

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or any state securities laws. Accordingly, the securities offered hereby may not be offered or sold within the United States of America (the "United States") except in transactions exempt from such registration. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in certain provinces of Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Deepwell Energy Services Ltd., at Suite 500, 7015 Macleod Trail SW, Calgary, AB T2H 2K6 (telephone number: (403) 508-6000) and are also available electronically at [www.sedar.com](http://www.sedar.com). For the purpose of the Province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained without charge from the Corporate Secretary of Deepwell Energy Services Ltd. at the above-mentioned address and telephone number and is also available electronically at [www.sedar.com](http://www.sedar.com).

## SHORT FORM PROSPECTUS

Rights Offering

June 26, 2007



### DEEPWELL ENERGY SERVICES TRUST

#### Offer of Rights to Subscribe for up to 2,180,515 Units

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**Subscription Price: Two Rights and \$6.01 per Unit**

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**Your Rights Certificate is enclosed. Please read this material carefully as you are required to make a decision prior to 4:30 p.m. (Calgary time) on July 31, 2007.**

Deepwell Energy Services Trust (the "Trust") head office: Suite 500, 7015 Macleod Trail SW, Calgary, Alberta T2H 2K6, registered office: Suite 1500, 407-2<sup>nd</sup> Street SW, Calgary, Alberta T2P 2Y3 is issuing to the holders of record (the "Unitholders") of its outstanding trust units (the "Units"), at the close of business (Calgary time) on July 5, 2007 (the "Record Date"), transferable rights (the "Rights") to subscribe for and purchase an aggregate of 2,180,515 Units (the "Offering"). The Trust currently has 4,361,030 Units issued and outstanding. Each Unitholder at the close of business on the Record Date is entitled to receive one Right for each Unit held. Rights are fully transferable and divisible and will be evidenced by a rights certificate (the "Rights Certificate"). Every two (2) Rights entitle the holder thereof to purchase one (1) Unit at a price of \$6.01 per Unit (the "Subscription Price") on or before 4:30 p.m. (Calgary time) (the "Expiry Time") on July 31, 2007 (the "Expiry Date"). Holders of Rights who exercise their Rights in full are entitled to subscribe for additional Units offered under the Offering that are not otherwise subscribed for by the Expiry Date, if any, pursuant to the Additional Subscription Privilege (as hereinafter defined). See "Description of the Offered Securities - Additional Subscription Privilege". **Rights not exercised by the Expiry Time will be void and of no value.** Fractional Units will not be issued.

This short form prospectus (the "Prospectus") qualifies the distribution of the Rights and the Units issuable upon the exercise of the Rights, including the Units issuable to the Standby Purchaser (as defined herein) pursuant to the Standby Agreement (as defined herein). See "Description of Offered Securities – Standby Commitment". The Rights and the Units issuable on exercise of the Rights are conditionally approved for listing on the Toronto Stock

Exchange (the “TSX”). The outstanding Units are listed on the TSX under the symbol “DWL.UN”. On June 13, 2007, the last trading day prior to the public announcement of this Offering, the closing price of the Units on the TSX was \$6.40 per Unit. On June 25, 2007, the last trading day before the date of this Prospectus, the closing price of the Units on the TSX was \$6.50.

	Subscription Price	Solicitation Fee <sup>(2)(4)</sup>	Net Proceeds to the Trust <sup>(1)(3)</sup>
Per Unit	\$6.01	\$0.15	\$5.86
Total <sup>(2)(3)</sup>	\$13,104,895	\$327,077	\$12,777,818

**Notes:**

- (1) Before deducting the Dealer Manager work fee of \$140,000 and the expenses of the Offering, estimated to be \$496,000, which, together with the solicitation fee, will be paid out of the gross proceeds of the Offering. See “Plan of Distribution”.
- (2) The Trust has engaged the Dealer Manager (as defined below) to form a Dealer Manager group comprised of members of the Investment Dealers Association of Canada and Canadian stock exchanges to solicit the exercise of the Rights. See “Plan of Distribution” for a description of the fees payable to the Dealer Manager and the members of the Dealer Manager group.
- (3) Assumes all of the Unitholders exercise all of their Rights under the Basic Subscription Rights.
- (4) No solicitation fee will be payable in respect of the exercise of Rights by trustees of the Trust or directors or officers of Deepwell Energy Services Ltd. or companies owned or controlled by them.

The Subscription Price represents a 10% discount to the volume weight average price of the Units for the twenty (20) trading days prior to the public announcement of this Offering.

A subscriber may subscribe for Units by completing and signing Form 1 of the Rights Certificate and forwarding the Subscription Price for each Unit subscribed for to CIBC Mellon Trust Company (the “**Subscription Agent**”), all in accordance with the instructions on Form 1. A subscriber wishing to subscribe for additional Units under the Additional Subscription Privilege must complete and sign Form 2 of the Rights Certificate prior to the Expiry Date, along with payment for the additional Units requested. Any excess funds will be returned by mail, without interest or deduction.

**If a Unitholder elects not to exercise the Rights issued to that Unitholder or elects to sell or transfer those Rights, the value of Units currently held by that Unitholder may be diluted as a result of the exercise of the Rights by others.**

**The Trust has appointed Raymond James Ltd. (the “Dealer Manager”) to act as Dealer Manager for the purpose of organizing and participating in the solicitation of the exercise of Rights in Canada. See “Plan of Distribution”.**

There are risks associated with an investment in Units. An investment in and the ownership of the Units should be considered speculative due to the Trust’s involvement in the oilfield waste management business. See “Risk Factors” for a discussion of factors that should be considered by prospective investors and their advisors in assessing the appropriateness of an investment in Units.

Certain legal matters in connection with the Offering will be passed upon on behalf of the Trust by Carscallen Leitch LLP and on behalf of the Dealer Manager by Burnet, Duckworth & Palmer LLP.

CIBC Mellon Trust Company has been appointed as the Trust’s subscription agent to receive subscriptions and payments and to transfer Rights under this Offering. The Subscription Agent is also the registrar and transfer agent for the Units.

Investors should rely only on the information contained in or incorporated by reference in this Prospectus. The Trust has not authorized anyone to provide investors with different information. The Trust is not offering the Units in any jurisdiction in which the offer is not permitted. Investors should not assume that the information contained in this Prospectus is accurate as of any date other than the date of this Prospectus.

The head office of the Trust is located at Suite 500, 7015 Macleod Trail SW, Calgary, AB T2H 2K6. The registered office is located at Suite 1500, 407 - 2nd Street SW, Calgary, Alberta T2P 2Y3.

**The return on an investment in the Trust is not comparable to the return on an investment in a fixed-income security.** The recovery of an initial investment in the Trust is at risk, and the anticipated return on such investment

is based on many performance assumptions. Although the Trust intends to make monthly distributions of its available cash to Unitholders, these cash distributions are not assured and may be reduced or suspended. The ability of the Trust to make cash distributions and the actual amount distributed will be dependent upon several factors, including operating results and cash flow of Deepwell Energy Services LP (“Deepwell LP”), unanticipated liabilities, obligations under credit facilities and fluctuations in the working capital and capital expenditure requirements of Deepwell LP. The market value of the Units may deteriorate if the Trust is unable to meet its cash distribution targets in the future and that deterioration may be material. No stability rating for the Units has been applied for or obtained from any rating agency. **It is important for a Unitholder to consider the particular risk factors that may affect Deepwell LP and the Trust and, therefore, the stability of the distributions that the Unitholder receives. See “Risk Factors - Uncertainty of Cash Distributions”.**

Unlike interest payments on an interest-bearing security, distributions by income trusts on trust units (including those of the Trust) are, for Canadian income tax purposes, composed of different types of payments (portions of which may be fully or partially taxable or may constitute non-taxable “returns of capital”). The composition for tax purposes of those cash distributions may change over time, thus affecting the after-tax return to Unitholders. Therefore, a Unitholder’s rate of return over a defined period may not be comparable to the rate of return on a fixed-income security that provides a return on capital over the same period. This is because a Unitholder may receive distributions that constitute a return of capital (rather than a return on capital) to some extent during the relevant period. Subject to the SIFT Trust Legislation (as hereinafter defined), which are not expected to apply to the Trust until 2011, returns on capital are generally taxed as ordinary income, dividends or taxable capital gains in the hands of a Unitholder, while returns of capital are generally non-taxable to a Unitholder who is resident in Canada for purposes of the Income Tax Act (Canada) (“**Tax Act**”) (but reduce a Unitholder’s adjusted cost base in the Unit for Canadian income tax purposes). Unitholders are advised to consult their own tax advisors with respect to the implications of the distinction discussed above in their own circumstances.

#### **MARKET AND INDUSTRY DATA**

Unless otherwise indicated, the market and industry data contained in this Prospectus or incorporated by reference herein is based upon information from third-party sources and management’s knowledge of and experience in the markets in which Deepwell LP operates. 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. Neither the Trust nor the Dealer Manager has independently verified any of the data from third party sources referred to in this Prospectus or incorporated by reference herein or ascertained the underlying assumptions relied upon by such sources.

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*All dollar amounts in this Prospectus are in Canadian dollars unless otherwise stated.*

#### **NOTE REGARDING FORWARD LOOKING STATEMENTS**

This Prospectus, including the documents incorporated herein by reference, contain forward-looking statements. These statements relate to future events or the Trust's future performance. All statements other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", or the negative of these terms or other similar terminology. These statements are only predictions. Actual events or results may differ materially. In addition, this Prospectus and the documents incorporated herein by reference may contain forward-looking statements attributed to third party industry sources. Undue reliance should not be placed on these forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Forward-looking statements in this Prospectus include, but are not limited to, the factors discussed under "*Risk Factors*".

Although the Trust believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Neither the Trust nor the Dealer Manager can guarantee future results, levels of activity, performance, or achievements. Some of the risks and other factors, some of which are beyond the Trust's control, which could cause results to differ materially from those expressed in the forward-looking statements contained in this Prospectus include, the factors discussed under "*Risk Factors*".

Readers are cautioned that the foregoing list of factors is not exhaustive. Except as required by applicable securities legislation, neither the Trust nor the Dealer Manager are under any duty to update any of the forward-looking statements after the date of this Prospectus to conform such statements to actual results or to changes in the Trust's expectations. The forward-looking statements contained in this Prospectus including in the documents incorporated herein by reference are expressly qualified by this cautionary statement.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

**Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Deepwell Energy Services Ltd., the administrator of the Trust, at Suite 500, 7015 Macleod Trail SW, Calgary, AB T2H 2K6 (telephone number: (403) 508-6000) or by accessing the disclosure documents available through the internet at [www.sedar.com](http://www.sedar.com).

The following documents of the Trust, filed with the securities commissions or similar authorities in certain of the provinces in Canada, are specifically incorporated into and form an integral part of this Prospectus:

- (a) the interim unaudited financial statements for the Trust for the three month period ended March 31, 2007;
- (b) management's discussion and analysis of the Trust for the three month period ended March 31, 2007;
- (c) the amended annual information form of the Trust dated June 8, 2007 (the "**AIF**");
- (d) a certificate pursuant to an undertaking provided under National Policy 41-201 dated March 30, 2007;

- (e) the audited financial statements of the Trust for the period from April 27, 2006 to December 31, 2006 as set forth in pages 18 to 32 inclusive of the Annual Report of the Trust for the period ended December 31, 2006;
- (f) management's discussion and analysis of the Trust for the period from April 27, 2006 to December 31, 2006 as set forth in pages 5 to 17 inclusive of the Annual Report of the Trust for the period ended December 31, 2006;
- (g) the following financial statements appended to the Prospectus of the Trust dated August 18, 2006 and filed on August 21, 2006:
  - (i) combined financial statements of Producers Disposal Services Ltd. and Rycroft Disposal Well Inc. as at December 31, 2005, 2004 and 2003 and for the periods then ended;
  - (ii) combined unaudited financial statements of Producers Disposal Services Ltd. and Rycroft Disposal Well Inc. as at March 31, 2006 and 2005 and for the three months then ended;
  - (iii) financial statements of Deepwell Disposal Services Inc. as at December 31, 2005 and 2004 and for the periods then ended; and
  - (iv) unaudited pro forma consolidated balance sheet of the Trust as at March 31, 2006 and the unaudited proforma consolidated statements of income for the three months ended March 31, 2006 and the year ended December 31, 2005; and
- (h) the Management Information Circular dated May 23, 2007 with respect to an annual and special meeting of the Unitholders of the Trust.

Any documents of the types referred to above (except confidential material change reports), and information circulars filed by the Trust with the provincial securities commissions or similar authorities in Canada after the date of this Prospectus and before the termination of this Offering, are deemed to be incorporated by reference in this Prospectus.

**Documents are not incorporated by reference to the extent their contents are modified or superseded by a statement contained in this Prospectus or in any other subsequently filed document that is also incorporated by reference in this Prospectus. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.**

## DEEPWELL ENERGY SERVICES TRUST

### General

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 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 Deepwell Energy Services Ltd. (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.

### Background to the Rights Offering

As previously announced, Deepwell has received final regulatory approval for construction of a new oilfield waste management facility near Claresholm, Alberta. Proceeds of the Offering, along with proceeds of a Private Placement (as hereinafter defined), are intended to fund the remaining capital cost of the new facility estimated to be approximately \$9 million, and to fund improvements and expansions at existing facilities as well as for general corporate purposes. See “*Recent Developments – Private Placement*”, “*Recent Developments – Claresholm Facility*” and “*Use of Proceeds*”.

## DESCRIPTION OF THE BUSINESS

### Deepwell Energy Services Trust

The Trust is 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.

### Operating Subsidiaries

#### *Deepwell Energy Services Commercial Trust*

Deepwell Energy Services Commercial Trust (“**Commercial Trust**”) is an investment trust established under the laws of Alberta pursuant to a declaration of trust dated April 21, 2006. The 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 certain 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 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 undertaking of PDS and Rycroft. The general partner of Deepwell LP is the Corporation.

***Deepwell Energy Services Ltd.***

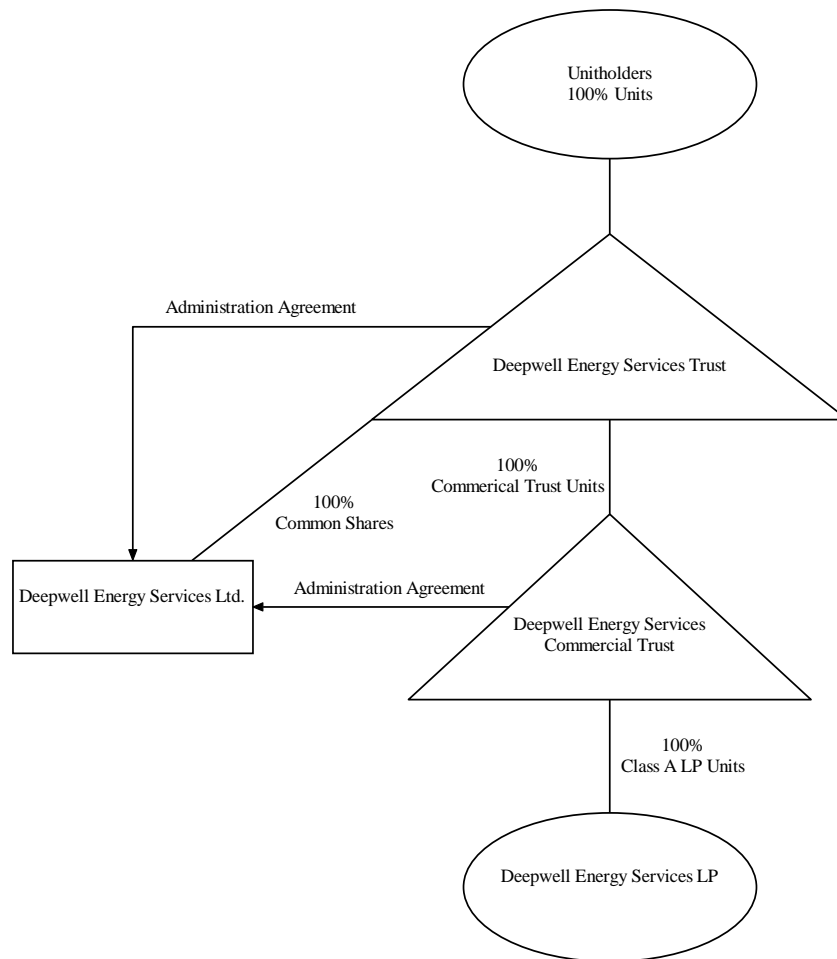
Deepwell Energy Services Ltd. (“**Former Deepwell**”) was incorporated as a private company under the *Business Corporations Act* (Alberta) (“**ABCA**”) on April 21, 2006. On April 27, 2006, Former Deepwell acquired all of the shares of Deepwell Disposal Services Inc. (“**Deepwell Disposal**”). Former Deepwell then completed an amalgamation with Deepwell Disposal pursuant to the ABCA on April 27, 2006 to form the Administrator. Deepwell Disposal was incorporated under the ABCA on May 12, 2004.

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, 407-2<sup>nd</sup> Street SW, Calgary, Alberta T2P 2Y3.

The Administrator is a wholly-owned subsidiary of the Trust and is not a reporting issuer in any jurisdiction. The Administrator is the administrator of the Trust and the Commercial Trust, as well as the general partner of Deepwell LP.

**Organizational Structure of the Trust**

The following diagram describes the inter-corporate relationships among the Trust and its subsidiaries, trusts and partnerships (each such subsidiary being wholly-owned and being created, formed or organized, as the case may be, and governed by the laws of the Province of Alberta).



## Reporting Obligations

The Trust has provided an undertaking to the securities regulatory authorities in the provinces and territories of Canada to the effect that for so long as the Trust is a reporting issuer, the Trust will take the appropriate measures to require each person who would be an insider of the operating entity of the Trust, namely, Deepwell Energy Services Ltd., (i) to file insider reports about trades in the Units (including securities which are exchangeable into Units); and (ii) comply with statutory prohibitions against insider trading.

## RECENT DEVELOPMENTS

### Distribution Reinvestment Plan

On April 25, 2007, the Trust announced the adoption of a distribution reinvestment plan (the “**DRIP**”). The DRIP, to the extent that Unitholders participate, will provide the Trust with additional cash for growth. The DRIP allows eligible Unitholders of the Trust to direct that their cash distributions be reinvested in additional trust units. The cash distributions will be reinvested at the discretion of Deepwell Energy Services Ltd. either by acquiring trust units issued from treasury at 95% of the Average Market Price (as defined in the DRIP) or by acquiring trust units at prevailing market rates.

### Unitholder Rights Plan

At the annual and special meeting of Unitholders held on June 20, 2007, Unitholders authorized and approved the adoption of a unitholder rights plan for the Trust (the “**Rights Plan**”).

The Rights Plan utilizes the mechanism of a “Permitted Bid” (as hereinafter described) to ensure that a person seeking control of the Trust gives Unitholders and the Corporation sufficient time to evaluate the bid, negotiate with the initial bidder and encourage competing bids to emerge. The purpose of the Rights Plan is to protect Unitholders by requiring all potential bidders to comply with the conditions specified in the Permitted Bid provisions or risk being subject to the dilutive features of the Rights Plan. Generally, to qualify as a Permitted Bid, a bid must be made to all Unitholders and must be open for 60 days after the bid is made. If more than 50% of the Units, including those underlying exchangeable limited partnership units (“**Exchangeable Units**”) of Deepwell LP, held by independent Unitholders are deposited or tendered to the bid and not withdrawn, the bidder may take up and pay for such Units and Exchangeable Units. The take-over bid must then be extended for a further period of ten business days on the same terms to allow those Unitholders who did not initially tender their Units or Exchangeable Units to tender to the take-over bid if they so choose. Thus, there is no coercion to tender during the initial 60-day period because the bid must be open for acceptance for at least ten business days after the expiry of the initial tender period. The Rights Plan is designed to make it impracticable for any person to acquire more than 20% of the outstanding Units (including those underlying Exchangeable Units) without the approval of the Trustees except pursuant to the Permitted Bid procedures or pursuant to certain other exemptions.

### Private Placement

Pursuant to a letter agreement dated effective May 31, 2007, Manvest Inc. has agreed to subscribe, prior to the completion of the Rights Offering, on a “**Private Placement**” basis, for 582,362 Units at a price per Unit of \$6.01 which is equal to the subscription price per Unit under this Offering, for an aggregate subscription amount of approximately \$3,500,000. A commitment fee of \$120,000 is payable to Manvest Inc. on closing of the Private Placement. Manvest Inc. will not participate in this Offering in its capacity as Unitholder but will act as Standby Purchaser (as defined herein). In connection with the Private Placement, Manvest Inc. will be granted the right to nominate one nominee as Trustee of the Trust and one nominee to the board of directors of the Administrator. See “*Description of the Offered Securities - Standby Commitment*”.

## **Federal Tax Changes**

### ***Tax Consequences Arising From SIFT Trust Legislation***

On June 22, 2007, Bill C-52, an Act to implement certain provisions of the March 19, 2007 federal budget (“**Bill C-52**”), received royal assent. Bill C-52 includes legislative provisions to implement proposals originally announced on October 31, 2006, which are now in force, relating to the taxation of certain publicly-traded trusts and their unitholders (the “**SIFT Trust Legislation**”) under the Tax Act. The SIFT Trust Legislation generally will apply 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. The SIFT Trust Legislation generally should not apply to a trust that was in existence and would have been a SIFT trust on October 31, 2006 until January 1, 2011 unless such trust exceeds “normal growth” determined by reference to guidelines issued on December 15, 2006 by the Minister of Finance (Canada). Recipients of Rights should consult their own tax advisors with respect to the Canadian income tax considerations applicable in their own circumstances. See “*Risk Factors – Income Tax Matters*” and “*Certain Canadian Federal Income Tax Considerations*”.

### **Grande Cache Fire**

On December 7, 2006 an explosion and subsequent fire occurred at the Grande Cache facility which resulted in fire damage to the facility’s vacuum truck unloading system. Time estimates to repair the damage ranged from 4 to 6 months. The Grande Cache facility was closed and re-opened for business on December 14, 2006 without vacuum truck unloading capability. Deepwell LP obtained regulatory approval to install and operate a temporary vacuum truck unloading system during repairs and the Grande Cache facility was restored to full operating capability on January 31, 2007. During the period from December 7, 2006 to January 31, 2007 revenues from the Grand Cache facility were less than expected. As a result of the need to replace the damaged assets, the net book value of assets at \$746,333 was written off net of an accrued provision for insurance proceeds of \$378,631. On March 7, 2007, Deepwell LP filed an interim proof of loss with its insurer. It is expected the repairs will be completed in the second quarter of 2007 after which Deepwell LP will file a final proof of loss for final payment. A third-party vacuum truck was also damaged by the fire. The full amount of the loss may not be covered by insurance. However, until the final proof of loss is filed, Deepwell LP can not determine the amounts covered by its property insurance policy but it is anticipated that the actual insurance proceeds will not be less than the accrued amount.

### **Claresholm Facility**

On June 22, 2007, the EUB granted final approval to construct and operate the oilfield waste management facility near Claresholm, Alberta (the “**Claresholm Facility**”). Deepwell anticipates construction will commence in July 2007, and take approximately six months to complete. On June 1, 2007, the EUB issued Class Ib Approval for Deepwell’s disposal well associated with the Claresholm Facility.

### **Other Developments**

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 which 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 March 7, 2007 Deepwell LP received EUB approval for an additional Class Ib Disposal well for the Rycroft facility. This well, upon completion, will give the Rycroft facility two Class Ib disposal wells and it is estimated that this should improve the facility’s injection capacity by approximately 40%. The necessary approvals to install the

pipeline from well to the Rycroft facility have been obtained and the installation of the pipeline, second injection pump and pipeline tie-in are expected to be completed in the second quarter of 2007.

Currently the Rycroft facility is approved as an Injection Facility for accepting produced water only. On March 14, 2007, Deepwell LP made application to the EUB to upgrade 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 new approval, if received, will allow the Rycroft facility to earn additional revenues from treating a variety of Class Ib liquid waste streams and custom treating.

On February 17, 2007 Deepwell LP 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 March 17, 2007, the Trust announced its belief that the retention of more cash to provide capital for growth is appropriate. A reduction in the cash distribution provides greater financial flexibility to exploit Deepwell's growth opportunities, while continuing to provide adequate shelter to minimize cash taxes within the Trust. Accordingly, the Trust announced a reduction in distributions from \$0.0958 per unit to \$0.06 per Unit. See "*Risk Factors – Uncertainty of Cash Distributions*".

### CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Trust as at: (i) March 31, 2007; (ii) March 31, 2007 as adjusted to give effect to the Rights Offering (assuming exercise of all of the Rights); and (iii) March 31, 2007 as adjusted after giving effect to the Rights Offering and the Private Placement. The table should be read in conjunction with the consolidated financial statements of the Trust for the period ended March 31, 2007 and management's discussion and analysis related thereto, incorporated by reference into this Prospectus.

Capital	Outstanding as at March 31, 2007	Outstanding as at March 31, 2007 after giving effect to the Offering <sup>(1)</sup>	Outstanding as of March 31, 2007 after giving effect to the Offering and the Private Placement <sup>(2)</sup>
Trust Units <sup>(1)(2)(3)(4)</sup>	\$40,440,860 (4,356,000 Units)	\$53,545,755 (6,536,515 Units)	\$57,045,751 (7,118,877 Units)
Debt <sup>(5)</sup>	\$14,215,774	\$14,215,774	\$14,215,774

**Notes:**

- (1) Before deducting the estimated expenses of the Rights Offering.
- (2) Before deducting the estimated expenses of the Rights Offering and the Private Placement. See "*Recent Developments – Private Placement*".
- (3) The Trust has instituted a distribution reinvestment plan (the "**DRIP**"). Additional Units may be issued monthly in payment of distributions in accordance with the terms of the DRIP. Since March 31, 2007, an additional 5,030 Units have been issued under the DRIP.
- (4) The Trust has 303,000 options to acquire Units outstanding, each option entitling the holder to acquire one additional Unit with expiry dates ranging from August 22, 2011 to December 31, 2011 at exercise prices ranging from \$6.68 to \$9.99.
- (5) As at March 31, 2007, the Trust had an extendible revolving term loan facility in the amount of \$15,500,000 with a Canadian chartered bank of which \$13,000,000 was outstanding. Effective May 30, 2007, the facility was renewed for a 364 day extendible revolving term. The revolving period extends to May 29, 2008, at which time the credit facility, unless renewed, reverts to a three year term with monthly principal repayments. The Trust has the ability to repay, borrow and repay again until the 364-day term expires. The Trust has a \$2,000,000 revolving operating credit facility of which \$472,500 was outstanding at March 31, 2007. Bank indebtedness at March 31, 2007 also includes \$776,726 in amounts which had not yet cleared the bank. The facilities bear interest in a range from the lender's prime rate plus 0.125% to 1.400%.
- (6) As at March 31, 2007, the Trust had an accumulated deficit of \$3,507,489.

### USE OF PROCEEDS

The net proceeds to the Trust from the Offering (assuming full exercise of the Rights) and the Private Placement are estimated to be \$15,521,814, after deducting the work fee of \$140,000, the maximum solicitation fee of \$327,077 payable to the Dealer Manager and the members of the Dealer Manager Group and the estimated expenses of

\$616,000 from the Offering and the Private Placement. Initially, the net proceeds from the Offering and the Private Placement will be used by the Trust to reduce the outstanding balance under the revolving credit facility. While the Trust reserves the right to reallocate funds to best take advantage of opportunities in executing its business strategy, it is currently expected the net proceeds will be allocated as follows:

Claresholm Facility Construction	\$9,000,000
Expansion of Existing Facilities	\$2,800,000
General Corporate Purposes and Future Expansion	\$3,721,814
Total:	\$15,521,814

See “Recent Developments”.

**The Trust intends to spend the funds available to it as stated herein. There may be circumstances, however, where for sound business reasons, a reallocation may be necessary.**

## DESCRIPTION OF THE OFFERED SECURITIES

### Description of the Rights

#### *Rights Generally*

Each Unitholder is entitled to one Right for each Unit held on the Record Date. Rights are evidenced by Rights Certificates included with this mailing. Each Unitholder who is a resident of a Qualified Jurisdiction (as defined herein), will receive a Rights Certificate evidencing the total number of Rights to which the holder is entitled. Rights Certificates may not be held directly by, and subscriptions for securities will not be accepted from, Unitholders whose address of record is in a jurisdiction wherein this Offering is unlawful. Every two (2) Rights together with the payment of the Subscription Price of \$6.01 entitles the holder thereof to purchase one Unit. The Subscription Price represents a 10% discount to the volume weight average price of the Units for the twenty (20) trading days prior to the public announcement of this Offering.

#### *Basic Subscription Right*

Every two (2) Rights plus \$6.01 entitles the holder thereof to purchase one Unit (the “**Basic Subscription Right**”). The Rights may be exercised at any time prior to the Expiry Time on the Expiry Date. The Subscription Price payable on the exercise of the Rights is payable in Canadian funds by certified cheque, bank draft or money order payable to or to the order of the Subscription Agent or such other form of payment as is acceptable to the Trust and the Subscription Agent.

Fractional Units will not be issued upon the exercise of Rights. Each holder holding a number of Rights not evenly divisible by two (2) will be entitled to round up its subscription to the next whole number of Units (the “**Step Up Privilege**”). See “*Description of the Offered Securities - Step Up Privilege*”.

#### *Commencement Date and Expiry Date and Time*

The Rights will be eligible for exercise commencing on July 5, 2007 (the “**Commencement Date**”). The Rights will expire at the Expiry Time on the Expiry Date. **Rights not exercised prior to the Expiry Time on the Expiry Date will be void and of no value.**

#### *Additional Subscription Privilege*

Any holder of a Rights Certificate who subscribes for all of the Units which such certificate (and any other Rights Certificate held by such holder) entitles it to subscribe for, has the privilege (the “**Additional Subscription Privilege**”) of subscribing for additional Units at the Subscription Price on a pro rata basis with all other holders of Rights Certificates who exercised their Rights to subscribe for all Units that could be subscribed for under their

Rights Certificates. The number of Units available for such purpose (the “**Additional Units**”), will be those Units that have not been subscribed and paid for pursuant to the Basic Subscription Right.

Unitholders desiring to subscribe for Additional Units pursuant to the Additional Subscription Privilege must indicate such desire and pay for any Additional Units so subscribed for at the time they exercise their Rights to purchase Units pursuant to the Basic Subscription Right in the manner hereinafter provided for.

If a sufficient number of Additional Units are not available to satisfy all requests made pursuant to the Additional Subscription Privilege, each of the holders desiring to exercise their Additional Subscription Privilege will receive, on a pro rata basis with all other holders desiring to exercise the Additional Subscription Privilege, that number of Additional Units calculated in accordance with the formula described above. If all Rights offered are exercised, no Additional Units will be available for the purposes of the Additional Subscription Privilege.

### ***Gross Proceeds***

This Rights Offering is not subject to receipt of any minimum gross proceeds. Assuming that all the Rights are exercised, the gross proceeds to the Trust, less the Solicitation Fee, will be approximately \$12,777,818.

### ***Eligible Unitholders***

This Offering is made to all Unitholders whose last address as shown on the Unitholders’ register of the Trust is in a province or territory of Canada and in any jurisdiction in which the offering can lawfully be made (a “**Qualified Jurisdiction**”).

### ***Step Up Privilege***

Fractional Units will not be issued upon the exercise of Rights. Each Unitholder holding a number of Rights not evenly divisible by two (2) will be entitled to round up its subscription to the next whole number of Units. The Step Up Privilege will be void and of no effect if the holder of Rights divides or combines any of the Rights issued to it or if any of the Rights issued to it are sold, transferred or assigned.

### ***Dilution to Existing Unitholders***

If a Unitholder wishes to retain its current percentage ownership in the Trust and assuming that all Rights are exercised, it should purchase all of the Units for which it may subscribe pursuant to the Rights delivered under the Offering. If that Unitholder does not purchase all of the Units for which it may subscribe and other holders of Rights exercise any of their Rights, that Unitholder’s current percentage ownership in the Trust will be diluted by the issue of Units under this Offering.

### ***Intention of Insiders to Exercise Rights***

It is anticipated that eligible trustees of the Trust and directors and officers of Deepwell Energy Services Ltd. (the “**Administrator**”) will exercise Rights for an aggregate subscription amount of approximately \$1,316,190.

### ***Standby Commitment***

The Trust has entered into a standby agreement (the “**Standby Agreement**”) with Manvest Inc. (the “**Standby Purchaser**”). Pursuant to the terms of the Standby Agreement, the Standby Purchaser has agreed to subscribe for Units offered hereunder and not otherwise subscribed for prior to the Expiry Time at the Subscription Price per Unit up to an aggregate amount of \$2.5 million. Under the Standby Agreement, the Standby Purchaser has the rights customary in transactions of this nature, to terminate its obligations under the Standby Agreement upon the occurrence of certain stated events. In addition, the Standby Purchaser has agreed to subscribe, prior to the completion of the Rights Offering, on a “**Private Placement**” basis, for 582,362 in Units at a price per Unit of \$6.01 which is equal to the subscription price per Unit under this Offering, for an aggregate subscription amount of approximately \$3.5 million. A commitment fee of \$120,000 is payable to Manvest Inc. on closing of the Private

Placement. In connection with the Private Placement, Manvest Inc. will be granted the right to nominate one nominee as Trustee of the Trust and one nominee to the board of directors of the Administrator. See “*Recent Developments – Private Placement*”.

### **Registration and Delivery of Unit Certificates**

Certificates for the Units subscribed for in accordance with this Offering will be mailed to the address of the subscriber as stated on the Rights Certificate, unless otherwise directed, as soon as practicable following the Expiry Date. Certificates for Units will not be mailed to addresses outside of the Qualified Jurisdictions, except as described under “Ineligible Unitholders”.

### **Subscription and Transfer Agent**

CIBC Mellon Trust Company has been appointed the Subscription Agent by the Trust to perform various services relating to the exercise of Rights, including receiving subscriptions for Units and payment of the Subscription Price from Rights Certificate holders and issuing certificates for the Units subscribed for. The Trust will pay the fees and expenses of the Subscription Agent.

The Subscription Agent will accept subscriptions for Units and payment of the Subscription Price from holders of Rights only at the offices of the Subscription Agent set out below:

By Mail:

CIBC Mellon Trust Company  
P.O. Box 1036  
Adelaide Street Postal Station  
Toronto, Ontario, M5C 2K4  
Attention: Corporate Restructures

By Hand or by Courier:

CIBC Mellon Trust Company  
199 Bay St Commerce Court W.  
Securities Level  
Toronto, Ontario, M5L 1G9  
Attention: Corporate Restructures

### **How to Use the Rights Certificate**

By completing the appropriate form on the Rights Certificate in accordance with the instructions in this Prospectus and on the back of the Rights Certificate, a holder of Rights may:

- (a) Purchase Units pursuant to the exercise of the Basic Subscription Right (Form 1). See “*Description of the Offered Securities - How to Subscribe for Units*”.
- (b) Purchase Additional Units pursuant to the Additional Subscription Privilege (Form 2). See “*Description of the Offered Securities - Additional Subscription Privilege*”.
- (c) Sell or transfer Rights (Form 3). See “*Description of the Offered Securities - Sale and Transfer of Rights*”.
- (d) Divide or combine Rights Certificates (Form 4). See “*Description of the Offered Securities - Dividing or Combining Rights Certificates*”.

## How to Subscribe for Units

**Basic Subscription Right.** Complete and sign Form 1 of the Rights Certificate in accordance with the instructions thereon. To determine the number of Units which may be subscribed for pursuant to the Basic Subscription Right, divide the number of Rights set forth on the face of the Rights Certificate by two (2). Subscriptions may be for whole Units only. Fractional Units will not be issued. See “*Description of the Offered Securities – Step Up Privilege.*”

**Additional Subscription Privilege.** Complete and sign Form 2 of the Rights Certificate in accordance with the instructions thereon **only if you wish to participate in the Additional Subscription Privilege. In order to participate in the Additional Subscription Privilege, a holder of Rights must exercise all of its Rights in full.** See “*Description of the Offered Securities - Additional Subscription Privilege*”.

**Payment of the Subscription Price.** Enclose payment of the Subscription Price of \$6.01 for each Unit subscribed for under the Basic Subscription Right and, if applicable, the Additional Subscription Privilege, by certified cheque, bank draft or money order in Canadian funds payable to the order of “CIBC Mellon Trust Company”. See “*Description of the Offered Securities - Payment*”.

**Mail or deliver the completed Rights Certificate together with the full payment of the Subscription Price in sufficient time to reach the Subscription Agent at one of the Subscription Offices before 4:30 p.m. (Calgary time) on the Expiry Date.** If mail is used for delivery of the subscription, sufficient time must be allowed to avoid late delivery. The use of registered mail is suggested. Rights Certificates and payments received after 4:30 p.m. (Calgary time) on the Expiry Date cannot be accepted. See “*Description of the Offered Securities - Subscription and Transfer Agent*” and “*Expiry Date and Time*”.

A holder of Rights who exercises their Rights in accordance with the foregoing will receive, as soon as practicable after the Expiry Date, a unit certificate representing the Units so subscribed for, unless they are a participant in the Canadian Depository for Securities Limited book-based system. See “*Description of the Offered Securities - Registration and Delivery of Unit Certificates*”.

If a holder of Rights is unsure how to subscribe, they should contact the Subscription Agent or the Trust.

### Additional Subscription Privilege

Any holder of a Rights Certificate who exercises the Basic Subscription Right to subscribe for all of the Units that can be subscribed for with the Rights evidenced by that Rights Certificate (and all other Rights Certificates held by such holder) is entitled to subscribe for Additional Units at the Subscription Price. The Additional Units will be those, if any, that have not been subscribed and paid for under the Basic Subscription Right.

To exercise the Additional Subscription Privilege, any holder of a Rights Certificate who completes Form 1 for the maximum number of Units that can be subscribed for with the number of Rights evidenced by that Rights Certificate must also complete Form 2 and specify the number of Additional Units desired to be subscribed for. **The completion of Form 2 constitutes a binding commitment to subscribe for the number of Additional Units specified. The aggregate Subscription Price for Additional Units must accompany the Rights Certificate when it is delivered to the Subscription Agent, and is payable in Canadian funds by certified cheque, bank draft or money order payable to the order of “CIBC Mellon Trust Company”.**

Funds for the Additional Units will be placed in a segregated non-interest bearing account pending allocation of the Additional Units in the manner contemplated herein, and any funds in excess of the Subscription Price of the Additional Units so allocated will be returned by mail without interest or deduction. If there are sufficient Additional Units to satisfy all subscriptions by participants in the Additional Subscription Privilege, each such participant will be allotted the number of Additional Units for which he or she has subscribed.

If the aggregate number of Additional Units subscribed for by all holders who exercise the Additional Subscription Privilege exceeds the number of Additional Units available, each holder of Rights who exercises the Additional Subscription Privilege will be entitled to receive the number of Additional Units that is the lesser of:

- (a) the number of Additional Units subscribed for by the holder under the Additional Subscription Privilege; and
- (b) the product (disregarding fractions) of the aggregate number of Additional Units available through unexercised Rights, multiplied by a fraction, of which the numerator is the number of Rights exercised by the holder under the Basic Subscription Right, and of which the denominator is the aggregate number of Rights exercised under the Basic Subscription Right by all holders of Rights who exercise the Additional Subscription Privilege.

If any holder has subscribed for fewer Additional Units than the number resulting from the application of the formula in (b) above, the excess Additional Units will be allocated in the manner described above among the holders who were allocated fewer Additional Units than they subscribed for.

As soon as practicable after the Expiry Date, the Subscription Agent will send to each subscriber who has exercised the Additional Subscription Privilege a certificate evidencing the number of Additional Units allocated to such subscriber and will return to the subscriber any excess funds paid, without interest or deduction.

### **Sale and Transfer of Rights**

The TSX has granted conditional approval for the Rights and the Units issuable on exercise of the Rights to be listed on the TSX. It is anticipated that they will be posted for trading (and the Units will trade on an ex-Rights basis) from the second trading day preceding the Record Date until 10:00 a.m. (Calgary Time) on the Expiry Date. Holders who do not wish to exercise their Rights may sell or transfer their Rights in Canada through the usual investment channels, such as investment dealers and brokers, at the holder's expense. Holders of Rights Certificates may elect to exercise only a part of their Rights and sell or transfer the remainder.

To transfer the Rights, complete Form 3 on the Rights Certificate and have the signature guaranteed by a Canadian Schedule 1 chartered bank, a major trust company in Canada, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP) or otherwise guaranteed to the satisfaction of the Subscription Agent. It is not necessary for a transferee to obtain a new Rights Certificate to exercise the Basic Subscription Right or the Additional Subscription Privilege, but the signature of the transferee on any one or more of the Forms must correspond in every particular with the name of the transferee shown on Form 3. If Form 3 is properly completed, then the Trust and the Subscription Agent will treat the transferee (or the bearer if no transferee is specified) as the absolute owner of the Rights Certificate for all purposes and will not be affected by any notice to the contrary.

Restrictions will apply to the ability of residents outside of the Qualified Jurisdictions (including residents of the United States) to receive and therefore to sell or transfer their Rights. See "*Description of the Offered Securities - Ineligible Holders*".

### **Dividing or Combining Rights Certificates**

Rights Certificates may be divided or combined by completing Form 4 and delivering such Rights Certificates to the Subscription Agent at the Subscription Office listed under "Subscription and Transfer Agent". This should be done in time for the new Rights Certificate(s) to be issued and used before the Expiry Time on the Expiry Date. Rights Certificates need not be endorsed if the new Rights Certificate(s) is issued in the same name.

## **Validity and Rejection of Subscriptions**

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any subscription will be determined by the Trust in its sole discretion, whose determination shall be final and binding. All subscriptions are irrevocable. The Trust reserves the absolute right to reject any subscription if such subscription is not in proper form or if the acceptance thereof or the issuance of Units pursuant thereto could be deemed unlawful. The Trust also reserves the right to waive any defect with regard to any particular subscription. Neither the Trust nor the Subscription Agent will be under any duty to give any notification of any defect or irregularity in such subscriptions nor shall either of them incur any liability for failure to give such notification.

## **Expiry Date and Time**

The Rights expire at the Expiry Time on the Expiry Date. To subscribe for Units, a duly completed Rights Certificate and payment in full of the Subscription Price must be received at one of the offices of the Subscription Agent listed under "Subscription and Transfer Agent" by the Expiry Time on the Expiry Date.

**Rights not exercised by 4:30 p.m. (Calgary time) on July 31, 2007 will be void and of no value.**

## **Payment**

The Subscription Price is payable in Canadian funds by certified cheque, bank draft or money order payable to the order of "CIBC Mellon Trust Company". The entire Subscription Price for all Units subscribed for, including Additional Units subscribed for under the Additional Subscription Privilege, must be paid at the time of subscription.

## **Signatures**

When any form on the Rights Certificate is signed by the original holder, the signature must correspond in every particular with the name of the original holder as it appears on the face of the Rights Certificate. If a form is signed by a trustee, executor, administrator, curator, guardian, attorney, officer of a corporation or any other person acting in a fiduciary or representative capacity, the Rights Certificate should be accompanied by evidence of authority satisfactory to the Subscription Agent and the signature guaranteed by a Canadian Schedule 1 chartered bank, a major trust company in Canada, a member of the Securities Transfer Dealer Manager Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP) or otherwise guaranteed to the satisfaction of the Subscription Agent.

## **Ineligible Holders**

This Prospectus constitutes an offering of securities of the Trust only in the Qualified Jurisdictions. This Offering is not being made in the United States. Consequently, the Rights and the Units issuable on exercise of the Rights have not been and will not be registered under the United States *Securities Act of 1933*, as amended. Accordingly, the Units are not being offered to persons in or whose addresses of record are in the United States or any other jurisdiction outside of the Qualified Jurisdictions. Subject to the exception described below, neither the Trust nor the Subscription Agent will accept subscriptions from any Unitholder or from any transferee of Rights who is or appears to be, or who the Subscription Agent has reason to believe is, in or a resident of the United States or of any jurisdiction outside of the Qualified Jurisdictions ("**Ineligible Unitholders**").

Notwithstanding the foregoing, Ineligible Unitholders who establish to the satisfaction of the Trust that the receipt by them of the Rights and the issuance to them of Units upon the exercise of the Rights will not be in violation of the laws of their jurisdiction of residence or other applicable jurisdiction will be allowed to exercise the Rights.

Rights Certificates will not be issued and forwarded by the Trust to Ineligible Unitholders. Unitholders will be presumed to be resident in the place of their registered address, unless the contrary is shown to the satisfaction of the Trust. The Subscription Agent will notify Ineligible Unitholders that the Right Certificates to which they are entitled will be issued to and held by the Subscription Agent as agent for the benefit of Ineligible Unitholders. The

Subscription Agent will hold the Rights until July 23, 2007 (eight days before the Expiry Date) in order to give Ineligible Unitholders, at their expense, an opportunity to prove to the satisfaction of the Trust that they are residents of a Qualified Jurisdiction or that the receipt by them of the Rights and the issuance of Units pursuant to the exercise of Rights will not be in violation of the laws of the applicable jurisdiction, without imposing any requirement on the Trust to comply with legal requirements of the applicable jurisdiction other than those being complied with for the offering of Rights in the Qualified Jurisdictions, or if management of the Trust, in its own discretion, agrees to meet the legal requirements of the applicable jurisdiction. Following such date, the Subscription Agent, for the account of Ineligible Unitholders, will, prior to the Expiry Date, attempt to sell the Rights allocable to such Ineligible Unitholders and evidenced by Rights Certificates in the possession of the Subscription Agent on such date or dates and at such price or prices as the Subscription Agent shall determine in its sole discretion. Neither the Trust nor the Subscription Agent will be subject to any liability for the failure to sell any Rights of Ineligible Unitholders or as a result of the sale of any Rights at a particular price or on a particular day.

No charge will be made for the sale of such Rights by the Subscription Agent except for a proportionate share of any brokerage commissions incurred by the Subscription Agent and the costs of or incurred by the Subscription Agent in connection with the sale of the Rights. Ineligible Unitholders will not be entitled to instruct the Subscription Agent in respect of the price or the time at which the Rights are to be sold. The Subscription Agent will endeavour to effect sales of Rights on the open market and any proceeds received by the Subscription Agent with respect to the sale of Rights net of brokerage fees and costs incurred and, if applicable, of the Canadian tax required to be withheld, will be divided on a pro rata basis among such Ineligible Unitholders and delivered by mailing cheques (in Canadian funds) of the Subscription Agent therefor as soon as practicable to such Ineligible Unitholders at their addresses recorded on the books of the Trust. Amounts of less than \$10.00 will not be remitted. Such amount will be forwarded to the Trust to be used by the Trust to set-off a portion of the remuneration of the Subscription Agent for its services hereunder. The Subscription Agent will act in its capacity as agent of the Rights holders on a best efforts basis only and the Trust and the Subscription Agent do not accept responsibility for the price obtained on the sale or the inability to sell the Rights on behalf of any Ineligible Unitholder. **There is a risk that the proceeds received from the sale of Rights will not exceed the costs of or incurred by the Subscription Agent in connection with the sale of such Rights and, if applicable, the Canadian tax required to be withheld. In such event, no proceeds will be forwarded to such Rights holder.**

**Holders of Rights who are Ineligible Unitholders should be aware that the acquisition and disposition of Rights and Units may have tax consequences in the jurisdiction where they reside and in Canada which are not described herein. Such Ineligible Unitholders are advised to consult their own tax advisors with respect to the implications of the acquisition and disposition of Rights and Units.**

#### **Delivery of Rights by Intermediaries**

Rights delivered to brokers, dealers or other intermediaries may not be delivered by such intermediaries to beneficial owners of Units unless they are resident in the Qualified Jurisdictions. Intermediaries receiving Rights which would otherwise be deliverable to non-residents of the Qualified Jurisdictions should attempt to sell such Rights for the accounts of such residents of Ineligible Jurisdictions and should deliver any proceeds of sale to such residents, or return such Rights to the Subscription Agent for sale.

#### **Description of the Units**

An unlimited number of Units may be issued pursuant to the Declaration of Trust. Each Unit is voting, 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.

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. As the Units are issued in book-entry form, a Unitholder who wishes to exercise the redemption right is required to obtain a redemption notice form from the Unitholder's investment dealer. 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).

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.

### **Price Range and Trading Volume of the Units**

The outstanding Units are listed for trading on the TSX under the symbol “DWL.UN”. The following table sets forth the high and low trading prices and the aggregate trading volume of the Units as reported by the TSX for the periods indicated since August 2006 when the Trust commenced trading.

<b>Period</b>	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Volume</b>
<b>2006</b>			
August	11.50	10.50	592,820
September	11.40	9.90	827,636
October	10.48	9.75	398,600
November	9.90	8.10	151,241
December	8.32	6.35	581,260
<b>2007</b>			
January	7.30	6.50	92,529
February	7.00	5.85	423,494
March	6.00	4.90	692,707
April	6.75	5.30	478,532
May	6.75	5.85	186,729
June 1-25	6.75	6.30	209,669

### **Distribution Record and Policy**

The Trust currently makes monthly distributions to Unitholders of record on the last business day of each month, and the distributions are paid within 15 days following each month end. Unitholders also have the option of participating in the DRIP, pursuant to which their monthly distributions are reinvested in Units at either market rates, if purchases are made on the TSX, or 95% of a defined market price if Units are issued from treasury.

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

<b>Period</b>	<b>Record date</b>	<b>Payment date</b>	<b>Cash per unit</b>	<b>Totals</b>
April 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	October 13, 2006	0.0958	417,305
October 1 - 31, 2006	Oct 31, 2006	November 15, 2006	0.0958	417,305
November 1 - 30, 2006	Nov 30, 2006	December 15, 2006	0.0958	417,305
December 1 - 31, 2006	Dec 29, 2006	January 15, 2007	0.0958	417,305
January 1 – 31, 2007	Jan 31, 2007	February 15, 2007	0.0958	417,305
February 1 – 28, 2007	Feb 28, 2007	March 15, 2007	0.0958	417,305
March 1 – 31, 2007	Mar 31, 2007	April 15, 2007	0.06 <sup>(1)</sup>	261,360
April 1-30, 2007	April 30, 2007	May 15, 2007	0.06	261,360
May 1- 31, 2007	May 31, 2007	June 15, 2007	0.06	261,360
<b>Total distributions declared during the period</b>				<b>\$4,985,083</b>

**Notes:**

- (1) On March 17, 2007, the Trust announced a reduction in distributions from \$0.0958 per Unit to \$0.06 per Unit.

It is expected that cash distributions will continue to be made on approximately the 15th day of each month to Trust Unitholders of record on the immediately preceding distribution record date, however distributions are paid at the discretion of the Trustees, and no assurance can be given as to the amount or frequency of future distributions. See “*Risk Factors – Uncertainty of Cash Distributions*”.

### PLAN OF DISTRIBUTION

Pursuant to the terms of a rights offering solicitation agreement (the “**Dealer Manager Agreement**”) dated as of June 5, 2007 between the Trust and Raymond James Ltd., Raymond James Ltd., has agreed to act as Dealer Manager for the purpose of soliciting the exercise of Rights in the Qualified Jurisdictions. The Trust has paid to the Dealer Manager a work fee of \$140,000. The Dealer Manager will also be reimbursed for its reasonable costs and expenses incurred in connection with the services provided by it under the Dealer Manager Agreement.

The Dealer Manager has the right to form a Dealer Manager group consisting of other registered securities dealers. The Trust will pay to the members of the Dealer Manager group (including the Dealer Manager) a solicitation fee of \$0.15 for each Unit issued pursuant to the exercise of Rights for which a subscription is procured by them. No solicitation fee will be payable in respect of the exercise of Rights by or in respect of Units subscribed for under the Offering by trustees of the Trust or directors or officers of the Administrator or companies owned or controlled by them.

The decision to distribute the Rights offered hereby and the determination of the terms of the Offering were made by the Trust. The Dealer Manager did not have any involvement in such decision or determination. The proceeds of the Offering will not be applied to the benefit of the Dealer Manager. However, the Dealer Manager will receive its fees and commission for its services.

### CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Felesky Flynn LLP, Canadian tax counsel (“**Tax Counsel**”) to the Trust and Burnet, Duckworth & Palmer LLP, counsel to the Dealer Manager, the following summary fairly describes the principal Canadian federal income tax consequences of the receipt of Rights under this Offering. This summary is only applicable to

Unitholders who, for purposes of the Tax Act, are resident in Canada, will hold the Rights and any Units issued pursuant to the exercise of the Rights, as capital property, and deal at arm's length with the Trust.

This summary does not apply to a recipient of a Right that is a "financial institution" for purposes of the "mark-to-market rules" in the Tax Act or a "specified financial institution" as defined in the Tax Act or a recipient of a Right an interest in which would be a "tax shelter investment" for purposes of the Tax Act. In addition, this summary does not address the deductibility of interest by a Unitholder who has borrowed money to acquire Units.

This summary and the opinions expressed under "Eligibility for Investment" are based upon the facts set out in the Prospectus, representations from the Trust as to certain factual matters and proposed activities, the provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**"), and Tax Counsel's understanding of the current published administrative and assessing practices of the Canada Revenue Agency ("**CRA**"). This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account or anticipate any changes in law or administrative or assessing practices, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ significantly from the Canadian federal income tax considerations discussed herein. No assurance can be given that the Proposed Amendments will be enacted as currently proposed or at all.

This summary and the opinions expressed under "Eligibility for Investment" are based on the assumption that the Trust qualifies and will continue to qualify at all relevant times as a "mutual fund trust" for purposes of the Tax Act. To qualify as a "mutual fund trust", the Trust must continuously satisfy certain requirements as to the nature of its undertakings (primarily that it must restrict its activities to the investment of funds), the dispersal of ownership of its Units and the requirement that it must not be established or maintained primarily for the benefit of non-residents. Based upon representations made by the Trust, it is intended that the requirements necessary for the Trust to qualify as a "mutual fund trust" will continue to be satisfied so that the Trust will continue to qualify as a "mutual fund trust" at all times throughout its existence. In the event that the Trust were to cease to qualify as a "mutual fund trust" for purposes of the Tax Act, the Rights and Units could cease to be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans, resulting in certain adverse tax consequences for such plans including, in the case of a registered education savings plan, the possibility that the plan's registration may be revoked.

This summary is of a general nature only and does not take into account or consider the tax laws of any province or territory or any jurisdiction outside Canada. This summary is not intended to be, nor should it be construed to be, legal, business or tax advice to any particular Unitholder and no representations concerning the tax consequences to any particular Unitholder are made. Unitholders should consult their own tax advisors regarding the tax considerations applicable to them in their particular circumstances.

## **The Rights**

### ***Receipt of Rights***

The provisions of the Tax Act suggest that there are two possible treatments to the receipt of a Right by a Unitholder. First, the value, if any, of a Right issued hereunder may be required to be included in income by the Unitholder as a taxable benefit from the Trust. Alternatively, the issuance of a Right may be considered a distribution of Trust capital such that the fair market value thereof, if any, will be deducted from the adjusted cost base of the Unitholder's existing Units. Under either of those two scenarios, the Rights would have a cost to the Unitholder equal to their fair market value at the time of issuance. However, the CRA's current administrative position is that where a trust grants an option to acquire units of the trust that are to be issued by the trust, there are no tax consequences to the trust or the recipient of the option. Applying this administrative position, the issuance of the Rights should have no immediate tax consequences to a Unitholder and, in particular, should not result in an income inclusion or a reduction in the adjusted cost base of the Unitholder's existing Units. Consequently, the Unitholder would be deemed to acquire the Rights at a cost of nil. Unitholders should note that the CRA is not bound by its administrative positions and may change such positions at any time.

A Right acquired by a Unitholder otherwise than pursuant to this Offering will be regarded as identical to every other Right held as capital property by the Unitholder at that time. For the purpose of determining the adjusted cost base of each Right held by a Unitholder, the cost of Rights so acquired must be averaged with the adjusted cost base to the Unitholder of all other Rights held as capital property immediately prior to such acquisition.

### ***Exercise of Rights***

The exercise of Rights will be deemed to not constitute a disposition of property for purposes of the Tax Act and, consequently, no gain or loss will be realized upon the exercise of Rights. A Unit acquired by a Unitholder upon the exercise of Rights will have a cost to the Unitholder equal to the aggregate of the subscription price paid for such Unit and the adjusted cost base, if any, to the Unitholder of the Rights so exercised. The cost of a Unit acquired by a Unitholder upon the exercise of Rights generally will be averaged with the adjusted cost base to the Unitholder of all other Units held at that time as capital property to determine the adjusted cost base of each such Unit to the Unitholder.

### ***Disposition of Rights***

Upon the disposition of a Right by a Unitholder, other than pursuant to the exercise thereof, the Unitholder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, net of reasonable costs of the disposition, exceed (or are less than) the adjusted cost base of the Right to the Unitholder. Under the Tax Act, one-half of any such capital gain generally will be included in the Unitholder's income as a taxable capital gain. Subject to certain specific provisions in the Tax Act, one-half of any capital loss realized by such Unitholder generally is deducted from any taxable capital gains realized by the Unitholder in the year of disposition, and any excess may be deducted against taxable capital gains in any of the three preceding taxation years or in any subsequent taxation year.

A Unitholder that, throughout the relevant taxation year, is a "Canadian-controlled private corporation" (as defined in the Tax Act), may be liable to pay an additional refundable tax of 6 2/3 percent on certain investment income, including taxable capital gains. Capital gains realized by a Unitholder who is an individual may give rise to a liability for minimum tax.

### ***Expiry of Rights***

Upon the expiry of an unexercised Right, a Unitholder will realize a capital loss equal to the adjusted cost base, if any, of the Right to the Unitholder.

## **ELIGIBILITY FOR INVESTMENT**

In the opinion of Tax Counsel to the Trust, and Burnet, Duckworth & Palmer LLP, counsel to the Dealer Manager, provided the Trust continues to qualify as a "mutual fund trust" for the purposes of the Tax Act, the Rights, and the Units issuable on the exercise of the Rights, will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans (collectively, "**Plan Trusts**") provided, in the case of the Rights, that either the Rights are listed on a prescribed stock exchange (which includes the TSX) or the Trust deals at arm's length with each person who is an annuitant, a beneficiary, an employer or a subscriber under the governing plan of the Plan Trust.

## **RISK FACTORS**

A number of Risk Factors could have a material adverse effect on the financial results and cashflow of Deepwell LP, the overall financial condition of the Trust and its subsidiaries, and ultimately the amount of cash available for distribution to Unitholders.

For a description of the following Risk Factors pertaining to Deepwell LP, see the AIF – "*Risk Factors - Risks pertaining to Deepwell LP*".

- Cyclicity of the Oil and Gas Industry; Oil and Natural Gas Prices; Seasonal Weather; Dependence on Key Personal; Competition for Human Resources; Reliance on Major Customers; Competition; Acquisition and Development Risks; Operating Risks and Insurance; Environmental Risks; Kyoto Protocol; Alternatives to and Changing Demand for Oil and Gas Products; Legal Proceedings; Credit Risks.

For a description of the following Risk Factors pertaining to the Trust, see the AIF – “*Risks Factors – Risks pertaining to the Trust*”.

- Financing; Capital Expenditures; Leverage and Restrictive Covenants; Uninsured or Underinsured Losses; Conflicts of Interest; Dependence on Deepwell LP; Unpredictability and Volatility of Units Price; Nature of Units; Issuance of Additional Units; Income Tax Matters; Unitholder Limited Liability; Distribution of Units on Redemption or Termination of the Trust.

### **Income Tax Matters**

On June 22, 2007, Bill C-52, an Act to implement certain provisions of the March 19, 2007 federal budget, received royal assent. Bill C-52 includes legislative provisions, the SIFT Trust Legislation, to implement proposals originally announced on October 31, 2006, which are now in force, relating to the taxation of certain publicly-traded trusts and their unitholders under the Tax Act. The SIFT Trust Legislation generally will apply 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 would have been a SIFT trust on October 31, 2006 if the SIFT Trust Legislation had been in force at that time, 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.

Additional details of the Guidelines (applicable to SIFT trusts and specified investment flow-through trust partnerships (a “**SIFT**”)) include the following:

- (a) new equity for these purposes includes units and debt that is convertible into units (and may include other substitutes for equity if attempts are made to develop those);
- (b) replacing debt that was outstanding as of October 31, 2006 with new equity, whether by a conversion into trust units of convertible debentures or otherwise, will not be considered growth for these purposes and will therefore not affect the safe harbour;
- (c) the exchange, for trust units, of exchangeable partnership units or exchangeable shares that were outstanding on October 31, 2006 will not be considered growth for those purposes and will therefore not affect the safe harbour where the issuance of the trust units is made in satisfaction of the exercise of the exchange right by a person other than the SIFT; and
- (d) the merger of two or more SIFTs, each of which was publicly-traded on October 31, 2006, or a reorganization of such a SIFT, will not be considered growth to the extent that there is no net addition to equity as a result of the merger or reorganization.

The Guidelines, in their current form, do not clearly indicate if the Trust’s safe harbour for debt replacement includes debt of the Trust’s direct and indirect subsidiaries. While these Guidelines are such that it is unlikely they would affect the Trust’s ability to raise the capital required to maintain and grow its existing operations in the

ordinary course during the transition period, they could adversely affect the cost of raising capital and the Trust's ability to undertake more significant acquisitions.

The Trust would have been a SIFT trust on October 31, 2006 if the SIFT Trust Legislation had been in force at that time. 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.

In light of the foregoing, management believes that the SIFT Trust Legislation may reduce the value of the Units, which would be expected to increase the cost to the Trust of raising capital in the public capital markets. In addition, management believes that the SIFT Trust Legislation is expected to: (a) substantially eliminate the competitive advantage that the Trust and other Canadian energy trusts enjoy relative to their corporate peers in raising capital in a tax-efficient manner, and (b) place the Trust and other Canadian energy trusts at a competitive disadvantage relative to industry competitors, including master limited partnerships in the United States, which will continue to not be subject to entity level taxation. The SIFT Trust Legislation is also expected to make the Units less attractive as an acquisition currency. As a result, it may become more difficult for the Trust to compete effectively for acquisition opportunities. 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 Trust Legislation.

### **Uncertainty of Cash Distributions**

Although the Trust intends to distribute the cash it receives, less expenses and amounts, if any, paid by the Trust in connection with the redemption of Units, there can be no assurance regarding the amounts of income to be generated by Deepwell LP and ultimately paid to the Trust. The actual amounts of distributions paid by the Trust to the Unitholder 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. Cash distributions are not guaranteed and will fluctuate with Deepwell LP's performance. There can be no assurance as to the levels of cash distributions to be paid by the Trust, if any. Past results are not necessarily indicative of future performance. The market value of the Units may deteriorate if the Trust is unable to meet its cash distribution targets in the future, and such deterioration may be material.

## **INTEREST OF EXPERTS**

### **Names 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 incorporated by reference herein other than Grant Thornton LLP, the auditors of the Trust, Felesky Flynn LLP, Tax Counsel to the Trust and Burnett Duckworth & Palmer LLP, counsel to the Dealer Manager.

### **Interest of Experts**

The Corporation's auditors are Grant Thornton LLP, Chartered Accountants, who have prepared an independent auditor's report in respect to the Trust's consolidated financial statements with accompanying notes as at December 31, 2006 and for the period from April 27, 2006 to December 31, 2006. Grant Thornton LLP has advised that they are independent with respect to the Trust within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of the Province of Alberta.

Felesky Flynn and the associates and partners thereof, as a group beneficially own, directly or indirectly, less than 1% of the securities of the Trust and its associate and affiliates.

Burnett Duckworth & Palmer LLP and the associates and partners thereof, as a group beneficially own, directly or indirectly, less than 1% of the securities of the Trust and its associate and affiliates.

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 the Trust or its affiliates.

### **PROMOTERS OF THE TRUST**

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.

### **AUDITORS, TRANSFER AGENT AND REGISTRAR**

On March 1, 2007, Trustees of the Trust, the audit committee and the board of directors of the General Partner 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.

### **STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

Despite the Administrator's statutory liability as a promoter for a misrepresentation in the Prospectus, there will be little or no practical benefit to investors who choose to exercise those rights against the Administrator as the Administrator would have a limited ability to satisfy the claim.

## AUDITORS' CONSENT

Date: June 26, 2007

We have read the short form prospectus of Deepwell Energy Services Trust (the "**Trust**") dated June 26, 2007 qualifying the distribution of 4,361,030 Rights and 2,180,515 Units issuable on the exercise of the Rights. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report dated March 30, 2007 to the Unitholders of the Trust on the consolidated balance sheet of the Trust as at December 31, 2006 and the consolidated statements of income and accumulated earnings (deficit) and cash flows for the period from April 27, 2006 to December 31, 2006.

signed ("*Grant Thornton LLP*")  
Chartered Accountants

Calgary, Alberta  
June 26, 2007

## AUDITORS' CONSENT

To the board of directors of Deepwell Energy Services Ltd., the administrator of Deepwell Energy Services Trust.

We have read the short form prospectus of Deepwell Energy Services Trust (the "Trust") dated June 26, 2007 qualifying the distribution of 4,361,030 Rights and 2,180,515 Units issuable on the exercise of the Rights. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report to the shareholder of Producers Disposal Services Ltd. and Rycroft Disposal Well Inc. on the combined balance sheets as at December 31, 2005, 2004 and 2003 and the combined statements of operations and retained earnings and cash flows for the periods then ended. Our report is dated June 9, 2006.

We also consent to the incorporation by reference in the above-mentioned prospectus of our report to the directors of Deepwell Disposal Services Inc. on the balance sheets as at December 31, 2005 and 2004 and the statements of operations and deficit and cash flows for the periods then ended. Our report is dated April 27, 2006.

signed ("*KPMG LLP*")  
Chartered Accountants

Calgary, Alberta  
June 26, 2007

**CERTIFICATE OF THE TRUST**

Date: June 26, 2007

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of all of the provinces and territories of Canada. For the purpose of the Province of Québec, this simplified prospectus, together with documents incorporated herein by reference and as supplemented by the permanent information record, contains no representation that is likely to affect the value or the market price of the securities to be distributed.

**DEEPWELL ENERGY SERVICES TRUST**

*(signed) "Jay B. Simmons"*  
Jay B. Simmons, Trustee

*(signed) "Al J. Kroontje"*  
Al J. Kroontje, Trustee

**and by its administrator  
DEEPWELL ENERGY SERVICES LTD.**

*(signed) "Robert G. Dodds"*  
Robert G. Dodds  
Chief Executive Officer

*(signed) "Scott F. Gerecke"*  
Scott F. Gerecke  
Chief Financial Officer

**On behalf of the Board of Directors**

*(signed) "Douglas M. Stuve"*  
Douglas M. Stuve

*(signed) "Murray W. Montgomery"*  
Murray W. Montgomery

**CERTIFICATE OF THE PROMOTERS**

Date: June 26, 2007

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of all of the provinces and territories of Canada. For the purpose of the Province of Québec, this simplified prospectus, together with documents incorporated herein by reference and as supplemented by the permanent information record, contains no representation that is likely to affect the value or the market price of the securities to be distributed.

**DEEPWELL ENERGY SERVICES LTD.**

*(signed) "Robert G. Dodds"*  
\_\_\_\_\_  
Robert G. Dodds  
Chief Executive Officer

*(signed) "Scott F. Gerecke"*  
\_\_\_\_\_  
Scott F. Gerecke  
Chief Financial Officer

**On behalf of the Board of Directors**

*(signed) "Douglas M. Stuve"*  
\_\_\_\_\_  
Douglas M. Stuve

*(signed) "Murray W. Montgomery"*  
\_\_\_\_\_  
Murray W. Montgomery

## CERTIFICATE OF THE DEALER MANAGER

Date: June 26, 2007

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of all of the provinces and territories of Canada. For the purpose of the Province of Québec, to our knowledge, this simplified prospectus, together with documents incorporated herein by reference and as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

**RAYMOND JAMES LTD.**

*(signed) "Jason Holtby"*

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Jason Holtby