

DEEPWELL ENERGY SERVICES TRUST

ANNUAL INFORMATION FORM

Year ended December 31, 2008

March 31, 2009

TABLE OF CONTENTS

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS.....	1
DISTRIBUTABLE CASH AND NON-GAAP MEASURES, DEFINITION OF EBITDA AND ADJUSTED EBITDA.....	2
MARKET AND INDUSTRY DATA.....	2
INCORPORATION BY REFERENCE.....	2
CONVERSIONS.....	2
CERTAIN REFERENCES.....	2
CORPORATE STRUCTURE.....	3
NAME, ADDRESS AND INCORPORATION OR ESTABLISHMENT.....	3
INTERCORPORATE RELATIONSHIPS.....	5
GENERAL DEVELOPMENT OF THE BUSINESS.....	5
OVERVIEW.....	5
GROWTH STRATEGY.....	5
THREE YEAR HISTORY.....	6
SIGNIFICANT ACQUISITIONS.....	8
OTHER RECENT DEVELOPMENTS.....	8
NARRATIVE DESCRIPTION OF THE BUSINESS.....	8
MARKET AREAS AND SERVICE PROVIDED.....	9
OPERATING FACILITIES AND SERVICES.....	9
EMPLOYEES.....	10
REGULATORY ENVIRONMENT.....	10
COMPETITIVE CONDITIONS.....	10
SAFETY PROGRAM.....	11
RISK FACTORS.....	11
RISKS PERTAINING TO DEEPWELL LP.....	11
RISKS PERTAINING TO THE TRUST.....	17
DISTRIBUTION RECORD AND POLICY.....	22
DESCRIPTION OF CAPITAL STRUCTURE.....	23
UNITS, CLASS B UNITS AND SPECIAL VOTING UNITS.....	23
MARKET FOR SECURITIES.....	27
TRADING PRICE AND VOLUME.....	27
ESCROWED SECURITIES OF THE TRUST.....	27
MATERIAL CONTRACTS.....	27
TRUSTEES, DIRECTORS AND OFFICERS.....	29
COMMITTEES OF THE ADMINISTRATOR.....	31
CERTIFICATION OF DISCLOSURE, ANNUAL AND INTERIM.....	33
CORPORATE CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS.....	33
CONFLICTS OF INTEREST.....	34
LEGAL PROCEEDINGS AND REGULATORY ACTIONS.....	35
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....	35
PROMOTERS.....	35
AUDITORS, TRANSFER AGENT AND REGISTRAR.....	35
NAME OF EXPERTS AND INTEREST OF EXPERTS.....	35
ADDITIONAL INFORMATION.....	36
APPENDIX A – AUDIT COMMITTEE MANDATE.....	A-1

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Information Form of Deepwell Energy Services Trust (the “Trust”) and in certain documents incorporated by reference into this Annual Information Form, constitute forward-looking statements. These statements relate to future events or the Trust’s future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions.

In particular, the Trust has made assumptions with respect to, prices for oil and natural gas, level of activity of oil and gas exploration, forecasts of capital expenditures and the sources of financing thereof, the amount, nature, timing and effects of capital expenditures, operating and other costs, business strategies and plans of management, tax treatment of the Trust and competitive position of the Trust in the oilfield waste management industry. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Trust believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this Annual Information Form should not be unduly relied upon. These statements speak only as of the date of this Annual Information Form. Except as required by applicable securities law, neither the Trust nor its administrator, Deepwell Energy Services Ltd. (the “Administrator”) undertakes any obligation to update or revise any forward-looking statement.

In particular, this Annual Information Form and the documents incorporated by reference (if any) contain forward-looking statements pertaining to the following:

- capital expenditure programs;
- projections of market prices and costs;
- expectations regarding the ability to raise capital
- supply and demand for oil and natural gas;
- level and timing of future cash distribution payments; and
- treatment under government regulatory and taxation regimes.

The Trust’s actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this Annual Information Form;

- volatility in market prices for oil and natural gas;
- liabilities and risks inherent in Deepwell’s operations;
- competition for, among other things, capital and skilled personnel;
- changes in income tax laws;
- incorrect assessments of the value of acquisitions;
- increased competition;
- technical and drilling problems;
- fluctuations in foreign exchange or interest rates and stock market volatility;
- uncertainties associated with changes in legislation, including but not limited to changes in income tax laws; and
- the other factors discussed under “Risk Factors”

DISTRIBUTABLE CASH AND NON-GAAP MEASURES, DEFINITION OF EBITDA AND ADJUSTED EBITDA

In addition to financial measures prescribed by Canadian generally accepted accounting principles (“GAAP”), certain non-GAAP financial measures such as “distributable cash” and “EBITDA” are used in this Annual Information Form. These are not financial measures recognized by GAAP and do not have any standardized meaning prescribed by GAAP, and therefore may not be comparable to similar measures presented by other issuers. These non-GAAP measures are intended to provide additional information on the performance of Deepwell Energy Services LP (“Deepwell LP”) and the Trust, and should not be considered in isolation or as substitutes for measures of performance prepared in accordance with GAAP.

MARKET AND INDUSTRY DATA

Unless otherwise indicated, the market and industry data contained in this Annual Information Form is based upon information from third-party sources and the knowledge of and experience in the markets in which Deepwell LP operates and of the management of the Administrator (“Management”). 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. The Trust has not independently verified any of the data from third-party sources referred to in this Annual Information Form or ascertained the underlying assumptions relied upon by such sources.

INCORPORATION BY REFERENCE

Copies of any documents incorporated herein by reference (if any) or referred to herein may be obtained on request without charge from the Corporate Secretary of the Administrator at Suite 500, 7015 Macleod Trail SW, Calgary, Alberta T2H 2K6, telephone (403) 508-6000. In addition, copies of the documents incorporated herein by reference may be obtained from the securities commissions or similar authorities in Canada through the SEDAR website at www.sedar.com, or through the Trust’s website at www.deepwellenergy.com.

CONVERSIONS

<u>To Convert From</u>	<u>To</u>	<u>Multiply By</u>
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471
Barrel	m ³	0.159
M ³	Barrel	6.289

CERTAIN REFERENCES

In this Annual Information Form, unless the context otherwise requires, references to “Deepwell” refer to the Trust either alone or together with its subsidiaries, affiliates and/or associates.

CORPORATE STRUCTURE

Name, Address and Incorporation or Establishment

Deepwell Energy Services Trust

The Trust is an open-ended, investment trust established under the laws of the Province of Alberta by a declaration of trust (the “Declaration of Trust”) dated April 21, 2006. The Trust was created to acquire and hold securities of Deepwell Energy Services Commercial Trust and, indirectly, securities of Deepwell Energy Services LP or any other entity involved in the business of acquiring, investing in, holding, transferring, disposing of and otherwise dealing with securities of any corporation, partnership, trust or other person or assets involved, directly or indirectly, in any business, which involves, or is ancillary or complementary to, the provision of oilfield waste management services to the oil and gas industry in Canada and such other investments as the Administrator or the trustees of the Trust (the “Trustees”) may determine and to borrow funds and issue debt securities for such purposes, directly or indirectly.

The head office of the Trust is located at Suite 500, 7015 Macleod Trail SW, Calgary, Alberta, T2H 2K6.

Deepwell Energy Services Commercial Trust

Deepwell Energy Services Commercial Trust (“Commercial Trust”) is an investment trust established under the laws of the Province of Alberta pursuant to a declaration of trust dated April 21, 2006. Commercial Trust’s activities are restricted to directly or indirectly acquiring and holding securities of Deepwell LP and such other investments as the Administrator or the trustees of Commercial Trust may determine and to borrow funds and issue debt securities for such purposes, directly or indirectly.

Deepwell Energy Services LP

Deepwell LP is a limited partnership established under and governed by the laws of the Province of Alberta on April 21, 2006, to complete the acquisition of all of the business assets (the “Producers Disposal Business”) of Producers Disposal Services Ltd. (“PDS”) and Rycroft Disposal Well Inc. (“Rycroft”) and for the purposes of acquiring, investing in, holding, transferring, disposing of and otherwise dealing with securities of any corporation, partnership, trust or other person or assets involved, directly or indirectly, in any business, which involves, or is ancillary or complementary to, the provision of oilfield waste management services to the oil and gas industry in Canada, as well as to make such other investments as the board of directors of the Administrator may determine, from time to time, and to borrow funds and issue debt securities, directly or indirectly, for that purpose and enter into hedging arrangements in relation thereto.

Deepwell LP owns all of the business assets and undertakings of PDS and Rycroft. Deepwell LP also owns all of the assets formerly owned by Deepwell Disposal Services Inc.

The general partner of Deepwell LP is the Administrator.

Deepwell Energy Services Ltd.

Deepwell Energy Services Ltd. (“Former Deepwell”) was incorporated as a private company under the *Business Corporations Act* (Alberta) (“ABCA”) on April 21, 2006.

Deepwell Disposal was incorporated under the ABCA on May 12, 2004.

On April 27, 2006, Former Deepwell acquired all of the shares of Deepwell Disposal Services Inc. (“Deepwell Disposal”). Former Deepwell then completed an amalgamation with Deepwell Disposal pursuant to the ABCA on April 27, 2006, to form the Administrator.

The Administrator is a wholly-owned subsidiary of the Trust and is not a reporting issuer in any jurisdiction.

The head office of the Administrator is located at Suite 500, 7015 Macleod Trail SW, Calgary, Alberta, T2H 2K6.

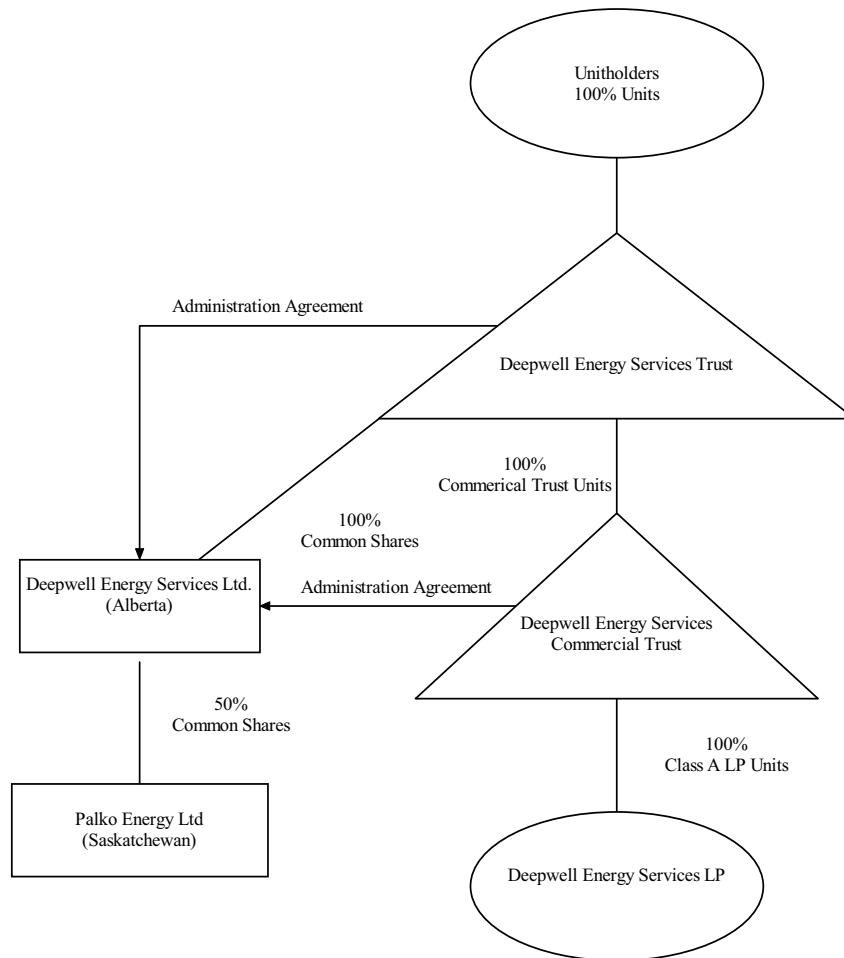
The registered office of the Administrator is located at Suite 1500, 407-2nd Street SW, Calgary, Alberta T2P 2Y3.

The Administrator is the administrator of the Trust and the Commercial Trust, as well as the general partner of Deepwell LP.

The Administrator holds a 50% interest in Palko Energy Ltd. (“Palko”), an oilfield waste management company incorporated under the *Business Corporations Act* (Saskatchewan) and operating in Saskatchewan.

Intercorporate Relationships

The following chart illustrates the structure of the Trust, its subsidiaries and Palko:



GENERAL DEVELOPMENT OF THE BUSINESS

Overview

Deepwell LP is in the business of providing oilfield waste management services to the oil and gas industry in Canada including acquiring, investing in, holding, transferring, disposing of and otherwise dealing with securities of any corporation, partnership, trust or other person or assets involved, directly or indirectly, in any business which involves, or is ancillary or complementary to, the provision of oilfield waste management services to the oil and gas industry in Canada.

Growth Strategy

The growth strategy of Deepwell LP is to grow organically and through strategic acquisitions.

Three Year History

Description of Acquisitions of Deepwell Disposal and Producers Disposal Business

Acquisition of Deepwell Disposal

Former Deepwell entered into a share purchase agreement with the shareholders of Deepwell Disposal, pursuant to which Former Deepwell agreed to acquire all of the issued and outstanding shares of Deepwell Disposal for a purchase price of \$3,560,000 (the “Deepwell Disposal Acquisition”) to be payable by the issuance of the 356,000 Deepwell Disposal Class B Units with a deemed value of \$10.00 per Unit.

Former Deepwell subscribed for 356,000 Class B Units in exchange for a promissory note in favour of the Trust for \$3,560,000. Former Deepwell then transferred these 356,000 Class B Units to the shareholders of Deepwell Disposal as payment of the purchase price.

Closing of the Deepwell Disposal Acquisition took place on April 27, 2006, and immediately thereafter Former Deepwell and Deepwell Disposal amalgamated to form the Administrator.

Acquisition of Producers Disposal Business

On April 27, 2006, Deepwell LP, PDS, Rycroft and Producers Oilfield Services Inc. (“Producers”) entered into an asset purchase agreement (the “Asset Purchase Agreement”) providing for the acquisition of the Producers Disposal Business as a going concern by way of the acquisition of substantially all of the assets of PDS and Rycroft effective March 31, 2006 (the “Effective Date”).

The Asset Purchase Agreement required Deepwell LP to make offers of employment to selected persons employed by PDS and Rycroft immediately prior to closing, which occurred and all but one employee accepted. The Asset Purchase Agreement also provided for the assumption of liabilities of PDS and Rycroft by Deepwell LP for expenses accruing to the Producers Disposal Business after the Effective Date and all liabilities related to all of PDS and Rycroft’s employees that Deepwell LP retained or of whom they become the successor employer. None of the debt of PDS or Rycroft was assumed by Deepwell LP. The acquisition of Producers occurred before the Trust became a reporting issuer therefore no business acquisition report was required to be filed.

Prior to completion of the acquisition of the assets of PDS and Rycroft, the proceeds from a financing were used by the Trust to capitalize Commercial Trust. The Trust acquired \$40,000,000 principal amount of Series 1 Commercial Trust Notes. The Commercial Trust then subscribed for 4,000,000 class A units of Deepwell LP for an aggregate of \$37,450,000. Deepwell LP then drew approximately \$9,000,000 under a credit facility.

Deepwell LP then used the proceeds from the issue of its class A units and the amount drawn down under the credit facility to pay the adjusted purchase price of \$42,754,509 to the Vendors pursuant to the Asset Purchase Agreement.

Concurrent with closing of the acquisition of PDS and Rycroft, Producers, PDS and Rycroft entered into a three-year non-competition agreement with Deepwell LP. Each agreed not to disclose any confidential information, including financial, operational, technical, marketing and employee information of the Producers Disposal Business. In addition, each agreed, for a period of three years, from the date the non-competition agreement, not to solicit employees or customers from Deepwell LP, or compete against

Deepwell LP in the provinces of British Columbia, Alberta, Saskatchewan and in the Northwest Territories.

Deepwell LP acquired a well near Claresholm, Alberta (location 11-30-12-25 W4M) from the Administrator, as well as surface leases for the purposes of obtaining final regulatory approvals to construct and operate an oilfield waste processing facility and associated Class Ib disposal well.

The preliminary application for the well disposal scheme was approved by the ERCB on July 21, 2006, and the final application for Class Ib Disposal approval was submitted to the ERCB on November 24, 2006. The final application to construct and operate an oilfield waste processing facility was submitted on October 26, 2006.

In June 2007, Deepwell received approval to construct and operate an oilfield waste processing facility at the Claresholm site, and construction commenced in July, 2007 with the facility opening for business on February 19, 2008.

In the normal course of business, Deepwell LP will perform workovers of its disposal wells. In June 2006, Deepwell LP performed a workover of the disposal well at the Rycroft facility that resulted in approximately two weeks of lost revenue.

Deepwell LP experienced a leak in the injection pipeline at the Grande Cache facility in early June 2006. The injection pipeline was inoperable for about eight weeks while a new pipeline was installed. The facility was still operational while the pipeline was inoperable and the facility continued to receive waste and service customers. However, while the injection pipeline was inoperable, water was transported by truck to the disposal well for injection, which resulted in higher operating expenses for the period.

On October 31, 2006, the Government of Canada announced a proposal for a new tax on distributions for publicly traded Canadian income trusts and partnerships (“Flow Through Entities”). Under the new legislation, the tax treatment of publicly traded Flow Through Entities, effective 2011, would approximate the tax treatment of Canadian public corporations and distributions would be taxed similarly to dividends. See “*Risks Pertaining to the Trust - Income Tax Matters*”.

On December 7, 2006, a fire at the Grande Cache facility damaged the waste receiving area. The facility was shut down for one week, until regulatory approval to reopen was received, and operations were limited until February 1, 2007, when a temporary waste receiving system was implemented; from February through April, 2008 the facility operated using the temporary system while a new permanent receiving system was installed. Assets damaged in the incident include the waste receiving pit, solids treatment pad, a conveyor system used for waste separation, and miscellaneous piping and electrical components.

During 2007 and prior years the Rycroft facility was approved as an Injection Facility for accepting produced water only. In March 2008, the Alberta Energy Resources Conservation Board (“ERCB”, formerly the Alberta Energy and Utilities Board or EUB) upgraded the Rycroft facility approval to include the acceptance of the full range of Class Ib waste fluids and for custom treating third-party crude oil emulsions. The approval allows the Rycroft facility to earn additional revenues from treating a variety of Class Ib liquid waste streams and custom treating. The approval was effective immediately upon receipt, although minor upgrades at the facility will be undertaken in 2008 to comply with certain requirements of the ERCB.

On February 17, 2007, Deepwell received EUB approval to increase the wellhead injection pressure of Grande Caches’ 10-18 Class Ib disposal well. Increasing the injection pressure will improve injection

capacity for the Grande Cache facility. Higher pressure injection operations commenced on March 25, 2007.

On July 9th, 2007, Deepwell closed a private placement of 582,362 units for gross proceeds of \$3,499,996. On July 31, 2007, the Trust completed its rights offering and issued 2,180,515 units for gross proceeds of \$13,104,895. Combined gross proceeds of the offerings were \$16,604,891 with expenses of \$1,059,725 for total net proceeds of \$15,545,166. Proceeds were initially used to repay outstanding debt, which can be redrawn. The purposes of the offerings were to fund the estimated \$9,000,000 construction cost of an oilfield waste management facility near Claresholm, Alberta, to fund improvements and expansions at existing facilities, to fund preliminary costs of future facilities and for general corporate purposes.

In July, 2007 Deepwell commenced construction of its first greenfield oilfield waste management facility near Claresholm, Alberta. The facility opened for business on February 19, 2008.

Significant Acquisitions

Acquisition of Palko

On September 25, 2008, Deepwell Energy Services Ltd. acquired a 50% joint interest in Palko Energy Ltd ("Palko"), based out of Midale, Saskatchewan for net cash consideration of \$3,978,265. Palko currently operates one facility, which provides treatment, processing and disposing of oilfield waste to customers in southeastern Saskatchewan. The operating results of Palko are proportionately consolidated effective with the closing date of the transaction. The Trust filed a Business Acquisition Report in Form 51-102F4 in respect of the acquisition on December 9, 2008 which form is available under the Trust's profile at www.sedar.com.

Other Recent Developments

In light of the current economic environment, the Trustees have suspended distributions indefinitely, effective December 19, 2008, including the distribution that would have been declared to Unitholders of record on December 31, 2008. The decision to suspend distributions was made to allow the Trust to conserve cash, reduce debt levels and position itself to capitalize on future growth opportunities when the economy improves. See "*Distribution Record and Policy*".

On November 19, 2008, the Trust announced its intention to convert into a corporation. The Trust continues to investigate its alternatives in this regard.

NARRATIVE DESCRIPTION OF THE BUSINESS

Deepwell LP provides oilfield waste management services including, treating, processing and disposing of oilfield wastes and custom treating of oil/water emulsions. During 2007, Deepwell LP operated from three facilities located in Mayerthorpe, Grande Cache and Rycroft, Alberta. In the first quarter of 2008, Deepwell LP added a fourth facility near Claresholm, Alberta and in the third quarter acquired a 50% interest in a Saskatchewan oilfield waste, treatment and disposal company. See "*Significant Acquisitions – Acquisition of Palko*".

The facilities are located on separate lands owned by private landowners that have been leased with terms extending approximately 20 years. Deepwell LP owns and operates waste processing and disposal well facilities under approvals granted by the ERCB.

The head office of Deepwell LP is located in Calgary, Alberta.

Market Areas and Service Provided

Deepwell LP facilities are strategically located in central and northern Alberta. The Mayerthorpe and Grande Cache facilities and the Claresholm facility, which opened in February, 2008, are waste processing facilities and are operated in association with Class Ib disposal wells. These facilities are designed to receive, treat and separate oilfield wastes into recoverable oil and disposable water and solids. Recovered oil is shipped from the facility and sold into the oil market at prevailing market rates. The solids are transported and disposed of in an Alberta Environment-approved landfill, and the water is injected into a Deepwell LP Class Ib disposal well. Deepwell LP's facilities can also receive, treat and separate oil/water emulsions to obtain pipeline specification crude oil. Treated oil is then shipped from the facility and sold into the oil market at prevailing market rates and credited back to the customer and the separated water is injected into a Deepwell LP Class Ib disposal well.

Oilfield wastes are unwanted substances generated from the construction, operation and reclamation of oil and gas wells, facilities and pipelines. While drilling and service activity forms a portion of the demand for oilfield waste management services, a significant portion also stems from the production of oil and gas. The number of operating wells and volume of unwanted water produced from oil and gas wells has steadily increased over the past eight years.

The Rycroft facility is a water disposal facility operated in association with two Class Ib disposal wells. This facility is designed to receive and treat produced water to recover residual amounts of oil. The residual oil is shipped from the facility and then sold into the oil market at prevailing market rates. The water is disposed of in Deepwell LP Class Ib disposal wells.

The Palko facility is a water disposal facility operated in association with one water disposal well. This facility is designed to receive and treat salt water recovered from oilfield production and recover residual amounts of oil. The facility also provides custom treating of oil. The residual oil from both services is shipped from the facility and then sold into the oil market at prevailing market rates. The water is disposed of in a salt water disposal well.

Revenues for 2008 were \$18,653,296, comprised of approximately 63% from processing and disposal fees and 37% from the sale of recovered oil (2007- \$14,124,051, 68% and 32% respectively). With respect to its revenue from processing and disposal services Deepwell LP provided services to approximately 300 customers in 2008 with its top 10 customers accounting for approximately 43% of such revenue and with the largest customer accounting for approximately 18%. Deepwell LP sells its recovered oil to one party. Pricing of processing and disposal services is generally on a per unit-volume basis and is dependent upon a number of factors, including the type of waste, the physical and chemical make-up of the product delivered, the level of treatment required to separate the waste into recoverable and disposable by-products, disposal alternatives, transportation costs, and safety and environmental compliance concerns.

Operating Facilities and Services

Deepwell LP's facilities provide the following key oilfield waste management services.

<u>Facility</u>	<u>Location</u>	<u>Services Provided⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾</u>
Mayerthorpe, Alberta	16-31-057-05W5M	WPF, CT

Grande Cache, Alberta	01-19-057-05W6M	WPF, CT
Claresholm, Alberta	11-30-012-25-W4M	WPF, CT
Rycroft, Alberta	08-18-078-05W6M	WPFL
Midale, Saskatchewan ⁽⁵⁾	16-09-07-11W2	WD,CT

Notes:

- (1) “WPF” means an approved oilfield waste management facility for the purpose of waste processing and disposing of Class Ib waste fluids down a disposal well.
- (2) “WPFL” means an approved oilfield waste management facility for the purpose of disposing of Class Ib waste fluids down a disposal well.
- (3) “CT” means an approved custom treating facility for the purposes of receiving crude oil/water emulsion for separation prior to delivery to market.
- (4) “WD” means an approved water disposal facility for the purpose of disposing of salt water recovered from oilfield production down a disposal well.
- (5) This facility is held by Palko.

Employees

As at the date hereof, Deepwell LP has 40 employees of which 27 are located in the field and 13 in the head office in Calgary Alberta. Employees are knowledgeable about the provision of oilfield waste management services, which allows them to assess customer requirements for specific tasks and provide services efficiently and comprehensively.

Regulatory Environment

The production of oil and gas is regulated in Western Canada with well-defined reporting requirements for volumes produced from each well and the tracking of those volumes through to the final sale point. These reporting requirements are established by provincial regulators in order to control royalty payments and also by producers to ensure proper allocations of revenue in joint venture operations and to track volumes when third parties co-mingle product from different producers.

Provincial environmental regulations include requirements for oilfield waste management that deal with waste characterization and classification, waste manifesting and tracking, waste management facility design and application requirements, and waste disposal options. These regulations strongly influence the permitting, design, construction, operation, decommissioning and reclamation of waste management facilities. The approval process for new facilities can take up to six months or substantially longer and entail significant costs. As such, regulatory requirements are a barrier for new entrants into the oilfield waste management business.

Competitive Conditions

Deepwell LP has many competitors in the oilfield waste management business that offer similar services. In addition, many of Deepwell LP’s customers manage a portion of their own wastes internally without the use of a third-party service provider and some customers also offer such services to other oil and gas companies. This results in several of Deepwell LP’s customers also being competitors in the oilfield waste management sector. Deepwell is the third largest provider of third-party oilfield waste management services in Alberta, although the two largest competitors each own significantly more facilities than Deepwell.

Prospective competitors of Deepwell LP face significant barriers to entry, including the regulatory approval process to establish oilfield waste management facilities and associated disposal wells, the high

capital cost to construct oilfield waste management facilities and the availability of qualified personnel to operate and maintain oilfield waste management facilities.

Safety Program

Deepwell has a comprehensive health and safety management system that was initiated in 2006 and is continually being updated. In September 2006, Deepwell's Corporate Health and Safety Manual and Emergency Response Plan were both finalized and put into place. During 2007, Deepwell received a certificate of recognition ("COR"). A COR is given to employers who develop a health and safety management system that meets established standards. COR's are issued by Certifying Partners who are responsible for assessing the quality of health and safety programs in Alberta and are co-signed by Alberta Employment, Immigration and Industry. In order to receive a COR close to one year of documentation must exist showing the use and application of the health and safety management system, which must be audited by an organization acceptable to the Certifying Partners. Deepwell had a current COR rating of 97% at December 31, 2008.

RISK FACTORS

The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Annual Information Form. These risks and uncertainties are not the only ones facing the Trust, Commercial Trust and Deepwell LP. Additional risks and uncertainties not currently known to the Trust, Commercial Trust or Deepwell LP, or that such entities currently consider immaterial, may also impair the operations of the Trust, Commercial Trust or Deepwell LP, individually or on a consolidated basis. If any such risks actually occur, the business, financial condition, or liquidity and results of Deepwell LP, and the ability of the Trust to make distributions on the Units, could be materially adversely affected.

Risks Pertaining to Deepwell LP

Capital Markets

As a result of the weakened global economic situation, the Trust and Deepwell LP, along with all participants in the oil and gas service industries, are experiencing restricted access to capital and increased borrowing costs. The lending capacity of all financial institutions has diminished and risk premiums have increased independent of Deepwell LP's business and asset base. As future capital expenditures will be financed out of cash generated from operations, borrowings and possible future equity sales, Deepwell LP's ability to do so is dependent on, among other factors, the overall state of capital markets and investor demand for investments in the service industry and the Trust's securities in particular.

To the extent that external sources of capital become limited or unavailable or available on onerous terms, Deepwell LP's ability to make capital investments and maintain existing assets may be impaired, and its assets, liabilities, business, financial condition and results of operations may be materially and adversely affected as a result.

Current Global Financial Conditions

Current global financial conditions have been subject to increased volatility and numerous financial institutions have either gone into bankruptcy or have had to be rescued by government authorities. Access to public financing has been negatively impacted by both sub-prime mortgages and the liquidity crisis affecting the asset-backed commercially paper market. These factors may impact the ability of the Trust or Deepwell LP to obtain equity or debt financing in the future and, if obtained, on favourable

terms. If these increased levels of volatility and market turmoil continue, Deepwell LP's operations could be adversely impacted and the trading price of its Units could be adversely affected.

Oil and Natural Gas Prices

The revenue, cash flow and earnings of Deepwell LP are substantially dependent upon, and affected by, the level of activity associated with oil and gas exploration and production. Both short-term and long-term trends in oil and gas prices affect the level of such activity. Worldwide military, political and economic events, including initiatives by the Organization of Petroleum Exporting Countries, may affect both the demand for and the supply of oil and gas. Weather conditions, governmental regulation, levels of consumer demand, the availability of pipeline capacity and other factors beyond the Trust's and Deepwell LP's control may also affect the supply of and demand for oil and gas lead to future price volatility.

Management believes that any prolonged reduction in oil and gas prices would depress the level of exploration and production activity, which would likely result in a corresponding decline in the demand for the services of Deepwell LP and could have a material adverse effect on revenues, cash flows and profitability. Deepwell cannot assure that the future level of demand for its services or future conditions in the oil and gas and oilfield services industries will not decline.

Any prolonged substantial reduction in oil and/or natural gas prices would likely reduce both exploration and production levels, which in turn would reduce aggregate demand for oilfield services, which could have a material adverse effect on the financial results and cash flows and the overall financial condition of the Trust and its subsidiaries.

Any decline in the price of oil or natural gas, or decrease in the demand for oil or natural gas, may render exploration for and exploitation of unconventional sources of oil and natural gas economically unviable and, in turn, reduce demand for the oilfield services of Deepwell LP, which support such activities.

Cyclicalities of the Oil and Gas Industry

The demand for oilfield services is largely dependent on the activity levels of oil and gas exploration and development companies. Industry conditions are influenced by numerous factors over which the Trust and Deepwell LP have no control, including: the level of oil and gas prices and production; expectations about future oil and gas prices; the cost of exploring for, producing and delivering oil and gas; the expected rates of declining production from maturing basins; the discovery of new oil and gas reserves; available pipeline and other oil and gas transportation capacity and changes in pipeline oil delivery specifications; weather conditions: global political stability, military actions, regulatory and economic conditions; the ability of oil and gas companies to raise capital fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas; and technological advances in fuel economy and energy generation devices.

The level of activity in the oil and gas exploration and production industry is volatile. No assurance can be given that expected trends in oil and gas production activities set forth herein will continue or that demand for oilfield services will reflect the current level of activity in the industry.

Any prolonged substantial reduction in oil and/or natural gas prices would likely reduce both exploration and production levels, which in turn would reduce aggregate demand for oilfield services, which could have a material adverse effect on the financial results and cash flow of Deepwell LP and the overall financial condition of the Trust and its subsidiaries.

A decline in exploration for new oil and gas reserves may reduce development, exploration and drilling activity, which would have a material adverse effect on the demand for waste management services provided by the business.

Seasonal Weather

In Canada, the level of activity in the oil and gas industry is influenced by seasonal weather patterns. Spring break-up during the second quarter of each year leaves many secondary roads temporarily incapable of supporting the weight of heavy equipment, which results in severe restrictions in the level of energy services. The timing and duration of spring break-up is dependent on weather patterns and the duration of this period will have a direct impact on the level of business of Deepwell LP. Additionally, if an unseasonably warm winter prevents sufficient freezing, well sites may be rendered inaccessible, shortening the drilling season and reducing demand for oilfield waste management services. Additionally, a warm winter can reduce demand for oil and natural gas for heating purposes, which may reduce activity for oil and natural gas exploration and development and demand for the oilfield services offered by Deepwell LP.

The volatility in the weather and temperature can therefore create unpredictability in activity, demand for oilfield services and equipment utilization rates, which could have a material adverse effect on the financial results and cash flows of Deepwell LP and the overall financial condition of the Trust and its subsidiaries.

Reliance on Major Customers

With respect to its revenue from processing and disposal services Deepwell LP provided services to approximately 300 customers in 2008 with its top 10 customers accounting for approximately 43% of such revenue and with the largest customer accounting for approximately 18%.

Deepwell LP does not generally enter into long-term contracts with their customers and there can be no assurance that the current customers will continue their relationships with Deepwell LP. The loss of one or more major customers, or any significant decrease in services provided to a customer, prices paid or any other changes to the terms of service with customers, could have a material adverse affect on Deepwell LP's financial results and cash flows and the overall financial condition of the Trust and its subsidiaries.

Dependence on Key Personnel

The success of Deepwell LP will likely continue to be dependent on the skills and expertise of the officers of Deepwell LP. Additionally, sales and marketing activities of Deepwell LP will be largely dependant on maintaining key relationships and contacts in the oil and gas industry and upon the industry profile and reputation of its business. Deepwell LP does not currently carry "key man" insurance that would compensate them for the loss of any senior executives. Loss of a key member of management of Deepwell could have a material adverse effect on the ability of Deepwell LP to conduct normal business operations, on its financial results and cash flows and on the overall financial condition of the Trust and its subsidiaries.

Competition for Human Resources

During periods of high activity for oil and natural gas exploration and development, demand for experienced and skilled employees increases. The success of Deepwell LP will be dependent upon its ability to retain the services of experienced and skilled employees and their ability to recruit and retain

other key employees. Shortages of experienced and skilled oilfield workers could have a material adverse effect on Deepwell LP by increasing labour costs, constraining growth or the level of activity as a result of the inability to expand human resources of Deepwell LP or through the loss of existing employees to competitive businesses. Additionally, a shortage of skilled oilfield workers may constrain overall activity and growth in the oil and gas industry, which could have a material adverse effect on the financial results and cash flows of Deepwell LP and the overall financial condition of the Trust and its subsidiaries.

Competition

Deepwell LP faces competition from a variety of service providers. Many of these competitors have strong financial, marketing and other resources. There can be no assurance that such competitors will not substantially increase the resources devoted to the development and marketing of oilfield services that compete with those of Deepwell LP or that new competitors will not enter the various markets in which Deepwell LP is active. Also, there can be no assurance that Deepwell LP will be able to compete successfully against their current or future competitors or that competition will not have a material adverse effect on Deepwell LP financial results and cash flow and the overall financial condition of the Trust and its subsidiaries.

Acquisition and Development Risks

Deepwell LP expects to selectively seek strategic acquisitions. Deepwell LP's ability to consummate and to integrate effectively any future acquisitions on terms that are favourable to them may be limited by the number of attractive acquisition targets, internal demands on Deepwell LP's resources and, to the extent necessary, Deepwell LP's ability to obtain financing on satisfactory terms, if at all. Acquisitions may expose Deepwell LP to additional risks, including: difficulties in integrating administrative, financial reporting, operational and information systems and managing newly-acquired operations and improving their operating efficiency; difficulties in maintaining uniform standards, controls, procedures and policies through all of Deepwell LP's operations; difficulties in retaining key employees of the acquired operations; and diversion of Management's time and resources.

In addition, future acquisitions could result in the incurrence of additional debt, costs, and contingent liabilities. Deepwell LP may also incur costs for and divert management attention to potential acquisitions that are never consummated. For acquisitions that are consummated, expected synergies may not materialize. Deepwell LP's failure to effectively address any of these issues could have a material adverse effect on the financial results and cash flows, the overall financial condition of the Trust and its subsidiaries.

Although Deepwell LP plans to conduct due diligence for future acquisitions, there may be liabilities of the acquired businesses or assets that Deepwell LP fails or is unable to uncover during its due diligence investigation and for which Deepwell LP, as a successor owner, may be responsible. When feasible, Deepwell LP will seek to minimize the impact of these types of potential liabilities by obtaining indemnities and warranties from the seller. However, these indemnities and warranties, if obtained, may not fully cover the liabilities because of their limited scope, amount or duration, the financial resources of the indemnitor or warrantor or for other reasons.

Operating Risks and Insurance

The business of Deepwell LP will be subject to hazards inherent in the oilfield waste management industry, such as equipment defects, malfunction and failures, accidental release, natural disasters which result in fires, vehicle accidents and explosions that can cause personal injury, loss of life, suspension of operations, damage to formations, damage to facilities, business interruption and damage to or destruction

of property, equipment and the environment. These risks could expose Deepwell LP to substantial liability for personal injury, wrongful death, property damage, pollution, and other environmental damages. The frequency and severity of such incidents will affect operating costs, insurability and relationships with customers, employees and regulators.

Management will monitor the activities of Deepwell LP for quality control and safety. However, there are no assurances that Deepwell LP safety procedures will always prevent such damages. Although Deepwell LP will maintain insurance coverage on behalf of its subsidiaries that Management believes to be adequate and customary in the industry, there can be no assurance that such insurance will be adequate to cover such liabilities. In addition, there can be no assurance that Deepwell LP will be able to maintain adequate insurance in the future at rates Management considers reasonable and commercially justifiable. The occurrence of a significant uninsured claim against Deepwell LP or a claim in excess of the insurance coverage limits maintained by Deepwell LP could have a material adverse effect on Deepwell LP's ability to conduct normal business operations, on its financial results and cash flows and on the overall financial condition of the Trust and its subsidiaries.

Environmental Risks

Deepwell LP's business involves the handling, processing and storage of oil-contaminated products including the handling and management of oilfield wastes. Deepwell LP is exposed to potential environmental liability in connection with its business activities. In order to mitigate the potential risk of environmental spills and pollution, Deepwell LP, through engagement of professional engineering firms, carefully engineers the construction of its facilities to prevent and detect such occurrences. Deepwell LP is in the business of waste management and believes it has the necessary capital and resources to effectively deal with spills of this nature. In addition, Deepwell LP manages this risk by installing above and below surface environmental monitoring equipment at its facilities and maintaining regular monitoring programs. As well, documented testing and operating procedures are in place and strictly adhered to.

Deepwell LP maintains insurance consistent with industry practice to protect against losses due to sudden and accidental environmental contamination, accidental destruction of assets, and other operating accidents or disruptions on non-owned lands. In general, due to the factors noted above, Deepwell LP does not carry specific environmental pollution coverage for owned locations unless it is required by contract or by specific statute.

The Canadian oil and gas industry is regulated by a number of federal and provincial governmental bodies and agencies under a variety of complex federal and provincial legislation that sets forth numerous prohibitions and requirements, with respect to planning and approval processes related to land use, sustainable resource management, waste management, responsibility for the release of presumed hazardous materials, protection of wildlife and the environment and the health and safety of workers. Legislation provides for restrictions and prohibitions on the transport of dangerous goods and the release or emission of various substances, including substances used and produced in association with certain oil and gas industry operations. The legislation addresses various permits, drilling, access road construction, camp construction, well completion, installation of surface equipment, air monitoring, surface and ground water monitoring in connection with these activities, waste management and access to remote or environmentally sensitive areas.

Deepwell LP is subject to a complex and increasingly stringent array of legal requirements and potential liabilities, including with respect to the ownership and management of property, the need to obtain and comply with permits and approvals, the health and safety of employees, the handling, use, storage, disposal, intentional or accidental release, and transportation of certain substances, including hazardous

materials and dangerous goods. Failure to comply with these requirements could expose Deepwell LP to substantial potential penalties, including in relatively extreme cases, potential imprisonment. Canadian laws also generally impose potential liability on present or former owners or occupants of properties on which contamination has occurred without regard to whether such owner or occupant played a role in the original contaminating event.

Deepwell LP will store on site hazardous materials and dangerous goods used in the normal course of business, including solvents, lubricants, antifreeze and other such products. Deepwell LP has programs to address compliance with current environmental standards, to the extent necessary, and monitor its practices concerning the handling of such environmentally hazardous materials. However, there can be no assurance of this, or that such procedures will prevent environmental damage occurring from spills of materials handled by Deepwell LP.

There can be no assurance that the Trust or one of its subsidiaries will not be required, at some future date, to incur significant costs to comply with environmental laws, or that their operations, business, assets or cash flow will not be materially adversely affected by existing conditions or by the requirements or potential liability under current or future environmental laws.

The occurrence of any of the matters above, including new legislation or more rigorous enforcement of existing legislation, may result in significant liability to Deepwell LP involved, which could have a material adverse affect on the financial results and cash flows of Deepwell LP and the overall financial condition of the Trust and its subsidiaries.

Environmental Legislation

There can be no assurance that the provincial governments or the Federal Governments of Canada will not adopt new environmental regulations, rules or legislation or make modifications to existing regulations, rules or legislation that could increase costs paid by Deepwell LP's customers. An increase in environmental related costs could reduce Deepwell LP's customers' earnings and/or it could make capital expenditures by Deepwell LP's customers uneconomic.

The Canadian Federal Government has announced its intention to regulate greenhouse gases ("GHG") and other air pollutants. The Government is currently developing a framework that outlines its clean air and climate change action plan. As this federal program is under development, Deepwell LP is unable to predict the total impact of the potential regulations upon its business. It is possible that Deepwell LP's customers could face increases in operating costs in order to comply with GHG emissions legislation which could effect Deepwell LP's operations by reducing demand for its services.

Alternatives to and Changing Demand for Oil and Gas Products

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and gas, and technological advances in fuel economy and energy generation devices could reduce the demand for oil and gas. Deepwell LP cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on the financial results and cash flow of Deepwell LP, the overall financial condition of the Trust and its subsidiaries.

Legal Proceedings

Deepwell LP is involved in litigation from time to time in the ordinary course of business. Legal proceedings could be filed against Deepwell LP in the future. No assurance can be given as to the final outcome of any legal proceedings or that the ultimate resolution of any legal proceedings will not have a

material adverse effect on financial results and cash flows and the overall financial condition of the Trust and its subsidiaries.

Credit Risk

All of the accounts receivable of Deepwell LP is with customers involved in the oil and gas industry whose revenues may be impacted by fluctuations in commodity prices. Collection of these receivables could be negatively influenced by any prolonged substantial reduction in oil and/or natural gas prices, which could have a material adverse effect on the financial results and cash flows of Deepwell LP and the overall financial condition of the Trust and its subsidiaries.

Risks Pertaining to the Trust

Access to Additional Financing

The Trust may find it necessary in the future to obtain additional debt or equity financing to support ongoing operations of Deepwell LP, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Trust and its subsidiaries when needed or on terms acceptable to the Trust or its subsidiaries. The inability to raise financing to support ongoing operations or to fund capital expenditures or acquisitions could limit the Trust's growth and may have a material adverse effect on the financial results and cash flows of Deepwell LP and the overall financial condition of the Trust and its subsidiaries.

Capital Expenditures

The timing and amount of capital expenditures by Deepwell LP will directly affect the amount of cash available for distribution to unitholders of the Trust ("Unitholders").

Leverage and Restrictive Covenants

The ability of the Trust to make distributions or make other payments or advances will be subject to the applicable laws and contractual restrictions in the instruments governing any indebtedness of those entities (including the Credit Facilities). The degree to which the Trust and its subsidiaries is leveraged could have important consequences for the Unitholders including: (i) the ability of Deepwell LP to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited; (ii) all or a part of the cash flow of Deepwell LP from operations may be dedicated to the payment of the principal of or interest on the indebtedness of Deepwell LP, thereby reducing funds available for future operations or for distribution to Unitholders; (iii) certain of the borrowings of Deepwell LP will be at variable rates of interest, which exposes Deepwell LP to the risk of increased interest rates; and (iv) the Trust and its subsidiaries may be more vulnerable to economic troughs and be limited in their ability to withstand competitor pressures. These factors may adversely impact the cash flow of Deepwell LP.

Interest expense has been estimated for the purpose of estimating cash flow available for distributions based on current market conditions that are subject to fluctuations. Such fluctuations could result in an unanticipated material increase in interest rates that could in turn have a material adverse effect on cash available for distribution to Unitholders.

The Credit Facilities contain numerous covenants that limit the discretion of Management with respect to certain business matters. These covenants will place restrictions on, among other things, the ability of the Trust and Deepwell LP to create liens or other encumbrances, to pay distributions or make certain other payments, investments, loans and guarantees and to sell or otherwise dispose of assets and merge or

consolidate with another entity. In addition, the Credit Facilities contain a number of financial covenants that require Deepwell LP to meet certain financial ratios and financial condition tests. A failure to comply with the obligations in the Credit Facilities could result in a default which, if not cured or waived, could result in a termination of distributions by Deepwell LP and would permit acceleration of the relevant indebtedness. If the indebtedness under the Credit Facilities were to be accelerated, there can be no assurance that the assets of Deepwell LP would be able to repay in full that indebtedness, which could result in the lenders realizing on the assets of the Trust and its subsidiaries.

Any failure of Deepwell LP to repay or refinance any or all of the Credit Facilities at their maturity dates on acceptable terms or to comply with applicable covenants under the Credit Facilities could have a material adverse effect the financial results and cash flows of Deepwell LP, the overall financial condition of the Trust and its subsidiaries. There is no assurance that Deepwell LP will be able to refinance any or all of the Credit Facilities at their maturity dates on acceptable terms, or on any basis.

Uninsured or Underinsured Losses

Deepwell LP maintains insurance for itself at levels that it believes are reasonable and that are typical for the oil and gas industry's insurance coverage. However, Deepwell LP cannot give any assurances that its insurance coverage will be adequate for any given risk or liability, that such insurance will continue to be available on commercially reasonable terms, that all events that could give rise to a loss or liability are insured or reasonably insurable or that its insurers would be capable of honouring their commitments if an unusually high number of claims were made against their policies. Additionally, the amount of any insurance deductibles that Deepwell LP may pay could have a material adverse effect on the financial results and cash flows of Deepwell LP and the overall financial condition of the Trust and its subsidiaries.

Conflicts of Interest

Certain Trustees and members of Management will not be engaged by the Trust on a full-time basis and are currently involved, and will continue to be involved, in other entities, businesses and activities, some of which are described herein and all of which will place varying and conflicting demands on their time and attention, which could have a material adverse effect on the financial results and cash flows, the overall financial condition of the Trust and its subsidiaries.

Dependence on Deepwell LP

The Trust will be entirely dependent upon the success of the operations of Deepwell LP and the distributions to the Unitholders will be entirely dependent on the cash flow generated by Deepwell LP.

Unpredictability and Volatility of Unit Price

A publicly traded income trust will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Units will trade cannot be predicted. The market price of the Units could be subject to significant fluctuations in response to variations in quarterly operating results and other factors. The annual yield on the Units as compared to the annual yield on other financial instruments may also influence the price of Units in the public trading markets. An increase in market interest rates will result in higher yield on other financial instruments, which could adversely affect the market price of the Units.

In addition, the securities markets have experienced significant market-wide and sector price and volume fluctuations from time to time that often have been unrelated or disproportionate to the operating performance of particular issuers. Such fluctuations may adversely affect the market price of the Units.

Nature of Units

The Units are hybrid securities in that they share certain attributes common to both equity securities and debt instruments. The Units do not represent a direct investment in Deepwell LP and should not be viewed as securities of Deepwell LP. As holders of Units, Unitholders do 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.

In addition, the benefit of certain statutes applicable to corporations, such as the *Companies’ Creditors Arrangement Act* (Canada), the *Bankruptcy and Insolvency Act* (Canada) and, in some cases, the *Winding Up and Restructuring Act* (Canada), may not be applicable to a Trust. The Units represent a fractional interest in the Trust. The price per Unit is a function of anticipated distributable cash of the Trust.

The Units are not “deposits” within the meaning of the Canada *Deposit Insurance Corporation Act* and are not insured under the provisions of that legislation 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 it does not carry on or intend to carry on the business of a trust company. In addition, although the Trust will qualify on the Closing as a “mutual fund trust” as defined by the Tax Act, the Trust is not a “mutual fund” as defined by applicable securities legislation.

Uncertainty of Cash Distributions

Cash distributions are currently suspended. In the future, there can be no assurance regarding the amount of income to be generated by Deepwell LP and ultimately paid to the Trust. The amounts of future distributions paid by the Trust to the Unitholder, if any, will depend upon numerous factors, including profitability of Deepwell LP debt covenants and obligations, the availability and cost of acquisitions, fluctuations in working capital, the timing and amount of capital expenditures, applicable law and other factors beyond the control of the Trust and Deepwell LP. There can be no assurance as to the levels of cash distributions, if any, to be paid by the Trust. Past results are not necessarily indicative of future performance. The market value of the Units may deteriorate if the Trust is unable to make cash distribution targets in the future, and such deterioration may be material.

Issuance of Additional Units

The Trust may issue additional Units in the future to directly or indirectly fund capital expenditure requirements of Deepwell LP, Deepwell LP and other entities now or hereafter owned directly or indirectly by the Trust, including to finance acquisitions by those entities. Such additional Units may be issued without the approval of Unitholders. Unitholders will have no pre-emptive rights in connection with such additional issues. The Trustees have discretion in connection with the price and the other terms of the issue of such additional Units.

Income Tax Matters

Legislation to implement proposals originally announced on October 31, 2006, relating to the taxation of certain publicly-traded trusts and their unitholders under the *Income Tax Act* (Canada) (the “Tax Act”) has received royal assent. This legislation applies to trusts that are resident in Canada for purposes of the Tax Act that hold one or more “non-portfolio properties,” and the units of which are listed on a stock exchange or other public market (a “specified investment flow-through trust” or “SIFT trust”). A SIFT trust effectively is subject to tax on its income from non-portfolio properties and taxable capital gains from dispositions of non-portfolio properties paid, or made payable, to unitholders at a rate comparable to

the combined federal and provincial corporate income tax rate. Distributions of such income to unitholders should be treated as eligible dividends paid by a taxable Canadian corporation.

In general terms, a trust that existed on October 31, 2006, and to which the SIFT trust legislation otherwise would apply, should not be a SIFT trust until the earlier of January 1, 2011, or the first day after December 15, 2006, that the trust exceeds “normal growth” determined by reference to guidelines issued on December 15, 2006, by the Minister of Finance (Canada) (the “**Guidelines**”). The Guidelines provide that a trust should not be considered to exceed “normal growth” if the trust does not issue new equity (including convertible debentures or other equity substitutes) that exceeds the greater of \$50 million per year or certain specified “safe harbour” amounts based on the market capitalization of the trust on October 31, 2006.

Since the Trust existed on October 31, 2006, based upon the Guidelines, provided that the Trust does not issue new equity in an amount greater than \$50 million per year (which in the case of the Trust is greater than the “safe-harbour” determined by the market capitalization of the Trust on October 31, 2006), the Trust should not be considered to exceed “normal growth” and should not be a SIFT trust until January 1, 2011. However, no assurances can be provided that the Trust will not become a SIFT trust prior to January 1, 2011.

There can be no assurance that the Trust will be able to reorganize its legal and tax structure to substantially mitigate the expected impact of the SIFT legislation. On December 20, 2007, the Minister of Finance announced that the federal government remains committed to ensuring that a SIFT trust may convert to a taxable Canadian corporation without undue tax consequences, but as of yet, no draft legislation has been released to specifically facilitate such a conversion.

Mutual Fund Trust Status

If the Trust ceases to qualify as a “mutual fund trust” under the Tax Act the income tax treatment of the Trust would be materially and adversely different in certain respects.

If the Trust ceases to qualify as a mutual fund trust, the Units will cease to be qualified investments for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans, each as defined in the Tax Act (collectively, “Exempt Plans”). Where at the end of any month an Exempt Plan holds Units that are not qualified investments, the Exempt Plan must, in respect of that month, pay a tax under Part XI.1 of the Tax Act equal to 1% of the fair market value of the Units at the times such Units were acquired by the Exempt Plan. In addition, where a trust governed by a registered retirement savings plan or registered retirement income fund holds Units that are not qualified investments, such trust will become taxable on its income attributable to the Units while they are not qualified investments, including the full amount of any capital gain realized on a disposition of Units while they are not qualified investments. Where a trust governed by a registered education savings plan holds Units that are not qualified investments, the Plan’s registration may be revoked. In addition, if the trust were to cease to qualify as a mutual fund trust, the Units held by Unitholders that are non-residents of Canada for purposes of the Tax Act (“Non-residents”) would become taxable Canadian property. These non-resident holders would be subject to Canadian income tax on any gains realized on a disposition of Trust Units held by them unless exempt under an income tax convention, and to certain notification and withholding requirements on a disposition of their Units. The Trust would be taxed on certain types of income distributed to unitholders (apart from under the SIFT Legislation). Payment of this tax may have adverse consequences for some unitholders, particularly unitholders that are Non-residents and residents of Canada that are otherwise exempt from Canadian income tax.

Restrictions on Non-Resident Ownership

The Declaration of Trust contains a number of provisions designed to protect the status of the Trust as a “mutual fund trust” under the Tax Act, which, inter alia, requires that a mutual fund trust cannot be established or maintained primarily for the benefit of persons who are not resident in Canada for purposes of the Tax Act. If, in the future, the Trust determines that a risk of losing its mutual fund trust status exists, it is entitled to a number of actions under the Declaration of Trust, including requiring Unitholders that it believes are non-residents to sell their Units, which action may have an adverse effect on the market price of the Units. In addition, there can be no assurances that the Tax Act will not be amended in the future in a manner that would have a material adverse impact on the mutual fund trust status of the Trust.

Other Income Tax Matters

The Trust will be required to include in its income for a particular taxation year, any interest on the Commercial Trust Notes that accrues at the Trust level for Canadian federal income tax purposes, whether or not actually paid. The Declaration of Trust provides that a sufficient amount of the Trust’s net income and net realized capital gains will be distributed each year to Unitholders in order to eliminate the Trust’s liability for tax under Part 1 of the Tax Act. Where such amount of net income and net realized capital gains of the Trust in a taxation year exceeds the cash available for distribution in the year, such excess net income and net realized capital gains will be distributed to Unitholders in the form of additional Units. Unitholders will generally be required to include an amount equal to the fair market value of those Units in their taxable income, in circumstances when they do not directly receive a cash distribution.

Unitholder Limited Liability

The Declaration of Trust 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 Declaration of Trust, 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 Declaration of Trust provides that all written instruments signed by or on behalf of the Trust must contain a provision to the effect that obligations under those instruments will not be binding upon Unitholders personally. Personal liability may however arise in respect of claims against the Trust that do not arise under contracts, including claims in total, 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, which legislation provides that a Unitholder will not be, as a beneficiary, liable for any act, default, obligation or liability of the Trustees that arises after such Act came into force. However, this legislation has not been ruled on by the courts.

Distribution of Units on Redemption or Termination of the Trust

It is anticipated that the redemption right will not be the primary mechanism for Unitholders to liquidate their investment. Securities which may be received as a result of a redemption of Units will not be listed on any stock exchange and no market for such securities is expected to develop. In addition, there may be resale restrictions imposed by applicable law upon the recipients of securities pursuant to the redemption right. On termination of the Trust, the Trustees may distribute the securities directly to Unitholders,

subject to obtaining all of the necessary regulatory approvals and the securities may be subject to the same issues.

DISTRIBUTION RECORD AND POLICY

The Trust has declared and paid the following cash distributions to Unitholders since inception.

Period	Record Date	Payment Date	Cash per unit	Totals
Apr 28 - 30, 2006	Apr 30, 2006	May 15, 2006	\$0.0064	\$ 27,953
May 1 - 31, 2006	May 30, 2006	Jun 15, 2006	0.0958	417,305
June 1 - 30, 2006	Jul 6, 2006	Jul 14, 2006	0.0958	417,305
July 1 - 31, 2006	Jul 28, 2006	Aug 15, 2006	0.0958	417,305
August 1 - 31, 2006	Aug 31, 2006	Sep 15, 2006	0.0958	417,305
September 1 - 30, 2006	Sep 29, 2006	Oct 13, 2006	0.0958	417,305
October 1 - 31, 2006	Oct 31, 2006	Nov 15, 2006	0.0958	417,305
November 1 - 30, 2006	Nov 30, 2006	Dec 15, 2006	0.0958	417,305
December 1 - 31, 2006	Dec 29, 2006	Jan 15, 2007	0.0958	417,305
January 1 - 31, 2007	Jan 31, 2007	Feb 15, 2007	0.0958	417,305
February 1 - 28, 2007	Feb 28, 2007	Mar 15, 2007	0.0958	417,305
March 1 - 31, 2007	Mar 30, 2007	Apr 13, 2007	0.0958	261,360
April 1 - 30, 2007	Apr 30, 2007	May 15, 2007	0.0600	261,360
May 1 - 31, 2007	May 31, 2007	Jun 15, 2007	0.0600	261,523
June 1 - 30, 2007	Jun 29, 2007	Jul 13, 2007	0.0600	261,662
July 1 - 31, 2007	Jul 31, 2007	Aug 15, 2007	0.0600	427,655
August 1 - 31, 2007	Aug 31, 2007	Sep 14, 2007	0.0600	427,952
September 1 - 30, 2007	Sep 28, 2007	Oct 15, 2007	0.0600	428,485
October 1 - 31, 2007	Oct 31, 2007	Nov 15, 2007	0.0600	429,119
November 1 - 30, 2007	Nov 30, 2007	Dec 14, 2007	0.0600	429,433
December 1 - 31, 2007	Dec 31, 2007	Jan 15, 2008	0.0600	429,792
January 1 - 31, 2008	Jan 31, 2008	Feb 15, 2008	0.0600	430,112
February 1 - 29, 2008	Feb 29, 2008	Mar 14, 2008	0.0600	430,268
March 1-31, 2008	March 31, 2008	April 15, 2008	0.0600	430,426
April 1-30, 2008	April 30, 2008	May 15, 2008	0.0600	430,564
May 1-31, 2008	May 30, 2008	June 13, 2008	0.0600	430,682
June 1-30, 2008	June 30, 2008	July 15, 2008	0.0600	430,805
July 1 - 31, 2008	Jul 31, 2008	Aug 15, 2008	0.0600	430,974
August 1 - 31, 2008	Aug 29, 2008	Sep 15, 2008	0.0600	431,144
September 1 - 30, 2008	Sep 30, 2008	Oct 15, 2008	0.0600	431,315
October 1 - 31, 2008	Oct 31, 2008	Nov 14, 2008	0.0600	431,540
November 1 - 30, 2008	Nov 28, 2008	Dec 15, 2008	0.0100	71,979
December 1 - 31, 2008	Not applicable	Not applicable	Nil	Nil
January 1 - 31, 2009	Not applicable	Not applicable	Nil	Nil
February 1 - 29, 2009	Not applicable	Not applicable	Nil	Nil

In light of the current economic environment, the Trustees have suspended distributions indefinitely, effective December 19, 2008, including the distribution that would have been declared to Unitholders of record on December 31, 2008.

DESCRIPTION OF CAPITAL STRUCTURE

Units, Class B Units and Special Voting Units

The interests in the Trust are divided into interests of three classes, described and designated as “Units”, “Class B Trust Units” and “Special Voting Units”, respectively. The beneficial interests in the Trust described and designated as “Units”, “Class B Trust Units” and “Special Voting Units” are voting, and in addition, are entitled to the rights and subject to the limitations, restrictions and conditions set out in the Declaration of Trust as summarized below.

Units

An unlimited number of Units may be issued pursuant to the Declaration of Trust. Each Unit is transferable and represents an equal undivided beneficial interest in any distribution from the Trust whether of net income, net realized capital gains (other than net realized capital gains distributed to redeeming Unitholders) or other amounts and in the net assets of the Trust in the event of a termination or winding-up of the Trust.

The Trust may issue Units or rights to acquire Units at those times, to those Persons, for that consideration and on the terms and conditions that the Trustees determine, including pursuant to any Unitholder rights plan, distribution reinvestment plan or any incentive option or other compensation plan established by the Trust. Units may be issued in satisfaction of any non-cash distributions of the Trust to Unitholders on a pro rata basis to the extent that the Trust does not have available cash to fund such distribution. The Declaration of Trust provides that immediately after any pro rata distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated such that each Unitholder will hold after the consolidation the same number of Units (of the same class of Units) as the Unitholder held before the non-cash distribution (except where tax was required to be withheld in respect of the Unitholder’s share of the distribution as described below). In this case, each certificate representing a number of Units prior to the non-cash distribution is deemed to represent the same number of Units after the non-cash distribution and the consolidation.

Distributions

Until December 2008, the Trust made monthly cash distributions to the Unitholders. See “*Distribution Record and Policy*”. Under the terms of the Declaration of Trust the amount of the cash that could be available for distribution is determined as follows:

sum of:

- (a) all amounts which are received by the Trust for, or in respect of, the distribution period, including, without limitation, interest, dividends, distributions, proceeds from the disposition of securities, returns of capital and repayments of indebtedness;
- (b) the proceeds of any issuance of Units or any other securities of the Trust, net of the expenses of distribution, and, if applicable, the use of proceeds of any such issuance for investments; and
- (c) all amounts received by the Trust in any prior distribution period to the extent not previously distributed;

less the sum of:

- (a) all amounts used for investments during the distribution period or set aside by the Trustees for investments;
- (b) all costs and expenses of the Trust, which, in the opinion of the Trustees, may reasonably be considered to have accrued and become owing in respect of, or which relate to, the distribution period or a prior period if not accrued or deducted in determining the cash flow of the Trust in such prior period;
- (c) all debt repayments and interest costs and expenses, if any, incurred by the Trust in the distribution period;
- (d) all costs and expenses of the Trust relating to capital expenditures, which, in the opinion of the Trustees, may reasonably be considered to have accrued and become owing during the distribution period or a prior period if not accrued or deducted in such prior period;
- (e) all amounts contributed or loaned, or which the Trustees reasonably expect to contribute or loan, to an associate or affiliate of the Trust; and
- (f) any other amounts (including taxes) required by law or hereunder to be deducted, withheld or paid by or in respect of the Trust in the distribution period.

The Declaration of Trust provides that the Trust may make additional distributions in excess of the aforementioned monthly distributions during the year, as the Trustees of the Trust may determine. The distribution declared in respect of the month ending December 31 in each year will include such amount in respect of the taxable income and net realized capital gains, if any, of the Trust for such year as is necessary to ensure that the Trust will not be liable for ordinary income taxes under the Tax Act in such year.

Any income of the Trust that is unavailable for cash distribution will, to the extent necessary to ensure that the Trust does not have any income tax liability under Part I of the Tax Act, be distributed to Unitholders in the form of additional 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.

Redemption Right

Units are redeemable at any time on demand by the holders thereof upon delivery to the Trust of a duly completed and properly executed notice requesting redemption in a form approved by the Trustees. Upon receipt by the Trust of notice to redeem, all rights to and under the Units tendered for redemption shall (subject to the following) be surrendered and the holder thereof will be entitled to receive the Redemption Price, equal to a price per Unit equal to the lesser of: (i) 90% of the market price of the Units on the principal stock exchange on which the Units are listed (or, if the Units are not listed on any stock exchange, on the principal market on which the Units are quoted for trading) during the period of the last 10 trading days during which the Units traded on such stock exchange or market ending immediately prior to the date on which the Units were tendered for redemption; and (ii) 100% of the closing market price of the Units on the date on which the Units were tendered for redemption on the principal stock exchange on which Units are

listed (or, if Units are not listed on any stock exchange, on the principal market on which the Units are quoted for trading).

For the purposes of determining the Redemption Price, “market price” is the amount equal to the weighted average of the closing price of the Units during the applicable trading period for each of the trading days 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 “market price” is the weighted average of the highest and lowest prices for each of the trading days on which there was a trade; and provided further that if there was trading on the applicable exchange or market for fewer than five of the ten trading days, “market price” is the weighted average of the following prices established for each of the ten trading days during the specified trading day period; the average of the last bid and ask prices for each trading day on which there was no trading; the closing price of the Units for each day that there was trading if the exchange or market provides a closing price; and the weighted 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. For the purposes of determining the Redemption Price, “closing market price” is: (i) an amount equal to the closing price of the Units on the applicable market or exchange if there was a trade on the specified date and the applicable market or exchange provides a closing price; (ii) an amount equal to the weighted average of the highest and lowest prices of Units on the applicable market or exchange if there was trading on the specified date and the applicable market or exchange provides only the highest and lowest trading prices of Units traded on a particular day; or (iii) the average of the last bid and ask prices on the applicable market or exchange if there was no trading on the specified date.

The aggregate Redemption Price payable by the Trust in respect of any Units surrendered for redemption during any calendar month will be satisfied by way of a cash payment by the Trust no later than the last day of the calendar month following the calendar month in which the Units were tendered for redemption, provided that the entitlement of the Unitholders to receive cash upon the redemption of their Units is subject to the limitations that the total amount payable in cash by the Trust in respect of such Units and all other Units tendered for redemption in the same calendar month may not exceed the Monthly Limit, provided that the Trustees may, in their sole discretion, waive such limitation in respect of all Units tendered for redemption in any calendar month) at the time such Units are tendered for redemption, the outstanding Units must be listed for trading on a stock exchange or traded or quoted on another market that, in the sole discretion of Trustees, provides a representative fair market value price for the Units; and the normal trading of the outstanding Units must not be 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 date that the Units are tendered for redemption or for more than five trading days during the 10 trading day period prior to the date on which the Units are tendered for redemption.

In Specie Redemption

If a cash redemption is not available for Units tendered for redemption by a Unitholder, then such Unitholder will, instead of the Redemption Price per Unit, be entitled to receive a price per Unit (the “in specie Redemption Price”) equal to the fair market value of a Unit as determined by the Trustee in its sole discretion. The in specie Redemption Price will, subject to all necessary regulatory approvals, be paid and satisfied: (i) by the Trust distributing Commercial Trust Notes, or other assets held by the Trust (other than Commercial Trust units), as determined in the sole discretion of the Trustee; (ii) by the Trust issuing notes (“Redemption Notes”) having such

commercially reasonable terms as the Trust may prescribe; or (iii) by any combination of Commercial Trust Notes, or other assets held by the Trust and Redemption Notes.

The aggregate in specie Redemption Price payable by the Trust in respect of the Units surrendered for redemption during any calendar month shall be paid by the transfer, to or to the order of the Unitholder who exercised the right of redemption, on or before the last day of the month after the calendar month in which the Units were tendered for redemption.

It is anticipated that this redemption right will not be the primary mechanism for holders of Units to dispose of their Units. Commercial Trust Notes and Redemption Notes 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 such Commercial Trust Notes and Redemption Notes. Commercial Trust Notes will not be qualified investments for Exempt Plans. Redemption Notes should be qualified investments for Exempt Plans provided that the Trust is a “mutual fund trust” for purposes of the Tax Act.

Repurchase of Units

The Trust is allowed, from time to time, to purchase Units for cancellation in accordance with applicable securities laws and the rules prescribed under applicable stock exchange or regulatory policies. Any such repurchase will constitute an “issuer bid” under Canadian provincial securities legislation and must be conducted in accordance with the applicable requirements thereof.

Class B Units

The Class B Trust Units are entitled to the same rights and subject to the same limitations, restrictions and conditions as the Units, but also had the following features:

Each Class B Unit entitled the holder thereof to acquire, at no additional cost, one Unit by way of exchange, subject to customary and anti-dilution provisions, at the expiry time on the expiry date, which was the earlier of: (i) one (1) day from the date of issuance of a receipt for a final prospectus filed by the Trust in each of certain Provinces and qualifying for distribution the Units issuable upon exercise of the Class B Units; and (ii) August 28, 2006. As a final prospectus was filed, all Class B Units were automatically exchanged on the basis provided for in the Declaration of Trust without any further action on the part of the holder and the Class B Units were cancelled thereafter.

Special Voting Units

In order to allow the Trust flexibility in pursuing corporate or other acquisitions, the Declaration of Trust allows for the creation of special voting units, which will enable the Trust to provide voting rights to holders of Exchangeable LP Units. As a result, a Special Voting Unit will enable the holders of Exchangeable LP Units to be issued by Deepwell LP to vote at meetings of Unitholders.

Special Voting units may be created and issued pursuant to the Declaration of Trust to a voting and exchange trustee. The holder of a special voting unit, shall not be entitled to any interest or share in the distributions or net assets of the Trust and shall only be entitled to such number of votes at meetings of Unitholders as is equal to the number of Units into which the Exchangeable LP Units to which such special voting unit relates are exchangeable or convertible.

Under the terms of a voting and exchange trust agreement, the Trust will issue the special voting units to a voting and exchange trustee for the benefit of every person who receives Exchangeable LP Units from

time to time. The voting and exchange trustee will be obligated to vote the Special Voting Unit at meetings of Unitholders pursuant to the instructions of the holders of Exchangeable LP Units. However, if no instructions are provided by the holders of Exchangeable LP Units, the votes associated therewith in the Special Voting Unit will be withheld from voting.

The Special Voting Units will be subject to such other rights and limitations as may be determined by the Trustees at the time of issuance of the special voting units. The Declaration of Trust provides that upon the exchange of Exchangeable LP Units for Units, the entitlement to vote pursuant to the Special Voting Unit will be eliminated in respect of those Exchangeable LP Units.

The Units and Special Voting Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of such 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 it does not carry on or intend to carry on the business of a trust company.

MARKET FOR SECURITIES

Trading Price and Volume

The Units have been listed for trading on the TSX under the symbol “DWL.UN” since August 24, 2006. The following tables set forth the closing price range and trading volumes of the Units as reported by the TSX for the most recently completed financial year.

Month	High (\$)	Low (\$)	Volume
January	5.88	5.05	106,226
February	5.41	4.70	538,790
March	5.88	4.71	128,758
April	6.05	4.31	180,936
May	6.00	5.16	102,774
June	6.00	5.50	256,502
July	5.98	5.27	23,580
August	5.90	4.99	31,974
September	5.20	4.06	489,243
October	4.25	2.19	140,926
November	1.24	0.99	461,876
December	1.24	0.84	397,771

There have been no issuances of securities of the Trust not listed or quoted on a marketplace during the twelve months preceding the date of this Annual Information Form.

ESCROWED SECURITIES OF THE TRUST

As at the date hereof, there are no escrowed securities of the Trust.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the following are the only contracts entered into by the Trust which may reasonably be regarded as presently material:

- (a) Declaration of Trust dated April 21, 2006, establishing the Trust as an open-ended, investment trust under the laws of the Province of Alberta;

- (b) Commercial Trust Declaration of Trust dated April 21, 2006, creating the Commercial Trust as an unincorporated investment trust governed under the laws of the Province of Alberta for the purpose of investing in the securities of Deepwell LP or any other subsidiary of Commercial Trust or Deepwell LP and not conducting any business activities;
- (c) Deepwell LP Partnership Agreement dated April 21, 2006, creating Deepwell LP as a limited partnership under and governed by the laws of the Province of Alberta with the purpose of acquiring, investing in, holding, transferring, disposing of and otherwise dealing with securities of any corporation, partnership, trust or other person or assets involved, directly or indirectly, in any business which involves, or is ancillary or complementary to, the provision of oilfield waste management services to the oil and gas industry in Canada, as well as to make such other investments as the board of directors of Deepwell Energy Services Ltd. may determine, from time to time, and to borrow funds and issue debt securities, directly or indirectly, for that purpose and enter into hedging arrangements in relation thereto;
- (d) Commercial Trust Note Indenture dated April 23, 2006, between Commercial Trust and CIBC Mellon Trust Company, as note trustee, pursuant to which up to three series of Commercial Trust Notes may issued by Commercial Trust; Series 1 issued and outstanding in the principle amount of \$40,000,000 maturing on the 25th anniversary of the issuance date, Series 2 reserved for issue to holders of Commercial Trust Units as full or partial payment of the redemption price and Series 3 reserved to be issued as full or partial payment of the redemption price for Series 1 Commercial Trust Notes;
- (e) Non-Competition Agreement dated effective April 27, 2006, among Deepwell Energy Services Limited Partnership, Producers Oilfield Services Inc., Producers Disposal Services Ltd. and Rycroft Disposal Well Inc. pursuant to which Producers Oilfield Services Inc., Producers Disposal Services Ltd. and Rycroft Disposal Well Inc. each agreed not to disclose any confidential information, including financial, operational, technical, marketing and employee information of the Producers Disposal Business nor to solicit employees or customers from Deepwell LP, or compete against Deepwell LP in the provinces of British Columbia, Alberta, Saskatchewan or in the Northwest Territories for a period of three years;
- (f) Administration Agreement dated April 21, 2006, between Deepwell Energy Services Trust and Deepwell Energy Services Ltd. pursuant to which Deepwell Energy Services Ltd. agreed to provide administrative and support services to Deepwell Energy Services Trust at a charge in the amount of the cost of the service plus 5% for a term of 10 years, renewable for two three-year terms at the option of Deepwell Energy Services Trust and Deepwell Energy Services Ltd.;
- (g) Commercial Trust Administration Agreement dated April 21, 2006, between the Commercial Trust and Deepwell Energy Services Ltd. pursuant to which Deepwell Energy Services Ltd. agreed to provide administrative and support services to the Commercial Trust;
- (h) Amended Offer of financing establishing the Credit Facilities dated September 19, 2008, with National Bank of Canada consisting of a \$2,000,000 demand revolving operating loan and a \$25,000,000 364 day extendible revolving term loan, as well as a credit card facility;

- (i) Voting and Exchange Trust Agreement dated effective May 1, 2006, among Deepwell Energy Services Trust, Deepwell Energy Services LP and CIBC Mellon Trust Company governing the terms of the Special Voting Unit of the Voting and Exchange Trustee held for the benefit of the holders (other than the Trust and its affiliates) of the Exchangeable LP Units;
- (j) Support Agreement dated May 1, 2006, among Deepwell Energy Services Trust, Deepwell Energy Services Commercial Trust, Deepwell Energy Services LP and Deepwell Energy Services Ltd. governing the support obligations of Deepwell Energy Services LP and Deepwell Energy Services Ltd. including all things necessary to satisfy any liquidation amount or redemption price upon the liquidation, dissolution, winding-up or any other distribution of the Trust's assets, distribute units in lieu of cash to holders who exercise an option to receive units rather than cash distributions, issue or distribute rights, warrants or options as circumstances may require.
- (k) Share Purchase and Sale Agreement dated September 25, 2008, among Palko, Diamond S Resources Ltd., Larry Sopko, Marie Sopko, Deepwell LP and the Administrator pursuant to which the Administrator purchased a 33 ⅓% interest in Palko.
- (l) Share subscription Agreement dated September 25, 2008, among Palko, the Administrator, Deepwell LP, Steven Peterson and Kim Peterson pursuant to which the Administrator subscribed for an additional 16 ⅔% interest in Palko.
- (m) Unanimous Shareholders Agreement among the Administrator, 101129768 Saskatchewan Ltd., 101129767 Saskatchewan Ltd. and Palko.

Copies of the above agreements may be inspected during normal business hours at the head office of Deepwell in Calgary, Alberta.

TRUSTEES, DIRECTORS AND OFFICERS

The following table lists the names of each of the Trustees, trustees of the Commercial Trust and directors and officers of the Administrator as at the date hereof, their municipality of residence, year first elected or appointed, their principal occupations within the past five years or more, any other current directorships they may hold and the approximate number and percentage of Units over which control or direction is exercised. With the exception of G. Allen Brooks (appointed July 2006), William P. Robinson (appointed July 2007), Ross D. S. Douglas (appointed January 2008) and Sam Parotta (appointed February 2009) each current director and trustee has held office since April 2006. The term of office for all trustees and directors will expire at the next annual meeting of Unitholders.

Name and Municipality of Residence	Position (Entity)	Principal Occupation During Five Preceding Years	Unitholdings
Jay B. Simmons ⁽¹⁾⁽³⁾⁽⁴⁾ Calgary, Alberta	Trustee, President, CEO, Chairman of the Board and a Director of the Administrator	President of Simmons Financial Holdings Corporation, a private holding company.	503,333 (7.0%)
Al J. Kroontje ⁽¹⁾⁽²⁾⁽⁴⁾⁽⁵⁾ Calgary, Alberta	Trustee and a Director of the Administrator	President of Telford Services Group, Inc., a TSXV listed oilfield services company.	104,111 (1.4%)

Name and Municipality of Residence	Position (Entity)	Principal Occupation During Five Preceding Years	Unitholdings
Murray W. Montgomery ⁽¹⁾⁽²⁾⁽³⁾ Calgary, Alberta	Trustee and a Director of the Administrator	Chief Financial Officer of Poplar Point Energy Inc., a private oil and gas company.	29,704 (0.4%)
G. Allen Brooks ⁽¹⁾⁽³⁾⁽⁴⁾ Houston, Texas	Director of Administrator	President of G. Allen Brooks, LLC, a private energy and financial consulting company.	3,100 (<1.0%)
Douglas M. Stuve ⁽¹⁾⁽⁵⁾ Calgary, Alberta	Commercial Trust Trustee and a Director of the Administrator	Partner of Burstall Winger LLP, Barristers & Solicitors, a law firm.	35,632 (<1.0%)
William P. Robinson ⁽¹⁾⁽⁶⁾ Calgary, Alberta	Trustee	President of Manvest Inc., a private equity investment company.	Nil
Ross D. S. Douglas ⁽¹⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾ Calgary, Alberta	Director of the Administrator	President and CEO of Mancal Corporation, a private holding company.	Nil
Sam Parrotta ⁽²⁾⁽⁷⁾ Vancouver, British Columbia	Director of the Administrator	CFO of Onni Group of Companies, a private real estate development, property management and investment holding company. Prior thereto employed at Ernst & Young Ordena Corporate Finance Inc. since 1999.	Nil
Brian Johnson Calgary, Alberta	Vice-President, Business Development of the Administrator	Vice-President, Business Development of the Administrator since October 2008, prior thereto Manager, Business Development of the Administrator since June 2006, prior thereto as Manager Business Development for a Calgary based waste hauling company since Aug 2005, prior thereto as Marketing Manager for a major publicly traded oilfield waste management company since Jan 2003.	10,758
Don Johnson Calgary, Alberta	Vice-President, Operations of the Administrator	Vice-President, Operations of the Administrator since July 2008, prior thereto Manager with the Administrator since October 2006, prior thereto Plant Manager, Drayton Valley Facility with Newalta Corporation.	5,600
Judy Rattanavong Calgary, Alberta	Corporate Secretary	Analyst with Simmons Financial Holdings Corporation, a private holding company.	Nil

Name and Municipality of Residence	Position (Entity)	Principal Occupation During Five Preceding Years	Unitholdings
Marina English Calgary, Alberta	Controller of the Administrator	Controller of the Administrator since February 2009, prior thereto, staff accountant at Meyers Norris Penny since September 2008, prior thereto Manager, Compliance and Automation at Carma Developers LP since December 2007, prior thereto Internal Control Specialist, Sarbanes-Oxley Implementation Act at Novatel Inc. since March 2004.	Nil

Notes:

- (1) Each of these individuals is “independent” within the meaning of National Instrument 58-101 - *Disclosure of Corporate Governance Practices* of the Canadian Securities Administrators.
- (2) Member of the Audit Committee of the Administrator.
- (3) Member of the Corporate Governance, and Nominating Committee of the Administrator.
- (4) Member of the Compensation Committee of the Administrator.
- (5) Member of the Environmental, Health and Safety Committee of the Administrator.
- (6) Holdings of William P. Robinson and Ross D.S. Douglas do not include the 613,162 (8.5%) Units held by Manvest Inc.
- (7) Holdings of Sam Parrotta does not include 955,800 (13.3%) Units held by GRM Investments Ltd.

Committees of the Administrator

Compensation Committee, Corporate Governance and Nominating Committee and Health, Safety and Environment Committee

The Directors of the Administrator have established the following committees:

- (a) a Compensation Committee to provide assistance to the board in fulfilling its fiduciary responsibility and obligations with respect to matters involving incentives provided to all employees of Deepwell and policies of Deepwell concerning human resources issues;
- (b) a Corporate Governance and Nominating Committee; to recommend to the board a set of corporate governance guidelines applicable to the Administrator; to recommend to the board director candidates to fill vacancies on the board; to recommend to the board trustee candidates to stand for election by the Unitholders; to monitor the size and composition of the board and its committees; to recommend committee assignments; and to lead the board in annually assessing the effectiveness of the board, the trustees, the committees of the board and the Chief Executive Officer;
- (c) the Health, Safety and Environment Committee to assist the board in fulfilling its oversight responsibilities with respect to due diligence in the development and implementation of systems for the management of the health, safety, environment and emergency responsibilities of the general partner; and
- (d) an Audit Committee which is described in more detail below.

Audit Committee

The Directors of the Administrator have established the audit committee of the board of directors of the Administrator, which will serve as the audit committee of the Trust for the purposes of applicable

securities laws and which consists of three Directors, Sam Parrotta, Al J. Kroontje and Murray W. Montgomery, all of whom will be “independent” and “financially literate” for the purposes of the Multilateral Instrument 52-110 - *Audit Committees* (“MI 52-110”). The audit committee of the Administrator is responsible for and assists the Board of the Administrator in fulfilling its responsibility for, among other things: (i) the oversight and supervision the audit of financial statements of the Administrator; (ii) the management of the relationship with the auditor of the Trust and meeting with the auditor as required in connection with the audit services provided by the auditor; (iii) the oversight and supervision of the accounting and financial reporting practices and procedures of the Trust; (iv) the oversight and supervision of the adequacy of the Trust’s internal accounting controls and procedures; and (v) the oversight and supervision of the quality and integrity of the Trust’s financial statements.

Education and Experience

The following are brief descriptions of the qualifications of the members of the audit committee:

Sam Parrotta

Mr. Parrotta is the Chief Financial Officer of the Onni Group of Companies, a private real estate development, property management and investment holding company based in Vancouver, British Columbia, where he oversees the group’s financial management and portfolio of equity investments. Prior to joining Onni, he spent seven years with Ernst & Young Orenda Corporate Finance Inc., providing transaction advisory services relating to mergers and acquisitions, divestitures and financings of both public and private corporations across a variety of industries. Mr. Parrotta is a graduate of Simon Fraser University with a Bachelor of Business Administration degree and has his Chartered Accountant designation.

Al J. Kroontje

Mr. Kroontje is currently the President of Telford Services Group, Inc., an oilfield services company listed on TSX Venture and has been since 1998. In addition to being a director of Deepwell Energy Services, Mr. Kroontje is also currently a director of Regal Energy Corp., an oil and gas exploration and production company listed on TSX Venture, of Galleria Opportunities Inc. and EG Capital Inc., companies listed on the NEX Board of TSX Venture, and of Luca Capital Inc., a company listed on TSX Venture, the last three of which are currently pursuing business ventures to participate in. Over the past 5 years, Mr. Kroontje also was the Interim President of three other TSX and TSX Venture listed companies holding that position during the period they were being restructured or sold. Quarry Oil & Gas Ltd., a public oil and gas company listed on TSX Venture was sold, while the remaining two, Tesoro Energy Inc. (TSX) and Pelorus Navigation Systems Inc. (TSX Venture) completed oil and gas asset acquisitions followed by plans of arrangement to become Peregrine Energy Inc., and RedStar Oil and Gas Ltd., respectively.

Murray W. Montgomery

Mr. Montgomery is currently the Vice-President Finance, Chief Financial Officer of Poplar Point Energy Inc. a private oil and gas company and he has served in that capacity since December, 2007. From 2002 to December 2007, Mr. Montgomery was Vice-President, Finance, Chief Financial Officer and Corporate Secretary of Absolute Energy Ltd., a private oilfield services company, and is presently a director of that company. From 1998 to 2002, Mr. Montgomery was the Vice-President, Finance, Chief Financial Officer and Corporate Secretary of CCS Income Trust (formerly Canadian Crude Separators Inc.), a public oilfield services company listed on TSX. Prior to 1998, Mr. Montgomery was the Chief Financial Officer for Brinkerhoff Drilling Partnership and Brelco Drilling Ltd., two private oil and gas drilling companies.

Mr. Montgomery is a current director of Absolute Energy Ltd., a private oilfield services company. He has previously served as the President and Director of the Petroleum Accountants Society of Canada, as a Director of the Canadian Association of Oilwell Drilling Contractors, and as a Director of Kodiak Energy Services Ltd., a public oilfield services company. Mr. Montgomery also previously worked in a supervisory and management capacity with Chevron Canada Resources Ltd. Mr. Montgomery is a Chartered Accountant and a Certified Public Accountant (Illinois), and he has a Bachelor of Commerce degree from the University of Calgary.

The text of the mandate of the Audit Committee is attached as Appendix “A” to this Annual Information Form.

Pre-Approval Policies and Procedures

The Audit Committee shall review and pre-approve any engagement for non-audit services to be provided by the external auditors or its affiliates, together with estimated fees and consider the impact on the independence of the external auditor.

External Auditor Service Fees

The following table provides information about the fees billed to the Corporation for professional services rendered by Grant Thornton LLP in fiscal years 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Audit fees ⁽¹⁾	111,000	127,585
Audit-related fees ⁽²⁾	60,500	112,350
Tax fees ⁽³⁾	20,095	17,900
All other fees	nil	nil
Total	<u>191,595</u>	<u>257,835</u>

Notes:

- (1) Audit fees consist of fees for the audit of the Corporation’s annual financial statements or services that are normally provided in connection with statutory and regulatory filings or engagements.
- (2) Audit-related fees consist of fees for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation’s financial statements and were not reported as Audit Fees. During fiscal 2007, the services provided in this category included fees related to Grant Thornton’s involvement in the prospectus with respect to the rights offering of the Trust, as well as interim financial statement reviews of the Trust. During fiscal 2008, the services provided in this category included interim financial statement reviews of the Trust.
- (3) Tax fees consist of fees for tax compliance services.

Certification of Disclosure, Annual and Interim

The Trust intends to comply with its obligations under applicable securities laws to certify its annual and interim filings by having the Chief Executive Officer and the Chief Financial Officer of the Administrator execute such required filings.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as indicated below, no Trustee, Commercial Trust Trustee or director or executive officer of the Administrator is, or has been, within the past ten years, a director, chief executive officer or chief financial officer of any other issuer, who while the individual was acting in that capacity: (i) was the

subject of a cease trade or similar order or an order that denied the relevant issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days; (ii) was subject to a cease trade or similar order or an order that denied the relevant issuer access to any exemption under securities legislation for a period of more than 30 consecutive days that was issued after such individual ceased to act in such capacity which resulted from an event that occurred while the individual was acting in that capacity; or (iii) 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.

Other than as indicated below, no Trustee, Commercial Trust Trustee or director or executive officer of the Administrator is, or has within the past 10 years, 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.

Murray Montgomery was a director of Kodiak Energy Services Ltd. ("Kodiak"), which was placed in receivership on August 10, 2005. Mr. Montgomery resigned as a director of Kodiak on April 21, 2006.

From December 1996 to March 1999, Ross D.S. Douglas (a director of Deepwell) was a director of Mountain World Entertainment Ltd. ("Mountain World"). In April 1999, one month after Mr. Douglas' resignation from the board of directors of Mountain World, that company filed notice of its intention to make a proposal with its creditors. Two months later, in June 1999, Mountain World was put into bankruptcy.

Within one year after Mr. Robinson ceased to be a director of Concert Industries Ltd. on June 25, 2003, that issuer filed for protection under the *Companies' Creditors Arrangement Act*.

Conflicts of Interest

The Trustees and Directors of the Administrator are or may become directors of reporting companies or have significant shareholdings in other public companies and, to the extent that such other companies may participate in ventures in which the Trust or Deepwell LP may participate, the directors of the Administrator may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The Trust or the LP and their trustees and directors attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the Trustees or the board of directors of the Administrator, a trustee or director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases the Trust and/or the Administrator will establish a special committee of independent trustees/directors to review a matter in which several directors, or management, may have a conflict. In accordance with the ABCA, the directors of the Administrator are required to act honestly, in good faith and in the best interests of the Administrator. In determining whether or not the Trust and/or the Administrator will participate in a particular program and the interest therein to be acquired by it, the trustees/directors will primarily consider the potential benefits to the Trust or Deepwell LP, the degree of risk to which the Trust or Deepwell LP may be exposed and its financial position at that time. Other than as indicated, the Trust or the LP has no other procedures or mechanisms to deal with conflicts of interest.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

During the most recently completed financial year, there were no outstanding legal proceedings or regulatory actions in which the Trust or Deepwell LP is involved outside of the ordinary course of business or that the Trust would anticipate would result in a material adverse impact to the Trust, its financial condition or its results of operations. On February 4, 2008, Deepwell LP and the Administrator filed a statement of claim for recovery of expenses and lost revenue as a result of the December 7, 2006, fire at the Grande Cache facility in the aggregate of \$2,647,408. The claim is ongoing and has not yet been resolved.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed elsewhere in this Annual Information Form and as set forth below, none of the directors, officers, trustees or principal securityholders of Deepwell LP or the Trust and no associate or affiliate of any of them, has or has had any material interest in any transaction which materially affects Deepwell LP or the Trust.

Each of the Trustees of the Trust and several directors of Deepwell LP were shareholders of Deepwell Disposal and were parties to the share purchase agreement with respect to the acquisition of the Deepwell Disposal.

PROMOTERS

The Administrator and its predecessors are the promoters of the Trust by reason of its initiative in organizing the business and affairs of the Trust. The Administrator is a wholly-owned subsidiary of the Trust. The promoter owns no Units and received no consideration for its efforts as promoter.

AUDITORS, TRANSFER AGENT AND REGISTRAR

On March 1, 2007, trustees of the Trust, the audit committee and the board of directors of the Administrator accepted the resignation of KPMG LLP as auditors of the Trust and approved the appointment of Grant Thornton LLP as auditors of the Trust.

CIBC Mellon Trust Company is the registrar and transfer agent for the Units at its principal offices in Calgary, Alberta and Toronto, Ontario.

NAME OF EXPERTS AND INTEREST OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under National Instrument 51-102 by the Trust during, or related to, its most recently completed financial year other than Grant Thornton LLP, the auditors of the Trust.

None of the designated professionals of Grant Thornton LLP have any registered or beneficial interests, direct or indirect, in any of the Trust's securities or other property or of our associates or affiliates of the Trust either at the time they prepared the statement, report or valuation prepared by it, at any time thereafter or to be received by them.

In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of Deepwell.

ADDITIONAL INFORMATION

Additional information relating to the Trust may be found under the Trust's profile on SEDAR at www.sedar.com and on Deepwell LP's website at www.deepwellenergy.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Trust's securities and securities issued and authorized for issuance under our equity compensation plans will be contained in the Trust's 2009 proxy materials relating to its annual unitholders meeting to be held on June 17, 2009. Additional financial information is contained in the Trust's 2008 Annual Financial Statements and 2008 MD&A.

Deepwell Energy Services Trust
March 31, 2009

**APPENDIX “A”
To The Annual Information Form Of
DEEPWELL ENERGY SERVICES TRUST
Dated March 31, 2009**

AUDIT COMMITTEE MANDATE

**DEEPWELL ENERGY SERVICES LTD.
(the “Corporation”)
Audit Committee Charter
September 1, 2006**

OVERALL ROLE AND RESPONSIBILITY

The Audit Committee shall:

- (a) assist the board of directors of the Corporation (the “Board of Directors”) and the trustees of Deepwell Energy Services Trust (the “Trust”) in its oversight role with respect to:
 - (i) the quality and integrity of financial information;
 - (ii) the independent auditor’s performance, qualifications and independence;
 - (iii) the performance of the internal audit function of the Corporation and the Trust, if applicable; and
 - (iv) the compliance by the Corporation and the Trust with legal and regulatory requirements and
- (b) prepare such reports of the Audit Committee required to be included in the information/proxy circular of the Trust in accordance with applicable laws or the rules of applicable securities regulatory authorities.

MEMBERSHIP AND MEETINGS

The Audit Committee shall consist of three or more Directors appointed by the Board of Directors, none of whom shall be officers or employees of the Corporation or any of the Corporation’s affiliates. Each of the members of the Audit Committee shall satisfy the applicable independence and experience requirements of the laws governing the Corporation and the Trust, and applicable securities regulatory authorities.

The Board of Directors shall designate one member of the Audit Committee as the Committee Chair. Each member of the Audit Committee shall be financially literate as such qualification is interpreted by the Board of Directors in its business judgment. The Board of Directors shall determine whether and how many members of the Audit Committee qualify as a financial expert as defined by applicable law.

STRUCTURE AND OPERATIONS

The affirmative vote of a majority of the members of the Audit Committee participating in any meeting of the Audit Committee is necessary for the adoption of any resolution.

The Audit Committee shall meet as often as it determines, but not less frequently than quarterly. The Committee shall report to the Board of Directors on its activities after each of its meetings at which time minutes of the prior Committee meeting shall be tabled for the Board of Directors.

The Audit Committee shall review and assess the adequacy of this Charter periodically and, where necessary, will recommend changes to the Board of Directors for its approval.

The Audit Committee is expected to establish and maintain free and open communication with management and the independent auditor and shall periodically meet separately with each of them.

SPECIFIC DUTIES

Oversight of the Independent Auditor

- Make recommendations to the Board of Directors for the appointment and replacement of the independent auditor.
- Responsibility for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit Committee.
- Authority to pre-approve all audit services and permitted non-audit services (including the fees, terms and conditions for the performance of such services) to be performed by the independent auditor.
- Evaluate the qualifications, performance and independence of the independent auditor, including (i) reviewing and evaluating the lead partner on the independent auditor's engagement with the Corporation and the Trust, and (ii) considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence.
- Obtain from the independent auditor and review the independent auditor's report regarding the management internal control report of the Corporation to be included in annual information/proxy circular of the Trust and the Corporation, as required by applicable law.
- Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law (currently at least every 5 years).

Financial Reporting

- Review and discuss with management and the independent auditor:
 - prior to the annual audit the scope, planning and staffing of the annual audit,
 - the annual audited financial statements,
 - the annual and quarterly disclosures made in management's discussion and analysis,

- approve any reports for inclusion in the Annual Report of the Trust and the Corporation, as required by applicable legislation,
 - the quarterly financial statements, including the results of the independent auditor's review of the quarterly financial statements and any matters required to be communicated by the independent auditor under applicable review standards,
 - significant financial reporting issues and judgments made in connection with the preparation of the financial statements,
 - any significant changes in the selection or application of accounting principles,
 - any major issues as to the adequacy of the internal controls of the Corporation and any special steps adopted in light of material control deficiencies, and
 - other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
- Discuss with the independent auditor matters relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information and any significant disagreements with management.

AUDIT COMMITTEE'S ROLE

The Audit Committee has the oversight role set out in this Charter. Management, the Board of Directors, the independent auditor and the internal auditor all play important roles in respect of compliance and the preparation and presentation of financial information. Management is responsible for compliance and the preparation of financial statements and periodic reports. Management is responsible for ensuring the financial statements of the Corporation and the Trust and disclosures are complete, accurate, in accordance with generally accepted accounting principles and applicable laws. The Board of Directors in its oversight role is responsible for ensuring that management fulfills its responsibilities. The independent auditor, following the completion of its annual audit, opines on the presentation, in all material respects, of the financial position and results of operations of the Corporation and the Trust in accordance with Canadian generally accepted accounting principles.

FUNDING FOR THE INDEPENDENT AUDITOR AND RETENTION OF OTHER INDEPENDENT ADVISORS

The Corporation shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of issuing an audit report and to any advisors retained by the Audit Committee. The Audit Committee shall also have the authority to retain such other independent advisors as it may from time to time deem necessary or advisable for its purposes and the payment of compensation therefor shall also be funded by the Corporation.

Approval of Audit and Remitted Non-Audit Services Provided by External Auditors

Over the course of any year there will be two levels of approvals that will be provided. The first is the existing annual Audit Committee approval of the audit engagement and identifiable permitted non-audit

services for the coming year. The second is in-year Audit Committee pre-approvals of proposed audit and permitted non-audit services as they arise.

Any proposed audit and permitted non-audit services to be provided by the independent auditor to the Trust, the Corporation or its subsidiaries must receive prior approval from the Audit Committee, in accordance with this protocol. The Chief Financial Officer of the Corporation shall act as the primary contact to receive and assess any proposed engagements from the independent auditor.

The Audit Committee is also authorized to approve non-audit services that may be provided by a party that is not the independent auditor. Examples may be a quarterly review or consulting advice relating to the quarterly financial statements (which the Audit Committee may approve without committing the Corporation to have a quarterly review of the Financial Statements on an ongoing basis), tax advice and tax consulting services, or any other consulting services that the Audit Committee determines that it will obtain from any party that is not the independent auditor.

Following receipt and initial review for eligibility by the primary contacts, a proposal would then be forwarded to the Audit Committee for review and confirmation that a proposed engagement is permitted.

In the majority of such instances, proposals may be received and considered by the Chair of the Audit Committee (or such other member of the Audit Committee who may be delegated authority to approve audit and permitted non-audit services), for approval of the proposal on behalf of the Audit Committee. The Audit Committee Chair will then inform the Audit Committee of any approvals granted at the next scheduled meeting.