salt Flat Interest for the year ended December 31, 2009 and the three and nine month periods ended September 30, 2010 and 2009. Our report is dated November 16, 2010.

Calgary, Alberta
November 16, 2010

(signed) Pricewaterhouse Coopers LLP
Chartered Accountants

APPENDIX A - FINANCIAL STATEMENTS OF THE TRUST

Eagle Energy Trust

Financial Statements
August 31, 2010

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Chartered Accountants
111 5 Avenue SW, Suite 3100
Calgary, Alberta
Canada T2P 5L3
Telephone +1 403 509 7500
Facsimile +1 403 781 1825

November 16, 2010

Auditors' Report

To the Directors of Eagle Energy Inc., as Administrator of Eagle Energy Trust

We have audited the statement of financial position of **Eagle Energy Trust** (the "Trust") as at August 31, 2010 and the statement of loss and comprehensive loss, statement of changes in equity, and statement of cash flows for the period since inception as at July 20, 2010 to August 31, 2010. These financial statements are the responsibility of the Administrator's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust as at August 31, 2010 and the results of its operations and cashflows for the period since inception as at July 20, 2010 to August 31, 2010, in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Accountants

Calgary, Alberta

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate legal entity.

Eagle Energy Trust

Statement of Financial Position

As at August 31, 2010, with comparative period as at the date of formation, July 20, 2010

	August 31, 2010 $	July 20, 2010 $
Assets		
Current assets		
Cash	200	200
Accounts receivable	1,575	-
Total Assets	1,775	200
Liabilities		
Current liabilities		
Accounts payable	358,771	-
	358,771	-
Unitholder's equity (deficit)		
Trust capital (note 3)	30,758	200
Deficit	(387,754)	-
	(356,996)	200
Total liabilities and equity	1,775	200

Subsequent events (note 5)

The notes are an integral part of these statements.

Eagle Energy Trust

Statement of Loss and Comprehensive Loss

For the period since inception as at July 20, 2010 to August 31, 2010

	July 20, 2010 to August 31, 2010 $
General and administrative expenses	386,928
Loss on foreign currency	826
Total expenses	387,754
Loss and comprehensive loss	387,754
Loss per unit - basic and diluted (note 3)	$1.59

The notes are an integral part of these statements.

Eagle Energy Trust

Statement of Changes in Equity

For the period since inception as at July 20, 2010 to August 31, 2010

	Number of trust units	**Trust capital $**	**Deficit $**	**Total Unitholder's equity (deficit)**
Issued on initial organization, July 20, 2010	2	200	-	200
Issued in exchange for services and out-of-pocket expenses – note 3	349,978	349,978	-	349,978
Trust issue costs – note 3	-	(319,420)	-	(319,420)
Loss for the period	-	-	(387,754)	(387,754)
Balance as at August 31, 2010	349,980	30,758	(387,754)	(356,996)

The notes are an integral part of these financial statements.

Eagle Energy Trust

Statement of Cash Flows

For the period since inception as at July 20, 2010 to August 31, 2010

	July 20, 2010 to August 31, 2010 $
Cash flows from operating activities:	
Loss for period	(387,754)
Adjustment for:	
Loss on foreign currency	826
Non-cash general and administrative expense	30,558
Change in non-cash working capital	356,370
Net cash from (used in) operating activities	-
Cash flows from investing activities:	
Net cash from (used in) investing activities	-
Cash flows from financing activities:	
Proceeds from issue of trust units	-
Net cash from (used in) financing activities	-
Change in cash	-
Cash beginning of period	200
Cash end of period	200

1 Basis of presentation

Eagle Energy Trust (the “Trust”) is an unincorporated open-ended limited purpose trust established under the laws of the Province of Alberta on July 20, 2010. The Trust was settled with a 1/10 ounce gold coin and $200 from the initial unitholders. The Trust has been established to initially indirectly acquire an interest in Eagle Energy Acquisitions LP through Eagle Energy Commercial Trust. Eagle Energy Acquisitions LP has a general mandate to engage in the business of acquiring, developing and producing oil and natural reserves in the United States, including the acquisition of an average 73% working interest in the Salt Flat Field.

Pursuant to the terms of an Administrative Services Agreement, Eagle Energy Inc. (a corporation formed under the laws of the Province of Alberta on March 28, 2008,) is the Administrator of the Trust and performs all general and administrative services that are or may be required or advisable, from time to time, for the Trust.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

2 Significant accounting policies:

The accounting policies set out below have been applied to the period presented in these financial statements, and have been applied consistently by the Trust.

Cash:

Cash is comprised of cash on hand.

Trust capital:

Trust units are classified as equity. Incremental costs directly attributable to the issue of trust units are recognized as a deduction from equity, net of any tax effects.

Earnings or loss per unit:

Basic earnings per unit is calculated by dividing the profit or loss attributable to unitholders of the Trust by the weighted average number of trust units outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to unitholders of the Trust and the weighted average number of trust units outstanding for the effects of dilutive instruments such as options granted to employees.

Foreign Currency Translation:

The financial statements are presented in Canadian dollars. Transactions in foreign currencies are recorded at the currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the currency rate at the balance sheet date. All differences are taken to profit or loss. At present, the Trust does not have any foreign operations.

3 Unitholder's equity

Authorized
An unlimited number of trust units

Issued

On July 20, 2010, in connection with the initial organization of the Trust, the Trust issued one unit to the Promoter and one Unit to the settlor of the Trust, as initial Unitholders, for $100 per Unit. Those Units will be repurchased by the Trust for the same price on closing of the initial public offering of Units.

On August 2, 2010, the Trust issued 349,978 Units, at a price of $1.00 per Unit, to certain directors, officers and consultants, in exchange for services and out-of-pocket expenses incurred pursuant to the formation of the Trust and the identification of the Salt Flat Acquisition. Total consideration was $349,978.

For the period ended August 31, 2010, the Trust has incurred Unit issue costs of $319,420. In the event that the distribution of Units of the Trust, pursuant to the final prospectus, does not proceed, these costs will be expensed.

	Period ended August 31, 2010	
	Number of units	Amount $
Balance beginning of period	2	200
Issued in exchange for services and out-of-pocket expenses	349,978	349,978
Trust issuance costs	-	(319,420)
Balance end of period	349,980	30,758

Per Unit Amounts

Loss per Unit for the period ended August 31, 2010 is based on 244,173 weighted average Units outstanding. Diluted loss per Unit is equal to basic loss per Unit as there are no dilutive instruments outstanding.

4 Acquisition

On August 20, 2010, Eagle Energy Inc. signed a purchase and sale agreement with OAG Holdings LLC to purchase an average 73% working interest in the Salt Flat Field (by purchasing 80% of OAG's average 91% working interest) located in South Central Texas for a purchase price of US $119,200,000, subject to closing adjustments. No cash deposit was required at the time of executing the purchase and sale agreement and the purchase price will be funded using a portion of the net proceeds on the initial public offering of Units. The purchase of the interest in the Salt Flat Field has an effective date of June 1, 2010 and will occur concurrently with closing the initial public offering of Units pursuant to the final prospectus.

5 Subsequent events

On September 7, 2010, September 22, 2010 and October 4, 2010, the Trust issued a total of $1,577,560 principal amount of Convertible Notes. Each Convertible Note will be automatically converted into Units (as to both the outstanding principal amount of the Convertible Notes as well as all accrued interest on such Convertible Notes) concurrently with the closing of the initial public offering of the Units of the Trust, at a conversion price of 50% of the price of the Units issuable pursuant to the initial public offering. Units issuable to directors, management and a consultant will be subject to a voluntary contractual restriction on transfer for 180 days after the closing of the distribution of the Units of the Trust.

On September 14, 2010, the Trust completed a one-time issuance of 775,000 Performance Options to directors, management and a consultant at an initial exercise price per Performance Option of 50% of the per Unit issue price of the Units issuable pursuant to the initial public offering by the Trust. The performance options will vest as to two-thirds 24 months after closing and as to the remaining one-third 36 months after the closing of the initial public offering.

On September 28, 2010, Eagle Energy Commercial Trust, an unincorporated open ended trust established under the laws of the Province of Alberta, was formed by way of a trust indenture. All outstanding Eagle Energy Commercial Trust Units will be owned by the Trust. Eagle Energy Commercial Trust Units are to be issued only when fully paid in money, property or past services and are not to be subject to future calls or assessments. Eagle Energy Commercial Trust has been created to acquire and hold a 99.999% interest in Eagle Energy Acquisitions LP.

On September 28, 2010, Eagle Energy US GP LLC was formed to be the general partner and acquire and hold the remaining 0.001% interest in Eagle Energy Acquisitions LP. Eagle Energy US GP LLC is a limited liability company formed under the laws of the state of Delaware. The sole member of Eagle Energy US GP LLC is Eagle Energy Commercial Trust.

On September 28, 2010, Eagle Energy Acquisitions LP, a limited partnership, was created by Eagle Energy Commercial Trust by way of a certificate of limited partnership. Eagle Energy Acquisitions LP is a limited partnership formed under the laws of the State of Delaware with a general mandate to engage in the business of acquiring, developing and producing oil and natural gas reserves in the United States, including the acquisition of an average 73% working interest in the Salt Flat Field.

On October 1, 2010, the Purchase and Sale Agreement was assigned to Eagle Energy Acquisitions LP.

On October 12, 2010, the Trust filed a preliminary prospectus qualifying the distribution of Units of the Trust and Units issuable upon the conversion of convertible promissory notes.

On November 12, 2010 holders of the 775,000 Performance Options entered into agreements to surrender their options at the time of closing the initial public offering of Units pursuant to the final prospectus, in exchange for (a) units and cash equal to the fair market value of the Performance Options and (b) cash settled Restricted Unit Rights to capture the foregone distributions and capital appreciation resulting from the fewer number of units issued in exchange for Performance Options.

On November 16, 2010, the Trust filed a final prospectus qualifying the distribution of 15,000,000 Units of the Trust at a price of $10.00 per Unit comprised of 13,000,000 Units being issued for cash and 2,000,000 Units being issued to OAG as partial payment of the US $119,200,000 purchase price of the interest in the Salt Flat Field. In addition, the prospectus qualified the distribution of 324,103 Units issuable upon the conversion of convertible promissory notes. Net proceeds to the Trust from the distribution of the 13,000,000 trust units (defined as the price to the public less the underwriters' fee) are estimated at $122,200,000 ($140,530,000 if the Over Allotment Option is exercised in full).

APPENDIX B - SCHEDULE OF REVENUES, ROYALTIES AND OPERATING EXPENSES

Salt Flat Interest

Schedule of Revenues, Royalties and
Operating Expenses
For the six month period ended December 31, 2008
For the year ended December 31, 2009
For the three and nine month periods ended
September 30, 2010 and 2009
(expressed in US dollars)

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Chartered Accountants
111 5 Avenue SW, Suite 3100
Calgary, Alberta
Canada T2P 5L3
Telephone +1 403 509 7500
Facsimile +1 403 781 1825

November 16, 2010

Auditors' Report

To the Directors of
Eagle Energy US GP LLC, as general partner of Eagle Energy Acquisitions LP

At the request of Eagle Energy Inc., we have audited the Schedule of Revenues, Royalties and Operating Expenses for the year ended December 31, 2009 and the three and nine months ended September 30, 2010 and 2009 for the Salt Flat Interest to be acquired by Eagle Energy Acquisitions LP, an indirect wholly-owned subsidiary of Eagle Energy Trust, pursuant to the purchase and sale agreement with OAG Holdings LLC dated August 20, 2010 as amended October 1, 2010 and November 14, 2010. This financial information is the responsibility of management. Our responsibility is to express an opinion on this financial information based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial information presentation.

In our opinion, this financial information presents fairly, in all material respects, the revenues, royalties and operating expenses for the Salt Flat Interest for the year ended December 31, 2009 and the three and nine months ended September 30, 2010 and 2009 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Accountants

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate legal entity.

Salt Flat Interest

Schedule of Revenues, Royalties and Operating Expenses

	Three months ended September 30, 2010 (audited) US $	Three months ended September 30, 2009 (audited) US $	Nine months ended September 30, 2010 (audited) US $	Nine months ended September 30, 2009 (audited) US $	Year ended December 31, 2009 (audited) US $	Six months ended December 31, 2008 (unaudited) US $
Oil and gas sales	2,145,078	64,370	5,679,391	133,791	1,640,699	100,972
Royalties	(98,941)	(2,970)	(261,952)	(6,177)	(75,676)	(4,656)
	2,046,137	61,400	5,417,439	127,614	1,565,023	96,316
Operating expenses	379,187	44,911	939,846	90,440	249,008	28,305
	1,666,950	16,489	4,477,593	37,174	1,316,015	68,011

(see accompanying notes to Schedule of Revenue, Royalties and Operating Expenses)

1 Basis of presentation

The Schedule of Revenues, Royalties and Operating Expenses includes the operating results relating to the Salt Flat Interest to be acquired by Eagle Energy Acquisitions LP, an indirect wholly-owned subsidiary of Eagle Energy Trust pursuant to the Purchase and Sale Agreement with OAG Holdings LLC dated August 20, 2010 as amended October 1, 2010 and November 14, 2010.

The Schedule of Revenues, Royalties and Operating Expenses does not include any provision for the depletion and depreciation, asset retirement obligations, future capital costs, impairment of unevaluated properties, general and administrative costs and income taxes as these amounts are based on the consolidated operations of the vendor of which the selected Salt Flat Interest form only a part.

2 Significant accounting policies

Revenue recognition

Revenue from the sale of product is recognized upon delivery to the purchasers.

Royalties

Royalties are recorded at the time the product is sold. Royalties are calculated in accordance with the applicable regulations and/or the terms of individual royalty agreements.

Operating costs

Operating costs include amounts incurred on extraction of product to the surface, gathering, field processing, treating, transportation and field storage.

Joint interest operations

The Schedule only reflects the proportionate interest acquired by Eagle Energy Acquisitions LP for those properties operated through joint interest operations.

APPENDIX C - FORM 51-101F2 REPORT ON RESERVES DATA BY INDEPENDENT QUALIFIED RESERVES EVALUATOR

To the Board of Directors of Eagle Energy Inc., as Administrator of Eagle Energy Trust (the "**Administrator**"):

We have evaluated the reserves data in respect of the Trust's proposed acquisition, through Eagle Energy Acquisitions LP, of an average 73% working interest in the oil and gas properties known as the Salt Flat Field located in South Central Texas (the "**Salt Flat Interest**") with an original effective date of June 1, 2010 adjusted for production, operating and capital costs and cash flow as of July 1, 2010. A GLJ July 1, 2010 price forecast was used in the GLJ Reserve Report. The reserves data are estimates of proved reserves and probable reserves, and related future net revenue effective July 1, 2010, estimated using forecast prices and costs.

1. The reserves data are the responsibility of the Administrator's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

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

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

3. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10%, included in the reserves data of the Salt Flat Interest evaluated by us for the period ended July 1, 2010, and identifies the respective portions thereof that we have evaluated and reported on to the Administrator's management:

Independent Qualified Reserves Evaluator	Eagle Energy Inc. /SALT Flat Reserve Estimation Evaluation Report	Location of Reserves (Geographic Area)	Net Present Value of Future Net Revenue, US$ (before income taxes, 10% discount rate)			
		United States	Audited	Evaluated	Reviewed	Total
GLJ Petroleum Consultants	July 1, 2010	Proved	Nil	53.392	Nil	53,392
		Probable	Nil	76,509	Nil	786,509
		Proved plus Probable	Nil	129,902	Nil	129,902

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

5. We have no responsibility to update our reports referred to in paragraph 4 for events and circumstances occurring after their respective preparation dates.

6. Because the reserves data are based on judgments regarding future events, actual events will vary and the variations may be material. However, any variation should be consistent with the fact that reserves are categorized according to the probability of their recovery.

Executed as to our report referred to above.

GLJ PETROLEUM CONSULTANTS

(signed) *Myron Hladyshevsky*

Calgary, Alberta, Canada
Date: October 12, 2010

APPENDIX D - FORM 51-101F3 REPORT OF MANAGEMENT AND DIRECTORS ON RESERVES DATA AND OTHER INFORMATION

Management of Eagle Energy Inc. as administrator (the "**Administrator**") of the Eagle Energy Trust (the "**Trust**") are responsible for the preparation and disclosure of information with respect to the Trust's oil and gas activities in accordance with securities regulatory requirements. This information is made up solely of the reserves data in respect to the Trust's proposed asset acquisition to acquire an average 73% working interest (the "**Salt Flat Interest**") as further described in the accompanying prospectus, which are estimates of proved reserves and probable reserves and related future net revenue as at July 1, 2010, estimated using forecast prices and costs.

An independent qualified reserves evaluator has evaluated the reserves data in respect to the Trust's proposed acquisition of the Salt Flat Interest. The report of the independent qualified reserves evaluator is presented on the preceding page.

The Reserves & Governance Committee of the board of directors (the "**Board**") of the Administrator has:

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

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

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

The Reserves & Governance Committee of the Board, has reviewed the Trust's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The Board has, on the recommendation of the Reserves & Governance Committee, approved:

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

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

(f) the content and filing of this report.

Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material. However, any variations should be consistent with the fact that the reserves are categorized according to the probability of their recovery.

DATED October 12, 2010.

(signed) *Richard W. Clark*
President, Chief Executive Officer and Director

(signed) *Peter L. Churcher*
Executive Vice President, Engineering and GeoSciences

(signed) *David M. Fitzpatrick*
Director

(signed) *Warren. D. Steckley*
Director

APPENDIX E - ADMINISTRATOR AUDIT COMMITTEE CHARTER

EAGLE ENERGY INC.

AUDIT COMMITTEE CHARTER

Table of Contents

PART I – ESTABLISHMENT OF COMMITTEE

1. Audit Committee

The Board of Directors (the “Board”) of Eagle Energy Inc. (the “Corporation”) has established an audit committee (the “Audit Committee” or the “Committee”) of directors for the purpose of overseeing the accounting and financial reporting processes of both: (i) the Corporation and audits of its financial statements; and (ii) in its capacity as administrator of Eagle Energy Trust (the “Trust”), the Trust and audits of the Trust’s financial statements.

2. Composition of Committee

(a) The Audit Committee will consist of at least three directors. All members of the Committee must be independent as defined in applicable securities laws (subject to permitted exemptions under those laws) and the rules of any stock exchange on which the Corporation’s or the Trust’s securities are listed for trading.

(b) Each member of the Audit Committee must be financially literate, or become financially literate within a reasonable period of time following his or her appointment to the Committee (provided that the Board has determined that this will not materially adversely affect the ability of the Committee to satisfy its responsibilities). A member is financially literate under applicable securities laws if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

(c) At least one-quarter of the members of the Audit Committee must be resident Canadians.

3. Appointment of Committee Members

Members of the Audit Committee will be appointed by the Board and re-appointed at the meeting of the Board immediately following each annual meeting of shareholders. Committee members will hold office until the next annual meeting or earlier if their successors are appointed, they are removed by the Board or they cease to be directors of the Corporation.

4. Compensation of Committee Members

The Board will fix the remuneration of the members of the Audit Committee and may provide additional remuneration to the Chair of the Committee. Other than as remuneration for acting in his or her capacity as a member of the Board or any Board committee, or as a part-time chair or vice-chair of the Board or any Board committee, or as otherwise permitted by applicable securities laws, no consulting, advisory or other compensatory fee will be paid to a member of the Audit Committee by the Corporation, the Trust or any subsidiary of the Corporation or the Trust.

5. Vacancies

When a vacancy occurs in the membership of the Audit Committee, it may be filled by the Board and must be filled by the Board if the membership of the Committee as a result of the vacancy is less than three directors. Any member may be removed or replaced at any time by the Board. Any member will cease to be a member upon ceasing to be a director.

PART II – COMMITTEE PROCEDURES

6. Committee Chair

The Committee Members will appoint a Chair for the Audit Committee. The Chair may be removed and replaced by the Committee.

7. Absence of Committee Chair

If the Chair is not present at any meeting of the Audit Committee, one of the other members of the Committee present at the meeting will be chosen by the Committee to preside at the meeting.

8. Secretary of Committee

The Audit Committee will appoint a Secretary who need not be a director of the Corporation.

9. Meetings

The Audit Committee will meet at least four times per year. All Committee members are expected to attend each meeting, in person or by tele or video conference. A resolution in writing, signed by all the Audit Committee members entitled to vote on that resolution at a meeting of the Committee, is as valid as if it had been passed at a meeting of the Committee.

10. Notice of Meetings

(a) A meeting of the Audit Committee may be called by any member of the Committee, by the chief executive officer or the chief financial officer of the Corporation (or persons holding equivalent offices) or by the external auditor. Notice of the time and place of a meeting will be given in writing or by electronic communication to each member of the Committee and to the external auditor at least 48 hours prior to the time fixed for the meeting.

(b) A member of the Audit Committee may in any manner waive notice of a Committee meeting. Attendance of a member at a Committee meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

11. Quorum and Participation

(a) A majority of the number of members of the Audit Committee appointed by the Board constitutes a quorum at any meeting of the Committee.

(b) A member of the Audit Committee may, if all the members of the Committee consent, participate in a meeting of the Committee by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting. A member participating in a Committee meeting by those means is deemed to be present at that meeting.

12. Attendance by External Auditor and Others

(a) The external auditor is entitled, at the expense of the Corporation, to attend and be heard at every meeting of the Audit Committee, and, if so requested by a member of the Committee, shall attend every meeting of the Committee held during the term of office of the external auditor.

(b) At the invitation of the Chair of the Audit Committee, one or more officers or employees of the Corporation or directors who are not members of the Committee may attend a meeting of the Committee.

13. Procedure, Records and Reporting

The Audit Committee will fix its own procedure at meetings, keep minutes of its meetings and report to the Board when the Committee deems appropriate (but not later than the next meeting of the Board). An agenda will be prepared and provided to members sufficiently in advance of an Audit Committee meeting, along with draft minutes of the previous meeting and appropriate briefing materials.

14. Independent Advisors

The Audit Committee may engage independent counsel and other advisors as it determines necessary to carry out its duties. Furthermore, the Committee has the authority to set and pay the compensation for any such advisors which are employed by the Committee.

15. Review of Charter

The Audit Committee will review this charter annually or otherwise as it deems appropriate and recommend to the Board any necessary changes.

16. Duties and Reliance

(a) In exercising their powers and discharging their duties under this charter and applicable law, each member of the Audit Committee must (i) act honestly and in good faith with a view to the best interests of the Corporation and, for so long as the Corporation remains the administrator of the Trust, the Trust and (ii) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

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

(i) financial statements of the Corporation and the Trust, as applicable, represented to the member of the Committee by an officer of the Corporation or in a written report of the external auditor of the Corporation to reflect fairly the financial condition of the Corporation and the Trust, as applicable;

(ii) the Corporation's disclosure compliance system and on the Corporation's officers, employees and others whose duties would in the ordinary course have given them knowledge of the relevant facts; and

(iii) a report, statement or opinion of an expert, being a person or company whose profession gives authority to a statement made in a professional capacity by the person or company including, without limitation, an accountant, actuary, appraiser, auditor, engineer, financial analyst, geologist or lawyer.

PART III – MANDATE OF COMMITTEE

17. External Auditor

(a) The external auditor will report directly to the Audit Committee, be responsible for planning with the Corporation and carrying out the audit of the annual financial statements (and any requested review of quarterly financial statements) of the Corporation and the Trust and ultimately be accountable to the Audit Committee and the Board as the representatives of the shareholders.

(b) The Audit Committee will recommend to the Board:

(i) the external auditor to be nominated for the purpose of preparing or issuing an auditor's reports or performing other audit, review or attest services for the Corporation and, so long as the Corporation remains the administrator of the Trust, the Trust; and

(ii) the compensation of the external auditor.

(c) The Audit Committee will be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation and the Trust, including the following:

(i) review of the mandate of the external auditor, including the annual engagement letter, audit plan and audit scope;

(ii) review of the independence of the external auditor, any rotation of the partners assigned to the audit in accordance with applicable laws and professional standards, the internal quality control findings of the external auditor's firm and peer reviews;

(iii) review of the performance of the external auditor, including the relationship between the external auditor and management and the evaluation of the lead partner of the external auditor;

(iv) termination or resignation of the external auditor if circumstances warrant, after due inquiry and discussion with management and the external auditor;

(v) resolution of disagreements between management and the external auditor regarding financial reporting;

(vi) review of material written communications between the external auditor and management;

(vii) review of the annual management letter from the external auditor regarding internal controls and opportunities for improvement or efficiency, plus management's response and follow-up in respect of any identified weakness; and

(viii) communication with the external auditor regarding such other matters as are required by the Canadian Institute of Chartered Accountants Handbook and other professional standards.

(d) The Audit Committee will meet or communicate directly with the external auditor, without management being present, as required or appropriate to discharge the responsibilities of the Committee.

18. Non-Audit Services

(a) The Audit Committee will pre-approve all non-audit services to be provided to the Corporation or the Trust or their respective subsidiaries by the external auditor.

(b) The Audit Committee may delegate to one or more of its members the authority to pre-approve non-audit services. The pre-approval of non-audit services by any member to whom authority has been delegated must be presented to the Committee at its first scheduled meeting following such pre-approval.

(c) Pre-approval of de minimus non-audit services will be satisfied if:

(i) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Corporation or, for so long as the Corporation remains the administrator of the Trust, the Trust, and their respective subsidiaries to the Corporation's external auditor during the fiscal year in which the services are provided;

(ii) the Corporation or, for so long as the Corporation remains the administrator of the Trust, the Trust, or the applicable subsidiary, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and

(iii) the services are promptly brought to the attention of the Audit Committee and approved, prior to the completion of the audit, by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee.

(d) Pre-approval of non-audit services will also be satisfied if the Audit Committee adopts specific policies and procedures for the engagement of non-audit services and:

(i) the pre-approval policies and procedures are detailed as to the particular service;

(ii) the Audit Committee is informed of each non-audit service; and

(iii) the procedures do not include delegation of the Audit Committee's responsibilities to management.

19. Financial and Other Disclosure

(a) The Audit Committee will review, discuss with management (and the external auditor where required or appropriate) and, if required or appropriate, approve or recommend that the Board approve the following Corporation and Trust documents prior to public disclosure:

   (i) annual audited financial statements and related management's discussion and analysis;

   (ii) quarterly unaudited financial statements and related management's discussion and analysis;

   (iii) certifications by the chief executive officer and chief financial officer of annual and quarterly filings, disclosure controls and procedures and internal controls over financial reporting;

   (iv) news releases announcing financial results, containing financial information based on unreleased financial results or non-GAAP financial measures or providing earnings guidance or forward-looking financial information; and

   (v) financial information contained in any annual information form, information circular, prospectus, take-over bid circular, issuer bid circular or rights offering circular.

(b) The Audit Committee will be satisfied that adequate procedures are in place for the review of the Corporation's and the Trust's public disclosure of financial information extracted or derived from the Corporation's or the Trust's financial statements and will periodically assess the adequacy of those procedures.

(c) The Audit Committee will review the disclosure required by applicable securities laws to be included in its annual information form and cross-referenced in a management information circular to solicit proxies from the shareholders of the Corporation or from unitholders of the Trust for the purpose of electing directors to the Board. That disclosure will consist of the text of this charter, the composition of the Audit Committee, the relevant education and experience of Committee members, reliance on certain exemptions from securities laws relating to audit committees, oversight of the nomination and compensation of the external auditor, policies and procedures for non-audit services and external auditor service fees.

20. Financial Reporting Processes

(a) The Audit Committee will review with management and the external auditor:

   (i) the appropriateness of the Corporation's and the Trust's accounting principles and policies and financial reporting;

   (ii) any changes to the Corporation's or the Trust's accounting principles and policies and financial reporting as such changes are recommended by management or the external auditor;

   (iii) the accounting treatment of significant risks and uncertainties;

   (iv) key estimates and judgments of management that may be material to the Corporation's or the Trust's financial reporting; and

   (v) significant auditing and financial reporting issues discussed during the financial period and the method of resolution.

(b) The Audit Committee will in particular review the following specific matters, where material:

   (i) the effect of regulatory and accounting initiatives;

   (ii) extraordinary transactions;

   (iii) the use of special purpose entities;

   (iv) off-balance sheet transactions;

   (v) financial risk management, including the use of derivatives;

   (vi) asset retirement or reclamation obligations;

   (vii) pension obligations;

   (viii) commitments, contingencies and guarantees;

   (ix) related party transactions;

   (x) actual or pending legal claims, tax or regulatory matters; and

(xi) any other matters of accounting or auditing risk.

21. Internal Audit

(a) The Audit Committee will review:

(i) the audit plans of the internal auditor of the Corporation and the Trust and coordination with the external auditor;

(ii) the adequacy of the resources of the internal auditor to ensure the objectivity and independence of the internal audit function; and

(iii) the significant findings of the internal auditor and recommendations relating to internal audit issues, together with management's response thereto.

(b) The Audit Committee will meet or communicate directly with the internal auditor, without management being present, as required or appropriate to discharge the responsibilities of the Committee.

22. Other Responsibilities

(a) The Audit Committee will establish procedures for:

(i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and

(ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

(b) The Audit Committee will review on a timely basis all discovered incidents of fraud within the Corporation, regardless of monetary value.

(c) The Audit Committee will oversee any auditing or accounting reviews or similar procedures or investigations and may conduct its own investigations with full access to books, records, facilities and personnel of the Corporation and the Trust.

(d) The Audit Committee will at least annually provide oversight of the Corporation's risk management policies.

(e) The Audit Committee will review and approve the Corporation's policies regarding officer expenses and may review expenses actually incurred by the chief executive officer and other senior officers.

(f) The Audit Committee will review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and any former external auditor of the Corporation or the Trust.

(g) The Audit Committee will review and/or approve any other matter specifically delegated to the Committee by the Board and undertake on behalf of the Board such other activities as may be necessary or desirable to assist the Board in fulfilling its responsibilities

APPENDIX F - ADMINISTRATOR BOARD OF DIRECTORS CHARTER

EAGLE ENERGY INC.

BOARD OF DIRECTORS CHARTER

PART I - ESTABLISHMENT OF THE BOARD AND PROCEDURES

1. Composition of the Board

The board of directors (the "Board") of Eagle Energy Inc. (the "Corporation") will consist of such number of directors as may be fixed from time to time by the Board, subject to the articles of incorporation and by-laws of the Corporation. A majority of the directors of the Corporation will be independent as defined by applicable securities laws (subject to permitted exemptions under those laws) and the rules of any stock exchange on which the Corporation's or, for so long as the Corporation remains the administrator of Eagle Energy Trust (the "Trust"), the Trust's securities are listed for trading.

The directors of the Corporation should have a mix of competencies, skills and experience necessary to enable the Board and the Board committees to properly discharge their respective responsibilities.

2. Nomination of Board Members

The Corporate Governance Committee, (which shall, until otherwise determined by the Board, be combined with the Reserves Committee) will, when it deems appropriate, recommend to the Board nominees for election or appointment as directors. Recommendations are made in consultation with the chair of the Board (the "Chair") and the CEO based on the appropriate size and composition of the Board and Board committees, as well as the competencies, skills and personal qualities required of directors to enable the Board and Board committees to properly discharge their respective responsibilities. The Board will approve the final choice of nominees.

Directors are elected at each annual meeting of shareholders.

3. Orientation of New Directors and Continuing Education

The Board will give new directors such information and orientation opportunities as may be deemed by the Board to be necessary or appropriate to ensure that they understand the nature and operation of the Corporation's business and the undertaking of the Trust, the role of the Board and its committees and the contribution individual directors are expected to make.

The Board will give all directors such continuing education opportunities as may be deemed by the Board to be necessary or appropriate so that they may maintain or enhance their skills and abilities as directors, and to ensure that their understanding of the nature and operations of the Corporation's business remains current.

4. Chair

The Board will appoint the Chair from among its members. If the Chair is not independent, an independent director will be appointed as lead independent director.

If the Chair is not present at any meeting of the Board, the lead independent director or, in the absence of the lead independent director, one of the other directors chosen from those directors present at the meeting will preside at the meeting.

5. Responsibilities of the Chair

The Chair will provide leadership to the Board in fulfilling its mandate. The Chair's responsibilities will include:

(a) consulting with the President and Chief Executive Officer (the "CEO") and the Secretary of the Corporation in determining the dates and locations of Board meetings and shareholders meetings;

(b) presiding at meetings of the Board and meetings of the shareholders of the Corporation;

(c) setting the schedule and agenda for Board meetings with input from the lead independent director, the other directors, the CEO and other senior management of the Corporation where appropriate;

(d) assisting the chairs of Board committees in developing agendas for Board committee meetings that will enable the Board committees to successfully carry out their responsibilities;

(e) ensuring that all business that is required to be brought before a meeting of shareholders is brought before a meeting of shareholders and, for so long as the Corporation acts as the Administrator of the Trust, ensuring that all business that is required to be brought before a meeting of holders of units of the Trust is brought before a meetings of such unitholders;

(f) arranging for senior management and others to attend Board meetings where appropriate;

(g) facilitating the delivery of accurate, timely and clear information to the Board to enable the Board to successfully carry out its responsibilities;

(h) coordinating the activities of the Board committees with the activities of the Board;

(i) assigning tasks to appropriate directors and Board committees;

(j) acting as the principal interface between the Board and the CEO;

(k) providing advice, counsel and mentorship to the CEO, other directors and senior management of the Corporation;

(l) together with the CEO, speaking for the Corporation in its communications with shareholders and the public; and

(m) performing such other functions as may reasonably be requested by the Board.

6. Secretary of the Board

The Board will appoint the Secretary of the Corporation or another officer of the Corporation to act as secretary and keep minutes of all Board meetings.

7. Board Meetings

The Board will meet at least five times per year and will meet at such other times during each year as it deems appropriate. In addition, the Chair or any director may call a special meeting of the Board at any time.

The independent directors will hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance.

8. Attendance of the Corporation's Officers or External Advisers at Meetings

At the invitation of the Chair, or one or more officers of the Corporation or the Corporation's external auditors or legal, financial or other advisers may attend any meeting of the Board or part thereof.

9. Procedure, Records

Subject to any statute or the articles of incorporation and the by-laws of the Corporation, the Board will fix its own procedures at meetings and keep records of its proceedings. The minutes of its meetings will be tabled at the next meeting of the Board.

10. Board Attendance

Directors are expected to attend and review in advance all materials for Board meetings, meetings of Board committees of which they are members and the annual meeting of the shareholders of the Corporation and, for so long as the Corporation remains the administrator of the Trust, the annual meeting of the unitholders of the Trust. Directors are also expected to spend the time needed, and to meet as frequently as necessary, to discharge their responsibilities.

11. Delegation of Responsibilities

The Board will be entitled to delegate from time to time to any individual or committee any of its responsibilities that lawfully may be delegated.

12. Procedures for Shareholder Feedback

The Board will establish and annually review the measures by which shareholders and, if applicable, unitholders of the Trust, can communicate with the Corporation and the Board, including the adequacy of resources available within the Corporation to respond to shareholders and unitholders of the Trust.

13. Authority to Engage Advisers

Each director shall be entitled, subject to the approval of the Reserves and Governance Committee, to retain independent counsel and/or such other advisers as he/she deems necessary to carry out his/her duties as a member of the Board. The engagement of any such counsel or advisers will be at the Corporation's expense.

PART II - MANDATE OF THE BOARD

14. General

The Board is responsible for the overall stewardship of the Corporation and for oversight of the management of the business and affairs of the Corporation with a view to the best interests of the Corporation. The Board has plenary power. Any responsibility not delegated to management or a committee of the Board remains with the Board.

Directors will exercise their business judgment in a manner consistent with their fiduciary duties. In particular, in exercising their powers and performing their duties, the directors will act honestly and in good faith with a view to the best interests of the Corporation, and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Board discharges its responsibilities for supervising the management of the business and affairs of the Corporation by delegating the day-to-day management of the Corporation to senior officers. The Board relies on senior officers to keep it apprised of all significant developments affecting the Corporation and its operations. The directors are entitled to rely on the honesty and integrity of those senior officers and the auditors and other professional advisors of the Corporation in discharging their fiduciary duties.

15. Specific Responsibilities

In fulfilling its general responsibility for the overall stewardship of the Corporation, the Board has specific responsibility for the following:

(a) satisfying itself as to the integrity of the CEO and other senior officers of the Corporation and that the CEO and other senior officers create a culture of integrity throughout the organization;

(b) adopting a strategic planning process and approving and reviewing, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the Corporation's business and the undertaking of the Trust;

(c) overseeing the identification of the principal risks of the Corporation's business and the implementation of appropriate systems to manage these risks;

(d) overseeing the integrity of the Corporation's internal control and management information systems;

(e) succession planning (including appointing, training and monitoring senior management);

(f) adopting and reviewing a disclosure policy, insider trading policy, whistleblowing policy and a code of business conduct and ethics for the Corporation;

(g) developing, maintaining and evaluating the Corporation's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Corporation;

(h) in addition to those matters which must by law be approved by the Board, overseeing the development of, and reviewing and approving, significant corporate plans and initiatives, including the strategic plan, the annual business plan and budget, major acquisitions and dispositions and other significant matters or corporate strategy or policy;

(i) reviewing, from time to time, and making recommendations regarding the performance and effectiveness of the Board and each committee of the Board and, to the extent deemed necessary by the Board, the performance of individual directors (all of which will be verbally assessed and reported);

(j) reviewing the composition of the various committees of the Board and their respective charters;

(k) determining the most appropriate orientation and continuing education program for Board and committee members to ensure that all directors fully understand:

   (i) the role of the Board and its committees,

   (ii) the contribution individual directors are expected to make (including, in particular, the commitment of time and energy that the issuer expects from its directors), and

   (iii) the nature and operation of the Corporation's business (including, but not limited to, the Corporation's role as administrator of the Trust) and the undertaking of the Trust;

(l) approving, in such circumstances as it considers appropriate, the engagement by any one or more directors of outside advisers, such engagement to be at the Corporation's expense; and

(m) from time to time, forward to the Board a list of corporate governance issues for review, discussion or action by the Board or a committee thereof, and undertake such other initiatives as are necessary or desirable to provide effective corporate governance for the Corporation.

16. Non-Exhaustive List

The foregoing list of duties is not exhaustive, and the Board may, in addition, perform such other functions as may be necessary or appropriate in the circumstances for the performance of its responsibilities.

CERTIFICATE OF THE TRUST AND THE PROMOTER

Dated: November 16, 2010

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces of Canada.

EAGLE ENERGY TRUST
By: Eagle Energy Inc. as
Administrator of the Trust

By: (signed) *Richard W. Clark* President and Chief Executive Officer	By: (signed) *Kelly A. Tomyn* Vice President, Finance and Chief Financial Officer

ON BEHALF OF THE ADMINISTRATOR DIRECTORS

By: (signed) *David M. Fitzpatrick* Director	By: (signed) *Warren D. Steckley* Director

EAGLE ENERGY ACQUISITIONS LP
By: Eagle Energy US GP LLC, as general partner
and on behalf of Eagle Energy Acquisitions LP

By: (signed) *Richard W. Clark* President and Chief Executive Officer	By: (signed) *Kelly A. Tomyn* Vice President, Finance and Chief Financial Officer

BY THE PROMOTER

(signed) *Richard W. Clark*

CERTIFICATE OF THE UNDERWRITERS

Dated: November 16, 2010

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces of Canada.

SCOTIA CAPITAL INC.

By: (signed) *Mark Herman*

BMO NESBITT BURNS INC.

By: (signed) *Shane K. Abel*

CIBC WORLD MARKETS INC.

By: (signed) *John Peltier*

TD SECURITIES INC.

By: (signed) *Gregory B. Saksida*

NATIONAL BANK FINANCIAL INC.

By: (signed) *Craig Langpap*

DUNDEE SECURITIES CORPORATION

By: (signed) *Tim Hart*

CANACCORD GENUITY CORP.

By: (signed) *Karl B. Staddon*

FIRSTENERGY CAPITAL CORP.

By: (signed) *Jamie N. Ha*

GMP SECURITIES L.P.

By: (signed) *Daryl Rudichuk*

HSBC SECURITIES (CANADA) INC.

By: (signed) *Evan Hazell*

RAYMOND JAMES LTD.

By: (signed) *Edward J. Bereznicki*