

## PEAK ENERGY SERVICES TRUST

### Notice of Annual and Special Meeting of Unitholders to be held on May 26, 2010

The annual and special meeting (the "**Meeting**") of the Unitholders of Peak Energy Services Trust (the "**Trust**") will be held in the Livingston Place Conference Centre, located on the 2nd Floor of the South Tower at 222 – 3rd Avenue S.W., Calgary, Alberta on Wednesday, May 26, 2010 at 10:00 a.m. (Calgary time) to:

1. receive and consider our financial statements for the year ended December 31, 2009, together with the report of the auditors;
2. fix the number of directors of Peak Energy Services Ltd. to be elected at the Meeting at six (6);
3. elect six (6) directors of Peak Energy Services Ltd.;
4. appoint the auditors for the ensuing year and to authorize the directors to fix their remuneration as such;
5. re-appoint Valiant Trust Company as the trustee of both the Trust and Peak Commercial Trust for a term of three (3) years; and
6. transact such other business as may properly be brought before the Meeting or any adjournment thereof.

Only Unitholders of record at the close of business on April 26, 2010 will be entitled to vote at the Meeting, unless that Unitholder has transferred any trust units subsequent to that date and the transferee Unitholder, not later than ten (10) days before the Meeting, establishes ownership of the trust units and demands that the transferee's name be included on the list of Unitholders.

If you are unable to attend the Meeting in person we request that you date and sign the enclosed form of proxy and mail it to or deposit it with Valiant Trust Company, Suite 310, 606 – 4th Street S.W., Calgary, Alberta T2P 1T1, Fax: (403) 233-2857. In order to be valid and acted upon at the Meeting, forms of proxy must be returned to the aforesaid address not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the information circular-proxy statement accompanying this notice.

DATED at Calgary, Alberta this 28th day of April, 2010.

By order of the Board of Directors of  
Peak Energy Services Ltd.

(signed) "*Christopher E. Haslam*"  
Chairman of the Board

## PEAK ENERGY SERVICES TRUST

Information Circular - Proxy Statement  
for the Annual and Special Meeting to be held on May 26, 2010

### PROXIES

#### Solicitation of Proxies

**This information circular-proxy statement is furnished in connection with the solicitation of proxies by or on behalf of our management** for use at our annual and special meeting (the "**Meeting**") of the Unitholders ("**Unitholders**") of Peak Energy Services Trust (the "**Trust**") to be held on Wednesday, May 26, 2010 at 10:00 a.m. (Calgary time) in the Livingston Place Conference Centre, located on the 2nd Floor of the South Tower at 222 – 3rd Avenue S.W., Calgary, Alberta, and at any adjournment thereof. Forms of proxy must be addressed to and reach Valiant Trust Company, Suite 310, 606 – 4th Street S.W., Calgary, Alberta T2P 1T1, Fax: (403) 233-2857, not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof. Only Unitholders of record at the close of business on April 26, 2010 will be entitled to vote at the Meeting, unless that Unitholder has transferred any Units ("**Units**") subsequent to that date and the transferee Unitholder, not later than ten (10) days before the Meeting, establishes ownership of the Units and demands that the transferee's name be included on the list of Unitholders.

The instrument appointing a proxy must be in writing and must be executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation.

The persons named in the enclosed form of proxy are officers of Peak Energy Services Ltd. ("**Peak**" or the "**Corporation**"). **As a Unitholder you have the right to appoint a person, who need not be a Unitholder, to represent you at the Meeting. To exercise this right you should insert the name of the desired representative in the blank space provided on the form of proxy and strike out the other names or submit another appropriate proxy.** In order to be effective, the proxy must be deposited with Valiant Trust Company, Suite 310, 606 – 4th Street SW, Calgary, Alberta, T2P 1T1, Fax: (403) 233-2857, not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment thereof.

#### Advice to Beneficial Holders of Units

The information set forth in this section is of significant importance to you if you do not hold your Units in your own name. Only proxies deposited by Unitholders whose names appear on our records as the registered holders of Units can be recognized and acted upon at the Meeting. If Units are listed in your account statement provided by your broker, then in almost all cases those Units will not be registered in your name on our records. Such Units will likely be registered under the name of your broker or an agent of that broker. In Canada, the vast majority of such Units are registered under the name of CDS & Co., the registration name for The Canadian Depository for Securities Limited, which acts as nominees for many Canadian brokerage firms. Units held by your broker or their nominee can only be voted upon your instructions. Without specific instructions, your broker or their nominee is prohibited from voting your Units.

Applicable regulatory policy requires your broker to seek voting instructions from you in advance of the Meeting. Every broker has its own mailing procedures and provides its own return instructions, which you should carefully follow in order to ensure that your Units are voted at the Meeting. Often, the form of proxy supplied by your broker is identical to the form of proxy provided to registered Unitholders. However, its purpose is limited to instructing the registered Unitholder how to vote on your behalf. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge mails a scannable voting instruction form in lieu of the form of proxy. You are asked to complete and return the voting instruction form to them by mail or facsimile. Alternately, you can call their toll-free telephone number to vote your Units. They then tabulate the results of all instructions received and provide appropriate instructions respecting the voting of Units to be represented at the Meeting. If you receive a voting instruction form from Broadridge it cannot

be used as a proxy to vote Units directly at the Meeting as the proxy must be returned to Broadridge well in advance of the Meeting in order to have the Units voted.

Although you may not be recognized directly at the Meeting for the purposes of voting Units registered in the name of your broker (or agent of the broker), you may attend the Meeting as proxyholder for the registered Unitholder and vote Units in that capacity. If you wish to attend the Meeting and indirectly vote your Units as proxyholder for the registered Unitholder, you should enter your own name in the blank space on the form of proxy provided to you and return the same to your broker (or the broker's agent) in accordance with the instructions provided by your broker (or agent), well in advance of the Meeting.

### **Revocability of Proxy**

You may revoke your proxy at any time prior to a vote. If you or the person you give your proxy attends personally at the Meeting you or such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation. To be effective, the instrument in writing must be deposited either at our head office at any time up to and including the last business day before the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of the Meeting on the day of the Meeting, or any adjournment thereof.

### **Persons Making the Solicitation**

**This solicitation is made on behalf of our management.** We will bear the costs incurred, directly and indirectly, in the preparation and mailing of the form of proxy, notice of annual and special Meeting and this information circular-proxy statement. In addition to mailing forms of proxy, proxies may be solicited by personal interviews, or by other means of communication, by our directors, officers and employees who will not be remunerated therefor.

### **Exercise of Discretion by Proxy**

The Units represented by proxy in favour of management nominees will be voted on any poll at the Meeting. Where you specify a choice with respect to any matter to be acted upon the Units will be voted on any poll in accordance with the specification so made. **If you do not provide instructions your Units will be voted in favour of the matters to be acted upon as set out herein.** The persons appointed under the form of proxy which we have furnished are conferred with discretionary authority with respect to amendments or variations of those matters specified in the form of proxy and notice of annual and special meeting and with respect to any other matters which may properly be brought before the Meeting or any adjournment thereof. At the time of printing this information circular-proxy statement, we know of no such amendment, variation or other matter.

## **VOTING UNITS AND PRINCIPAL HOLDERS THEREOF**

We are authorized to issue an unlimited number of Units and an unlimited number of special voting units without nominal or par value which may be issued for such consideration as may be determined by resolution of the board of directors of Peak (the "**Board of Directors**" or the "**Board**"). As at April 28, 2010, there were 172,383,175 Units issued and outstanding and no special voting units issued and outstanding.

As a holder of Units you are entitled to one vote for each Unit you own.

To the knowledge of our directors and executive officers, as at April 28, 2010 there is no person or company who beneficially owns, or controls or directs, directly or indirectly, more than 10% of the votes which may be cast at the Meeting other than the following:

<u>Name and Municipality of Residence</u>	<u>Number of Units</u>	<u>% of Class</u>
Deans Knight Capital Management Ltd. Vancouver, British Columbia	84,463,163	49.0%

As at April 28, 2010, our directors and executive officers, as a group, beneficially owns or controls or directs, directly or indirectly, 13,428,595 Units or approximately 7.8% of the issued and outstanding Units and approximately 7.8% of the votes to be cast at the Meeting.

### **QUORUM FOR MEETING**

A quorum for the Meeting is two or more persons either present in person or represented by proxy and representing in the aggregate not less than five percent (5%) of our outstanding Units. If a quorum is not present at the Meeting within one-half hour after the time fixed for the holding of the Meeting, the Meeting, if convened on the requisition of the Unitholders, shall be dissolved, but in any other case it shall stand adjourned to such a day being not less than fourteen (14) days later and to such place and time as may be appointed by the chairman of the Meeting. At such Meeting, the Unitholders present either personally or by proxy shall form a quorum.

### **APPROVAL REQUIREMENT**

All of the matters to be considered at the Meeting are ordinary resolutions requiring approval by more than fifty percent (50%) of the votes cast in respect of the resolution by or on behalf of Unitholders present in person or represented by proxy at the Meeting.

### **MATTERS TO BE ACTED UPON AT THE MEETING**

#### **Fixing the Number of Directors**

At the Meeting, the Unitholders will be asked to fix the number of directors of Peak to be elected at the Meeting at six (6). Unless otherwise directed, it is the intention of management to vote proxies, in the accompanying form, in favour of fixing the number of directors to be elected at the Meeting at six (6) directors.

#### **Election of Directors**

At the Meeting, the Unitholders will be asked to elect six (6) directors. Management is soliciting proxies, in the accompanying form, for an ordinary resolution in favour of the election as directors of the six (6) nominees set forth below. Unless otherwise directed, it is the intention of management to vote such proxies in favour of a resolution electing as directors the following six (6) nominees:

Christopher E. Haslam	Frederick A. Moore
Richard A. Grafton	Douglas F. Robinson
Edward H. Kernaghan	Curtis W. Whitteron

In the event that a vacancy among such nominees occurs for any reason prior to the Meeting, the proxy shall not be voted with respect to such vacancy.

The names, province and country of residence of all of the persons nominated for election as directors of Peak, the dates on which they became directors, their principal occupations during the five preceding years, the approximate number of Units beneficially owned, or controlled or directed, directly or indirectly, by each of them and their respective associates or affiliates as of April 28, 2010, were as follows:

Name, Province and Country of Residence	Principal Occupation During the Five Preceding Years	Director Since	Number of Units Beneficially Owned, or Controlled or Directed, Directly or Indirectly
Christopher E. Haslam Alberta, Canada	Chairman of the Board of Peak. Since October, 2009, Mr. Haslam has been the Chairman and Chief Executive Officer of Altus Energy Services Ltd., a private oil and gas services company. Mr. Haslam founded Peak in June of 1996 and was the Chief Executive Officer until March 2008.	1996	502,350
Richard A. Grafton <sup>(3)</sup> Alberta, Canada	President of Grafton Capital Corporation since January 2008; prior thereto Mr. Grafton was the Executive Vice President and Managing Director, Global Head of Energy of Canaccord Adams since 2004; prior thereto, Mr. Grafton was the President and Chief Executive Officer of Avenir Capital Corporation from 1999 to 2004.	1997	2,600,000
Edward H. Kernaghan <sup>(1)(2)</sup> Ontario, Canada	Mr. Kernaghan joined Peak in March, 2008, pursuant to the Wellco Arrangement. Mr. Kernaghan was a director of Wellco Energy Services Inc. Mr. Kernaghan has been employed since 2001 with Kernaghan Securities Ltd. and currently holds the position of Executive Vice-President. Mr. Kernaghan is the President of Principia Research Inc. and Executive Vice-President of Kernwood Limited.	2008	306,658 <sup>(4)</sup>
Frederick A. Moore <sup>(1)(2)</sup> Alberta, Canada	Currently the President of Gateway Tubulars Ltd. since 2010; prior thereto Mr. Moore was the President of Altus Energy Services Ltd. from 2007 to 2009; prior thereto, Mr. Moore was the Senior Vice President of Nusco Supply & Manufacturing Inc. from 2006 to 2007; prior thereto Mr. Moore was the President of Nusco Supply & Manufacturing Inc. from 1983 to 2006.	1996	500,000
Douglas F. Robinson <sup>(1)(3)</sup> Alberta, Canada	Former director of Wellco Energy Services Inc. and was elected as a Director of Peak in 2008; prior thereto, Mr. Robinson was the President of Enerchem International Inc. (a publicly traded oilfield services company) from 2004 to 2008; prior thereto, from 2002 to 2004 Mr. Robinson was an independent businessman, serving (and continuing to serve) as a director of Trican Oil Services Ltd., Desmarais Energy Corporation and HSE Integrated Ltd.	2008	516,256
Curtis W. Whitteron Alberta, Canada	President and Chief Executive Officer of Peak since March 2008. Mr. Whitteron joined Peak in August 1996 and has been a Director of Peak since 2006.	2006	875,436

## Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Corporate Governance Committee
- (4) Edward H. Kernaghan is the son of Edward J. Kernaghan who beneficially owns or controls or directs, directly or indirectly, 7,642,123 Units of Peak, being approximately 4.4% of the issued and outstanding Units.

- (5) Peak does not have an Executive Committee.

Peak's directors shall hold office until the next annual general meeting of the Trust or until each director's successor is appointed or elected pursuant to the *Business Corporations Act* (Alberta) ("**ABCA**"). The information as to voting securities beneficially owned, directly or indirectly, is based upon information furnished to us by the nominees.

### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

Mr. Grafton was formerly a director of Merit Energy Ltd. from June 1999 to April 2000. Merit Energy Ltd. sought protection under the *Companies' Creditors Arrangement Act* (Canada) on February 18, 2000, and was subsequently placed into receivership. Mr. Grafton was a director of Merit Energy Ltd. at the time it was placed in receivership.

Other than the item referenced above, to our knowledge, no proposed director: (i) is, or has been in the last ten years, a director, chief executive officer or chief financial officer of an issuer (including the Trust) that, (a) while that person was acting in that capacity was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemptions under securities legislation, for a period of more than 30 consecutive days, (b) was subject to an event that occurred while that person was acting in the capacity of director, chief executive officer or chief financial officer, which resulted, after that person ceased to be a director, chief executive officer or chief financial officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days, or (c) while that person was acting in the capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; (ii) has, within the last 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromises with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets; or (iii) has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

### **Appointment of Auditors**

Management is soliciting proxies, in the accompanying form of proxy, in favour of the appointment of the firm of KPMG LLP, Chartered Accountants, as our auditors, to hold office until the next annual meeting of the Unitholders and to authorize the directors to fix their remuneration as such. KPMG LLP has been our auditor since 1996. See "*Audit Fees*" in our annual information form for additional information including a description of fees we paid to KPMG LLP during the past 2 years.

### **Re-Appointment of Trustee of the Trust and Peak Commercial Trust**

The trust indentures of both the Trust and Peak Commercial Trust provide that Unitholders shall, at each third meeting of Unitholders, re-appoint or appoint a successor trustee. Accordingly, at the Meeting Unitholders will be asked to consider, and if deemed appropriate, pass an ordinary resolution to re-appoint Valiant Trust Company ("**Valiant**"), 310, 606 – 4th Avenue S.W., Calgary, Alberta, T2P 1T1, as trustee of both the Trust and Peak Commercial Trust to hold office until the end of the third next meeting of Unitholders. Valiant has been trustee of both the Trust and Peak Commercial Trust since their respective formations.

## STATEMENT OF EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

#### *Role of Compensation Committee*

The Compensation Committee is responsible for overseeing the overall compensation philosophy and strategy for Peak. On December 31, 2009, the Compensation Committee was comprised of Mr. Kernaghan and Mr. Moore, all of whom are independent directors of the Board. The Compensation Committee evaluates the performance of the President and Chief Executive Officer, reviews executive remuneration recommendations made by the President and Chief Executive Officer and recommends the remuneration of all executives for approval by the Board of Directors.

The following discussion is intended to provide a clear understanding of Peak's executive compensation philosophy, strategy and elements.

#### *Compensation Philosophy and Strategy*

Our compensation philosophy is founded on the principle that executive and employee compensation should be consistent with Unitholders' interests and therefore our executive compensation strategy is weighted towards a performance based compensation strategy. Our executive compensation strategy incorporates the following principles which provides a framework for our compensation programs:

- Total target executive compensation should be competitive with the market and as such should be at or above the median of our industry peers to attract and retain key talent.
- Compensation should be linked to both qualitative and quantitative expectations of the executive.
  - Qualitative aspects include experience, expertise, behaviour and leadership.
  - Quantitative aspects include key operational and strategic metrics.
- The relative weighting of executive compensation elements is intended to meet competitive market requirements and the overall responsibility that the executive can influence the performance of the Trust.
- A significant portion of executive compensation should be at risk, the degree to which is aligned with the level of the executive's responsibilities and influence on the performance of the Trust.

Our executive compensation strategy is relatively consistent with our employee compensation programs. Where certain programs, such as perquisites, are only provided to executives and certain management roles, they reflect competitive practices and business requirements. The President and Chief Executive Officer and Executive Vice President review and approve remuneration recommendations made by the other executives for their respective areas of responsibility on an aggregate basis.

#### *Market Benchmark*

In evaluating competitiveness of total target executive compensation, we informally monitor compensation activities of our industry peer group and periodically engage a third-party to complete formal compensation reviews to benchmark ourselves against other Canadian entities that provide oilfield services to the oil and natural gas industry. Entities we benchmark against are similar in size, complexity and represent the market within which we compete for executive leadership talent. Entities included within this group include, but are not limited to, Petrowest Energy Services Trust, Cathedral Energy Services Ltd., Akita Drilling Ltd., Total Energy Services Trust, Pure Energy Services Ltd., Phoenix Technology Income Fund, Essential Energy Services Trust, Bonnetts Energy Services Trust, IROC Energy Services Corp., Stoneham Drilling Trust and Canadian Energy Services Trust.

### *Compensation Elements*

Our current executive compensation program consists of the following elements:

- base salaries;
- non-equity based incentive programs:
  - annual incentive program;
  - special project program; and
  - long-term incentive program;
- equity based incentive program;
- trust unit purchase and retirement savings programs; and
- perquisites and benefits.

A description of the criteria used in each element of compensation is set forth below.

#### *Base Salaries*

The base salary is considered the foundation of our executive compensation. The base salary is intended to provide a fixed level of competitive pay that reflects the executive's experience, expertise and scope of responsibilities. It also provides the foundation upon which incentive program levels are established.

Effective February 22, 2009, all employees of Peak were subject to a temporary reduction in base salary as part of cost reduction measures introduced to manage costs in a deteriorating oil and natural gas industry environment, led by Senior Management and Named Executive Officers at 7.5%. Effective August 23, 2009, and an additional temporary reduction in all employees base salary was implemented, led by Senior Management and Named Executive Officers at an additional 5.0% (12.5% in total). As of April 28, 2010, the temporary reduction in base salaries is still in effect.

#### *Non-Equity Based Incentive Programs*

The non-equity based incentive programs are designed to reward executives for achieving Peak's operational, strategic and individual executive goals. Overall operational and strategic goals are generally established annually by the executive management team and are presented to the Board of Directors for review and approval. Meanwhile, individual executive goals are established with the President and Chief Executive Officer and the President and Chief Executive Officer's goals are reviewed with the Compensation Committee.

There are three (3) non-equity based incentive programs set forth below:

#### *Annual Incentive Program*

Peak's Annual Incentive Program ("**AIP**") provides a competitive cash incentive program that reflects the overall financial performance of Peak and that of the executives. The purpose of our AIP is to motivate executives' behaviour that will enhance Peak's financial performance. The target percentage AIP award potential as a percentage of the executives' base salary increases as the scope of responsibility increases so that the percentage of at-risk versus fixed compensation correlates with increased responsibilities. The more senior the executive, the greater the percentage of cash compensation that is attributable to our AIP and therefore tied to performance. The AIP is discretionary in that none of the executives have a contractual entitlement to any AIP award.

Our AIP awards are determined on two primary measures being our financial pre-tax return on Unitholder equity ("**Pre-Tax ROE**") and the executives' individual performance (behavioural). Pre-Tax ROE is not a recognized measure under Canadian generally accepted accounting principles ("**GAAP**"). Pre-Tax ROE is defined as income before other items (other items are at management's judgment and are typically non-cash expenses such as impairments or gains/losses on long-term assets) divided by the average Unitholder equity over the period. Our method of calculating Pre-Tax ROE may differ from others and, accordingly, Pre-Tax ROE may not be comparable to measures used by other entities. The determination of the weighting of the two measures is at the discretion of

the President and Chief Executive Officer. In general, the more senior the individual the more the weighting is oriented towards Pre-Tax ROE.

The Pre-Tax ROE metric is based on a sliding scale where, as the Pre-Tax ROE achieved increases so does the percentage of maximum AIP award pre-determined for the executive. The following table details the Pre-Tax ROE sliding scale:

<b>Pre-Tax ROE Achieved</b>	<b>% of Maximum Award Potential</b>
4%	25%
8%	50%
12%	75%
16%	100%

The executives' individual performance metric is based on less quantifiable factors and involves significant judgement by the President and Chief Executive Officer and Compensation Committee.

For fiscal 2009, no amount was paid out under the AIP as part of cost reduction measures introduced to manage costs in a deteriorating oil and natural gas industry environment.

#### ***Special Project Program***

As deemed necessary to ensure critical specific operational and strategic business objectives are successfully achieved, Special Project Programs ("**SPP**") are established from time to time. SPPs are designed to motivate and retain certain key executives for the duration of special projects that will place significant additional demands on said executives over the regular responsibilities of their role.

For fiscal 2009, no amount was paid out under the SPP as part of cost reduction measures introduced to manage costs in a deteriorating oil and natural gas industry environment.

#### ***Long-Term Incentive Program***

As a result of the increased competition in the oilfield services marketplace for qualified personnel, the Board of Directors approved an Employee Retention Program ("**ERP**") in 2006. The program was designed to retain certain key executives and employees for a two year period. Individuals identified for the program had to be employees of Peak on December 31, 2007 to qualify for payment in early 2008. The total amount granted in 2006 which was paid in January 2008 amounted to \$1,670,000.

The ERP was not renewed in 2008 subsequent to payment under the original program in January 2008 as marketplace conditions did not warrant renewal. Management intends to periodically evaluate if marketplace conditions suggest this program be renewed to ensure the retention of key executives and employees over an extended period of time. Renewal of this program would require Compensation Committee recommendation and Board of Director approval.

#### ***Equity Based Incentive Program – Option Plan***

The Trust has a Unit option plan (the "**Option Plan**"), which permits the granting of options to purchase Units to certain directors, officers, consultants, employees and other service providers of the Trust and any of its subsidiaries. The purpose of the Option Plan is to provide executives with the opportunity to be awarded options, which will in turn provide an increased incentive for executives to contribute to the future success and prosperity of the Trust, through alignment of executives and Unitholders interests thus enhancing the motivation to enhance value of the Units for the benefit of all the Unitholders. As the Trust's unit price rises, option grants increase in value.

The Option Plan was approved on June 3, 2009 and replaced the Trust's previous equity based incentive plan (the "**Market Plan**"). The Market Plan provided for the issuance of rights to receive cash payments, the value of which

were primarily based on the market value of the Units and distribution paid to Unitholders. The motivation to replace the Market Plan with an Option Plan were as follows:

- the award is a non-cash expense to the Trust. Option exercises are an equity transaction increasing our ability to retain cash;
- aligns our equity based incentive program with our peer group making competitive comparisons to our peers more transparent and relevant;
- increases the long term nature of the program to five (5) years from three (3) years, enhancing the alignment of executives and Unitholders over a longer term; and
- enhances the retention aspects of the program, as the Market Plan exercise price resets to the market price each year and is shorter in length (three (3) years versus five (5) years).

As of the date hereof there were 4,635,221 options to acquire Units outstanding (approximately 2.7% of the issued and outstanding Units) and 12,603,097 options to acquire Units (approximately 7.3% of the issued and outstanding Units) are available for future grant.

See "*Incentive Plan Awards – Option Plan*" for a more detailed description of the Option Plan.

#### ***Unit Purchase and Retirement Savings Programs***

Executives of Peak may elect to contribute a portion of their regular salary to the employee trust unit ownership plan (the "**Employee Trust Unit Ownership Plan**") conditional on participation in the Employee Retirement Savings Plan (as defined below). For each \$1.00 contributed by an employee to the Employee Trust Unit Ownership Plan, Peak contributes \$0.50, up to a maximum of 2.5% of the employee's regular salary. The funds are then used to purchase Units on the open market during each calendar month.

The purpose of the Employee Trust Unit Ownership Plan is to encourage employee savings through investment in Units and to allow Peak to provide an incentive to employees through its contributions. The Employee Trust Unit Ownership Plan provides a direct personal incentive to each employee by aligning a portion of each employee's investment portfolio with the performance of the Trust.

Executives of Peak may elect to contribute a portion of their regular salary to the employee retirement savings plan (the "**Employee Retirement Savings Plan**"). For each \$1.00 contributed by an employee to the Employee Retirement Savings Plan, Peak contributes \$1.00, up to a maximum of 5.0% of the employee's regular salary. The purpose of the Employee Retirement Savings Plan is to encourage employee retirement savings through investment in a retirement savings plan and to allow Peak to provide an incentive to employees through its contributions.

Peak's contribution to the Employee Trust Unit Ownership Plan and Employee Retirement Savings Plan were temporarily suspended effective February 22, 2009, as part of cost reduction measures introduced to manage costs in a deteriorating oil and natural gas industry environment. As of April 28, 2010, the temporary suspension of these plans are still in effect.

#### ***Perquisites and Benefits***

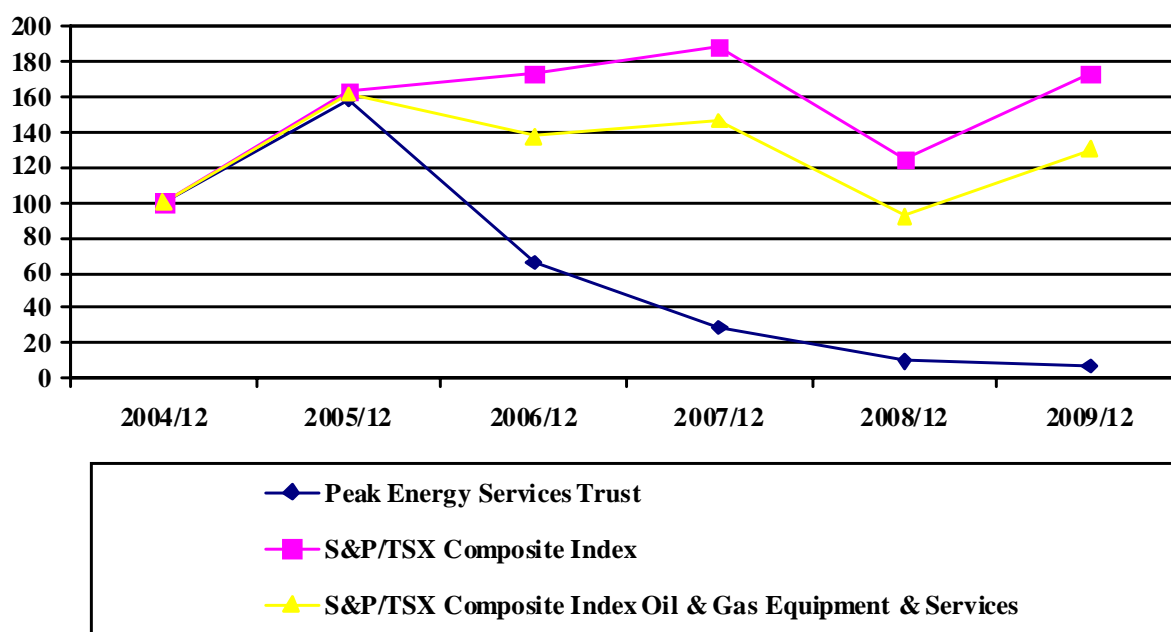
Peak provides executives with perquisites including car allowances or company vehicles, parking and fitness related club memberships. Furthermore, we provide our executives with a benefit plan including extended health coverage, life insurance, short and long-term disability insurance, accidental death and dismemberment and dental coverage. This plan is benchmarked against other benefits plans in the industry to ensure its competitiveness.

### Summary

The Board of Directors believes that long-term Unitholder value is enhanced by compensation based upon corporate performance achievements. Through the plans described above, a significant portion of the compensation for all employees, including executive officers, is based on corporate performance, as well as industry competitive pay practices.

### Performance Graph

The following graph illustrates changes from December 31, 2004 to December 31, 2009 in our cumulative Unitholder return, assuming an initial investment of \$100 in Units of the Trust on that date, including the reinvestment of any dividends or distributions, compared to the S&P/TSX Composite Index and the S&P/TSX Composite Index Oil & Gas Equipment & Services.



	2004/12	2005/12	2006/12	2007/12	2008/12	2009/12
Peak Energy Services Trust <sup>(1)</sup>	\$100	\$158	\$66	\$29	\$10	\$7
S&P/TSX Composite Index <sup>(1)(2)</sup>	100	163	173	188	124	173
S&P/TSX Composite Index Oil & Gas Equipment & Services <sup>(1)(2)</sup>	100	161	137	146	92	130

Notes:

- (1) It is assumed that all distributions made by the Trust were reinvested in the determination of the cumulative Unitholder return.
- (2) Total Return Index.

The trend shown in the above graph does not necessarily correspond to the Trust's compensation to its Named Executive Officers (as defined below) for the period ended December 31, 2009 or for any prior fiscal periods. The Trust's executive compensation is reviewed annually and set by the Board which considers several factors in connection with its determination of appropriate levels of compensation, including, but not limited to, the demand for and supply of skilled professionals in the oil and natural gas and oil and natural gas services industries generally,

individual performance, the Trust's performance (which is not necessarily tied exclusively to the trading price of the Units on the TSX) and other factors discussed under "Compensation Discussion and Analysis" above. The trading price of the Units on the TSX is subject to fluctuation based on several factors, many of which are outside the control of the Trust. These include, but are not limited to, fluctuations and volatility in commodity price markets for oil, natural gas and natural gas liquids, input costs relating to products used in connection with the Trust's services, global economic conditions, changes in government, environmental policies, legislation and royalty regimes, and other factors. The Trust also examines and considers executive compensation levels relative to its industry peer groups, many of which do not necessarily correspond to the market or trading price of such industry peer groups' securities.

### Summary Compensation Table

The following table sets forth for the year ended December 31, 2009 compensation information for our Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and the three most highly compensated executive officers (or the three most highly compensated individuals acting in a similar capacity), other than the CEO and CFO, at the end of the year ended December 31, 2009 whose total compensation was more than \$150,000 (each a "Named Executive Officer" and collectively herein referred to as the "Named Executive Officers" or "NEO"). In accordance with applicable securities laws, comparative disclosure of periods ending before December 31, 2008 is not required.

Name and Principal Position	Year	Salary (\$)	Unit-Based Awards (\$)	Option-Based Awards <sup>(1)(2)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)			Pension Value (\$)	All Other Compensation <sup>(6)(7)</sup> (\$)	Total Compensation (\$)
					Annual Incentive Plans <sup>(3)</sup>	Special Project Plans <sup>(4)</sup>	Long-Term Incentive Plans <sup>(5)</sup>			
Curtis W. Whitteron President and Chief Executive Officer <sup>(8)</sup>	2009	248,192	N/A	95,390	Nil	Nil	Nil	N/A	26,215	369,797
	2008	280,923	N/A	47,610	Nil	35,000	175,000	N/A	21,587	560,120
Monty R. Balderston Chief Financial Officer <sup>(9)</sup>	2009	176,492	N/A	45,992	Nil	Nil	Nil	N/A	25,315	247,799
	2008	168,681	N/A	26,186	Nil	15,000	100,000	N/A	13,383	323,250
Matthew J. Huber Executive Vice President <sup>(10)</sup>	2009	197,635	N/A	66,433	Nil	Nil	Nil	N/A	25,581	289,649
	2008	209,904	N/A	41,262	Nil	35,000	150,000	N/A	15,785	451,951
Dale M. Kaufmann Chief Operating Officer <sup>(11)</sup>	2009	183,846	N/A	51,102	Nil	Nil	Nil	N/A	6,855	241,803
	2008	194,904	N/A	31,740	Nil	Nil	140,000	N/A	15,285	381,929
Dean R. Herbert Vice President, Human Resources & Administration <sup>(12)</sup>	2009	170,058	N/A	35,771	Nil	Nil	Nil	N/A	25,235	231,064
Christopher E. Haslam Chairman of the Board <sup>(13)</sup>	2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2008	77,962	N/A	47,610	Nil	Nil	175,000	N/A	1,304,688	1,605,260
R.S. (Bob) Outhwaite Senior Vice President, Business Development <sup>(14)</sup>	2009	69,463	N/A	Nil	Nil	Nil	Nil	N/A	9,917	79,380
	2008	197,962	N/A	38,088	Nil	Nil	150,000	N/A	15,320	401,370
John K. Ruzicki Vice President, Sales & Marketing <sup>(15)</sup>	2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2008	85,392	N/A	Nil	142,185	Nil	100,000	N/A	6,056	333,633

Notes:

- (1) On June 3, 2009, Peak implemented an Option Plan, which replaced the previous Market Plan. Amounts disclosed represent the fair value of Options issued pursuant to the Option Plan. The fair value was determined using the Black-

- Scholes option pricing model and based on the grant date fair value of the Options. The fair value was determined using a risk free rate of 2.4% per annum, expected life of 5 years, volatility of 69% and exercise price of \$1.67.
- (2) For 2008, Peak did not have a traditional option plan, however the Trust had the Market Plan that had similar characteristics to a traditional option plan. Amounts disclosed represent the implied fair value of Rights issued pursuant to the Market Plan. The fair value was determined using the Black-Scholes option pricing model and based on the grant date fair value of the Rights. The fair value was determined using a risk free rate of 3.8% per annum, expected life of 3 years, volatility of 39% and exercise price of \$1.84. We do not use the Black-Scholes option pricing model for financial statement accounting purposes because the Market Plan is paid out in cash on an annual basis, if "in the money" and the exercise price is reset each year for non-vested Rights. For financial statement accounting purposes we determine the liability on the financial statement date and accrue the pro-rata portion of the liability in the respective financial statement period. No amount was paid out under the Market Plan during 2008 or 2009.
  - (3) Represents the value of awards earned and/or paid in cash each year under Peak's AIP except otherwise noted. For Mr. Ruzicki the amount also represents U.S. sales commissions.
  - (4) Represents a special project discretionary cash award (SPP) for successful delivery of certain business objectives.
  - (5) Represents the cash payout of amounts earned under Peak's ERP during 2006 and 2007. The ERP was approved by the Board in 2006, whereby certain key employees identified in 2006 were granted awards if they continued to be employees on December 31, 2007. The amounts were paid in early 2008.
  - (6) For 2008, the value of perquisites and other personal benefits received by the Named Executive Officers was not included as they were not greater than \$50,000 or 10% of total salary and bonus for the period.
  - (7) Represent contributions made by Peak on behalf of the Named Executive Officer pursuant to the Employee Trust Unit Ownership Plan and the Retirement Savings Plan for the Employees of Peak except otherwise noted. For 2009, the amount also included perquisites (parking benefit and vehicle personal benefit / vehicle allowance) provided. For Mr. Haslam the amount also represents a termination of employment payment under the terms of his employment agreement approved by the Board.
  - (8) Mr. Whitteron's annual base salary of \$270,000 was reduced to \$249,750 on February 22, 2009 and further reduced to \$236,250 on August 23, 2009 as part of Peak's temporary reduction in employee salaries to manage costs in a deteriorating oil and natural gas industry environment.
  - (9) Mr. Balderston's annual base salary of \$192,000 was reduced to \$177,600 on February 22, 2009 and further reduced to \$168,000 on August 23, 2009 as part of Peak's temporary reduction in employee salaries to manage costs in a deteriorating oil and natural gas industry environment.
  - (10) Mr. Huber's annual base salary of \$215,000 was reduced to \$198,875 on February 22, 2009 and further reduced to \$188,125 on August 23, 2009 as part of Peak's temporary reduction in employee salaries to manage costs in a deteriorating oil and natural gas industry environment.
  - (11) Mr. Kaufmann's annual base salary of \$200,000 was reduced to \$185,000 on February 22, 2009 and further reduced to \$175,000 on August 23, 2009 as part of Peak's temporary reduction in employee salaries to manage costs in a deteriorating oil and natural gas industry environment.
  - (12) Mr. Herbert's annual base salary of \$185,000 was reduced to \$171,125 on February 22, 2009 and further reduced to \$161,875 on August 23, 2009 as part of Peak's temporary reduction in employee salaries to manage costs in a deteriorating oil and natural gas industry environment.
  - (13) Mr. Haslam resigned as Chief Executive Officer effective March 12, 2008, however he maintained his position as Chairman of the Board. Mr. Haslam was paid a retainer of \$15,000 and \$12,000 for meetings (subsequent to his resignation as Chief Executive Officer) attended in his capacity as a director during 2008 (amounts included in Salary column). Mr. Haslam was paid \$1,300,000 upon termination of his employment under the terms of his employment agreement (amount included in All Other Compensation column). Mr. Haslam's remuneration for acting as a director in 2009 is set forth under the heading "*Director Compensation*".
  - (14) Mr. Outhwaite resigned April 24, 2009.
  - (15) Mr. Ruzicki resigned July 3, 2008. Mr. Ruzicki was paid sales commissions comprised of \$77,444 of commissions related to the fourth quarter of 2007 year end after confirmation of the 2007 financial results and \$67,741 of commissions related to fiscal 2008 (amounts included in Annual Incentive Plans column).

## **Incentive Plan Awards**

### ***Option Plan***

The purpose of the Option Plan is to provide certain directors, officers, consultants, employees and other service providers of the Trust and any of its subsidiaries, partnerships, trusts or other controlled entities with an opportunity to acquire options, which will in turn provide an increased incentive for optionees to contribute to the future success and prosperity of the Trust, thus enhancing the value of the Units for the benefit of all the Unitholders.

The Option Plan has a "rolling maximum" whereby the maximum number of Units that may be subject to options outstanding under the Option Plan at any time is equal to ten percent (10%) of the number of the outstanding Units,

less the number of Units issuable pursuant to all other security based compensation arrangements of the Trust. Any increase in the issued and outstanding Units (whether as a result of the exercise of options or otherwise) will result in an increase in the number of Units that may be issued on exercise of options outstanding at any time and any decrease in the number of options outstanding, due to the exercise of options, makes new grants available under the Option Plan. Options that are cancelled, terminated or expire prior to the exercise of all or a portion thereof shall result in the Units that were reserved for issuance thereunder being available for a subsequent grant of options pursuant to the Option Plan to the extent of any Units issuable thereunder that are not issued under such cancelled, terminated or expired options. Based on the number of Units outstanding on the date hereof, there would be a maximum of 17,238,318 Units reserved for issuance under the Option Plan.

Options granted pursuant to the Option Plan have a term not exceeding five (5) years, subject to extension to ten (10) days past the end of any "**Black-Out Period**" (as defined below) that may be in effect, and vest in such manner as determined by our Board. Options granted under the Option Plan are non-assignable. The exercise price of options granted is determined by our Board at the time of grant and may not be less than the weighted average trading price of the Units on the Toronto Stock Exchange ("**TSX**") for the five (5) trading days immediately preceding the date of grant.

The number of Units reserved for issuance to any one optionee may not exceed three percent (3%) of the issued and outstanding Units. The number of Units under all security based compensation arrangements of the Trust: (i) issuable to insiders at any time shall not exceed ten percent (10%) of the issued and outstanding Units; and (ii) issued to insiders within any one year period shall not exceed ten percent (10%) of the issued and outstanding Units. In addition, the maximum number of Units issuable on exercise of outstanding options at any time held by directors of the Trust who are not officers or employees of the Trust shall be limited to one half of a percent (0.5%) of the aggregate number of issued and outstanding Units.

In case of death or disability of an optionee, all options that have not vested shall terminate on such date and the executor, administrator or personal representative of such holder shall have until the earlier of six months and the expiry date to exercise any outstanding options that were vested on the date of death or disability. If the optionee shall no longer be a director or officer of or be in the employ of, or a consultant or other service provider to, either the Trust or a subsidiary of the Trust (other than by reason of death or disability or termination for cause), all options that have not vested shall terminate on such date and the holder of such options shall have until the earlier of 30 days from the cessation date or the expiry date to exercise any outstanding options that were vested on the cessation date.

Unless approved by the Board, no options may be exercised during a Black-Out Period. A "**Black-Out Period**" means the period of time imposed by the Board pursuant to the policies of the Trust upon certain Service Providers during which period those persons may not trade in any securities of the Trust. If an option is set to expire during a Black-Out Period, the term of such option shall automatically be extended for a period of ten (10) business days immediately following the end of the Blackout Period (the "**Black-Out Expiration Term**").

The Option Plan and any outstanding options may be amended, modified or terminated by the Board without Unitholder approval subject to the approval of the TSX. The Board may establish a minimum exercise price and vary the vesting and expiry periods under the Option Plan provided that the duration of the options shall not exceed the maximum exercise period as determined pursuant to the Option Plan. Notwithstanding the foregoing, the Board will not be entitled to amend the Option Plan without TSX and Unitholder approval to: (i) increase the percentage of Units issuable on exercise of outstanding options pursuant to the Option Plan; (ii) reduce the exercise price of an option held by an insider of the Trust; (iii) extend the term of any outstanding options held by insiders of the Trust beyond the date of such options; (iv) make any amendment to the Option Plan that would permit a holder to transfer or assign options to a new beneficial holder other than in the case of death to the holder; (v) increase the number of Units that may be issued to insiders above the restrictions contained in the Option Plan; or (vi) amend the amending section of the Option Plan. In addition, no amendment to the Option Plan or options granted pursuant to the Option Plan may be made without the consent of the holder, if it adversely alters or impairs any option previously granted to such holder under the Option Plan.

In the event of any consolidation, subdivision, re-division or change of the Units of the Trust into a greater or lesser number of Units as a result of dividends or distributions (whether in cash or in specie) on the Units (other than in the ordinary course) or rights offerings below the then current market price of the Units, then all options outstanding at

such time shall be deemed to be amended to be for such greater or lesser number of Units as would have resulted if the Units represented by such options had been issued and outstanding at the date of such consolidation, subdivision, re-division or such change, and the exercise price shall be deemed to be adjusted on a pro rata basis.

The vesting of all outstanding options shall be accelerated and all unexercised options may be exercised upon the effective date of a "change of control" (as defined in the Option Plan) of the Trust or Peak.

### ***Outstanding Unit-Based Awards and Option-Based Awards***

The following table sets forth for all Named Executive Officers all unit-based awards and option-based awards outstanding at December 31, 2009.

Name <sup>(1)</sup>	Option-Based Awards <sup>(2)</sup>				Unit-Based Awards	
	Number of Securities Underlying Unexercised Options <sup>(#)</sup> <sup>(2)</sup>	Option Exercise Price <sup>(\$)</sup> <sup>(3)</sup>	Option Expiration Date	Value of Unexercised In-The-Money Options <sup>(\$)</sup> <sup>(4)</sup>	Number of Units or Shares That Have Not Vested <sup>(#)</sup>	Market or Payout Value of Unit-Based Awards That Have Not Vested <sup>(\$)</sup>
Curtis W. Whitteron	336,000	1.67	June 2, 2014	Nil	N/A	N/A
Monty R. Balderston	162,000	1.67	June 2, 2014	Nil	N/A	N/A
Matthew J. Huber	234,000	1.67	June 2, 2014	Nil	N/A	N/A
Dale M. Kaufmann	180,000	1.67	June 2, 2014	Nil	N/A	N/A
Dean R. Herbert	126,000	1.67	June 2, 2014	Nil	N/A	N/A

Notes:

- (1) Mr. Haslam, Mr. Outhwaite and Mr. Ruzicki were not employed by Peak on December 31, 2009, hence awards outstanding are not applicable.
- (2) Amounts reflect the outstanding unexercised option balances at December 31, 2009. On April 21, 2010, as prescribed under the Option Plan, the number of outstanding unexercised options was increased by a factor of 1.3426 to adjust for the dilution impact of the rights offering which the Trust closed on March 30, 2010. After the adjustment, the unexercised options held by Named Executive Officers were: Mr. Whitteron - 451,114; Mr., Balderston - 217,501; Mr. Huber - 314,168; Mr. Kaufmann - 241,668; and Mr. Herbert - 169,168.
- (3) Amounts reflect the exercise price at December 31, 2009. On April 21, 2010, as prescribed under the Option Plan, the option exercise price was reduced to \$0.97 to adjust for the dilution impact of the rights offering which the Trust closed on March 30, 2010.
- (4) Calculated based on the difference between the closing price of Units on the TSX on December 31, 2009 (\$0.47) and the exercise price of the Options.

### **Incentive Plan Awards – Value Vested or Earned During the Year**

The following table sets forth for each Named Executive Officer, the value of option-based awards and unit-based awards which vested during the year ended December 31, 2009 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2009.

Name <sup>(1)</sup>	Option-Based Awards – Value Vested During The Year <sup>(2)</sup> <sup>(\$)</sup>	Unit-Based Awards – Value Vested During The Year <sup>(\$)</sup>	Non-Equity Incentive Plan Compensation – Value Earned During The Year <sup>(\$)</sup>
Curtis W. Whitteron	Nil	N/A	Nil

<b>Name <sup>(1)</sup></b>	<b>Option-Based Awards – Value Vested During The Year <sup>(2)</sup></b> <b>(\$)</b>	<b>Unit-Based Awards – Value Vested During The Year</b> <b>(\$)</b>	<b>Non-Equity Incentive Plan Compensation – Value Earned During The Year</b> <b>(\$)</b>
Monty R. Balderston	Nil	N/A	Nil
Matthew J. Huber	Nil	N/A	Nil
Dale M. Kaufmann	Nil	N/A	Nil
Dean R. Herbert	Nil	N/A	Nil

Notes:

- (1) Mr. Haslam, Mr. Outhwaite and Mr. Ruzicki were not employed by Peak during 2009 and/or did not receive any awards or compensation under the disclosed plans.
- (2) Calculated based on the difference between the closing price of Units on the TSX on the vesting date (\$0.80) and the exercise price of the Options.

### **Pension Plan Benefits**

Peak does not have a pension plan or similar benefit programs.

### **Termination and Change of Control Benefits**

The employment agreements with the Named Executive Officers are for indefinite terms. In addition, the Named Executive Officers are entitled to participate in such incentive compensation plans as may be established by the Board of Directors.

The following outlines the key employment agreement terms in place for each Named Executive Officer, employed with Peak on December 31, 2009, in the event of a change in their employment status:

- If Mr. Whitteron's employment is terminated for any reason, Mr. Whitteron is entitled to a lump sum payment equal to one and one half times (1.5) the sum of his annual salary, maximum bonus payable and benefits. Mr. Whitteron's maximum bonus payable is equal to one and one half times (1.5) Mr. Whitteron's annual salary. In addition, if a change of control occurs, Mr. Whitteron is entitled to a lump sum payment equal to two (2) times the sum of his annual salary, maximum bonus payable and benefits.
- If Mr. Balderston's employment is terminated by Peak for any reason other than cause, Mr. Balderston is entitled to a lump sum payment equal one times (1) the sum of his annual salary, bonus payable and benefits. Mr. Balderston's maximum bonus payable is equal to three quarters times (0.75) Mr. Balderston's annual salary. In addition, if a change of control occurs and the change of control results in a material diminution of duties, Mr. Balderston is entitled to a lump sum payment equal to one times (1) the sum of his salary, maximum bonus payable and benefits.
- If Mr. Huber's employment is terminated for any reason, Mr. Huber is entitled to a lump sum payment equal to one and one half times (1.5) the sum of his annual salary, maximum bonus payable and benefits. Mr. Huber's maximum bonus payable is equal to the one and one tenth times (1.1) Mr. Huber's annual salary. In addition, if a change of control occurs, Mr. Huber is entitled to a lump sum payment equal to two (2) times the sum of his salary, maximum bonus payable and benefits.
- If Mr. Kaufmann's employment is terminated by Peak for any reason other than cause, Mr. Kaufmann is entitled to a lump sum payment equal to one times (1) the sum of his annual salary, bonus payable and benefits. Mr. Kaufmann's maximum bonus payable is equal to one times (1) Mr. Kaufmann's annual salary. In addition, if a change of control occurs and the change of control results in a material diminution of duties, Mr. Kaufmann is entitled to a lump sum payment equal to one times (1) the sum of his salary, maximum bonus payable and benefits.

- If Mr. Herbert's employment is terminated by Peak for any reason other than cause, Mr. Herbert is entitled to a lump sum payment equal to one times (1) the sum of his annual salary, bonus payable and benefits. Mr. Herbert's maximum bonus payable is equal to three quarters times (0.75) Mr. Herbert's annual salary. In addition, if a change of control occurs and the change of control results in a material diminution of duties, Mr. Herbert is entitled to a lump sum payment equal to one times (1) the sum of his salary, maximum bonus payable and benefits.

The following table outlines the estimated incremental payments the Named Executive Officers would be entitled to had their employment status changed, as detailed above, on December 31, 2009.

Name	Termination by Peak without Cause (\$)	Termination by Peak with Cause (\$)	Change in Control <sup>(1)</sup> (\$)	Termination following a Change in Control <sup>(2)</sup> (\$)	Options <sup>(3)(4)</sup>
Curtis W. Whitteron <sup>(5)</sup>	1,099,083	1,099,083	1,465,444	N/D	Nil
Monty R. Balderston	242,068	Nil	Nil	386,068	Nil
Matthew J. Huber <sup>(5)</sup>	761,351	761,351	1,015,134	N/D	Nil
Dale M. Kaufmann	242,032	Nil	Nil	442,032	Nil
Dean H. Herbert	234,907	Nil	Nil	373,657	Nil

Notes:

- (1) Change in control is defined as (i) the acquisition by a Person or Persons (as defined in the ABCA), acting jointly or in concert and their Affiliate(s) or Associate(s) (in each case, as defined in the ABCA) of 20% or more of the issued and outstanding voting securities of the Trust or the acquisition of instruments convertible or exercisable, alone or in conjunction with existing shareholdings, such that the person, their Affiliate(s) and Associate(s) are able to acquire 20% or more than the then-issued and outstanding voting securities of the Trust; (ii) the sale, lease or exchange of all or substantially all of the property of the Trust; or (iii) approval by the stakeholders of the Trust of an amalgamation, arrangement, merger or other consolidation or combination of the Trust with another corporation, or a liquidation, dissolution or winding-up of the Trust.
- (2) Represents termination as a result of a material diminution of duties, except as noted otherwise.
- (3) On the effective date of the change of control, any unvested Options vest and become immediately exercisable. The amounts shown in the table include the "in-the-money value" of the unvested Options held by each Named Executive Officer. The "in-the-money value" is calculated by multiplying the number of unvested options by the difference between the closing price of the Units on the TSX on December 31, 2009 (being \$0.47) and the exercise price of such Options on December 31, 2009.
- (4) All unvested Options terminate upon the termination of a Named Executive Officer for any reasons other than in connection with a change of control.
- (5) Mr. Whitteron's and Mr. Huber's existing employment agreements would terminate upon payment under the change in control terms of their respective employment agreements. Any amount payable under termination following a change in control would need to be negotiated and agreed to in a new employment agreement and therefore is not determinable ("N/D") for purposes of this table.
- (6) Pursuant to the employment agreements, the executive acknowledges that the executive's duty of fidelity survives cessation of employment and agrees to retain any confidential information in confidence both during and after cessation of employment.

## DIRECTOR COMPENSATION

Peak currently has six (6) directors. During the financial year ended December 31, 2009, one (1) director, Mr. Whitteron was also a Named Executive Officer. For a description of the compensation paid to the Named Executive Officer who also acted as a director of Peak during the financial year ended December 31, 2009, see "*Statement of Executive Compensation*".

### Directors' Summary Compensation Table

Directors receive an annual retainer of \$15,000 and \$1,000 per meeting attended. A director who is also a Named Executive Officer is not compensated for meetings attended in a dual capacity as a Named Executive Officer and director.

The following table sets forth for the year ended December 31, 2009, information concerning the compensation paid to our directors other than directors who are also Named Executive Officers.

Name <sup>(1)</sup>	Fees Earned (\$)	Unit-Based Awards (\$)	Option-Based Awards <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Christopher E. Haslam	33,000	N/A	Nil	Nil	N/A	Nil	33,000
Richard A. Grafton	32,000	N/A	Nil	Nil	N/A	Nil	32,000
Stephen C. Hayden <sup>(3)</sup>	28,000	N/A	Nil	Nil	N/A	Nil	28,000
Edward H. Kernaghan	31,000	N/A	Nil	Nil	N/A	Nil	31,000
Frederick A. Moore	30,000	N/A	Nil	Nil	N/A	Nil	30,000
Douglas F. Robinson	33,000	N/A	Nil	Nil	N/A	Nil	33,000

Notes:

- (1) Mr. Whitteron's compensation for acting as a director and Named Executive Officer is disclosed in "*Statement of Executive Compensation*".
- (2) No Options were issued to the Board of Directors, with the exception of Mr. Whitteron in his capacity of President and Chief Executive Officer.
- (3) Mr. Hayden resigned from the Board of Directors of Peak on December 11, 2009.

#### Directors' Outstanding Option-Based Awards and Share-Based Awards

The following table sets forth for our directors other than directors who are also Named Executive Officers all unit-based awards and option-based awards outstanding at December 31, 2009.

Name <sup>(1)(2)</sup>	Option-Based Awards <sup>(3)</sup>				Unit-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options <sup>(2)</sup> (\$)	Number of Units of Shares That Have Not Vested (#)	Market or Payout Value of Unit-Based Awards That Have Not Vested (\$)
Christopher E. Haslam	Nil	N/A	N/A	N/A	N/A	N/A
Richard A. Grafton	Nil	N/A	N/A	N/A	N/A	N/A
Edward H. Kernaghan	Nil	N/A	N/A	N/A	N/A	N/A
Frederick A. Moore	Nil	N/A	N/A	N/A	N/A	N/A
Douglas F. Robinson	Nil	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Mr. Whitteron's compensation as a director and Named Executive Officer is disclosed in "*Statement of Executive Compensation*".
- (2) Mr. Hayden resigned from the Board of Directors of Peak on December 11, 2009, hence no Option or Unit based awards were outstanding at December 31, 2009.
- (3) Calculated based on the difference between the closing price of the Units on the TSX on December 31, 2009 (\$0.47) and the exercise price of the options.

### Directors' Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each of our directors other than directors who are also Named Executive Officers, the value of option-based awards and share-based awards which vested during the year ended December 31, 2009 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2009.

Name <sup>(1)(2)</sup>	Option-Based Awards – Value Vested During the Year <sup>(3)</sup> (\$)	Unit-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Christopher E. Haslam	Nil	N/A	Nil
Richard A. Grafton	Nil	N/A	Nil
Edward H. Kernaghan	Nil	N/A	Nil
Frederick A. Moore	Nil	N/A	Nil
Douglas F. Robinson	Nil	N/A	Nil

Notes:

- (1) Mr. Whitteron's compensation as directors and Named Executive Officers are disclosed in "Statement of Executive Compensation".
- (2) Mr. Hayden resigned from the Board of Directors of Peak on December 11, 2009 and Mr. Hayden had no Option or Unit based awards which vested during the year ended December 31, 2009.
- (3) Calculated based on the difference between the Closing Price of the Units on the TSX on the vesting date and the exercise price of the options on the vesting date.

### CORPORATE GOVERNANCE PRACTICES

National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("**NI 58-101**") requires that if management of an issuer solicits proxies from its securityholders for the purpose of electing directors that certain prescribed disclosure respecting corporate governance matters be included in its management information circular. The TSX also requires listed companies to provide, on an annual basis, the corporate governance disclosure which is prescribed by NI 58-101.

The prescribed corporate governance disclosure for the Corporation, the administrator of the Trust, is that contained in Form 58-101F1 which is attached to NI 58-101 ("**Form 58-101F1 Disclosure**").

Set out below is a description of the Corporation's current corporate governance practices, relative to the Form 58-101F1 Disclosure.

#### 1. Board of Directors

##### (a) Disclose the identity of directors who are independent.

Our Board has determined that the following four (4) directors of the Corporation are independent (for the purposes of NI 58-101):

Richard A. Grafton  
Edward H. Kernaghan  
Frederick A. Moore  
Douglas F. Robinson

##### (b) Disclose the identity of directors who are not independent, and describe the basis for that determination.

Our Board has determined that Christopher E. Haslam is not independent as he has been an executive of the Corporation within the last three (3) years.

Our Board has determined that Curtis W. Whitteron is not independent as he currently occupies the position of President and Chief Executive Officer of the Corporation.

- (c) **Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the Board of Directors (the "Board") does to facilitate its exercise of independent judgement in carrying out its responsibilities.**

A majority of the directors of the Corporation are independent.

- (d) **If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.**

The following directors are presently directors of other issuers that are reporting issuers (or the equivalent):

<u>Name of Director</u>	<u>Name of Other Reporting Issuers</u>
Richard A. Grafton	Aventura Energy Inc. Excelsior Energy Limited Fortress Energy Inc.
Edward H. Kernaghan	Boralex Inc. Brick Brewing Co. Limited Exco Technologies Limited
Douglas F. Robinson	HSE Integrated Ltd. Trican Well Services Ltd. Desmarais Energy Corporation

- (e) **Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent directors.**

At the end of or during each meeting of the Board, the members of management of the Corporation and the non-independent directors of the Corporation who are present at such meeting may be asked to leave the meeting in order for the independent directors to meet. In addition, as the Compensation Committee is comprised of a majority of all the independent directors, it also serves as a forum for discussion amongst independent members of the Board. In addition, other meetings of the independent directors may be held from time to time if required. Four (4) meetings of the independent directors have been held since the beginning of the Corporation's most recently completed financial year.

- (f) **Disclose whether or not the chair of the Board is an independent director. If the Board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the Board has neither a chair that is independent nor a lead director that is independent, describe what the Board does to provide leadership for its independent directors.**

The Chairman of the Board is Christopher E. Haslam, who is not an independent member of the Board. Frederick A. Moore, an independent member of the Board, has been appointed as Lead Director. Among other things, the Lead Director is to assist the Chairman in endeavouring to ensure that Board leadership responsibilities are conducted in a manner that will ensure that the Board is able to function independently of management. The Lead Director is to consider, and allow for, when appropriate, a meeting of all independent directors, so that Board meetings may take place without management being present. The Lead Director is to endeavour to ensure that reasonable procedures are in place for directors to engage outside advisors at the expense of the Trust in appropriate circumstances, subject to its prior approval and is

to meet annually with each director to obtain insight as to where they believe the Board and its committees could operate more effectively.

**(g) Disclose the attendance record of each director for all Board meetings held since the beginning of the issuer's most recently completed financial year.**

The attendance record of each of the directors of the Corporation for Board meetings and committee meetings held during calendar 2009, is as follows:

Name	Board Meetings Attended/Held	Audit Committee Meetings Attended/Held <sup>(1)</sup>	Compensation Committee Meetings Attended/Held <sup>(1)</sup>	Corporate Governance Committee Meetings Attended/Held
Christopher E. Haslam	19/19	4/4	1/1	N/A
Richard A. Grafton <sup>(4)</sup>	18/19	4/4	1/1	1/1
Stephen C. Hayden <sup>(3)(4)(5)</sup>	8/8	4/4	1/1	1/1
Edward H. Kernaghan <sup>(2)(3)</sup>	18/19	4/4	1/1	N/A
Frederick A. Moore <sup>(2)(3)</sup>	17/19	3/4	1/1	N/A
Douglas F. Robinson <sup>(2)(4)</sup>	19/19	4/4	1/1	1/1
Curtis W. Whitteron	19/19	4/4	1/1	N/A

Notes:

- (1) Non-committee members attended as invited guests.
- (2) Member of the Audit Committee.
- (3) Member of the Compensation Committee.
- (4) Member of the Corporate Governance Committee.
- (5) Stephen Hayden resigned as a director on December 11, 2009.

**2. Board Mandate - Disclose the text of the Board's written mandate. If the Board does not have a written mandate, describe how the Board delineates its role and responsibilities.**

The mandate of the Board is attached to this information circular – proxy statement as Schedule "A".

**3. Position Descriptions**

**(a) Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each Board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.**

The Board of Directors has developed written position descriptions for the Chairman of the Board as well as the Chairman of each of the committees of the Board.

**(b) Disclose whether or not the Board and Chief Executive Officer have developed a written position description for the Chief Executive. If the Board and Chief Executive Officer have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the Chief Executive Officer.**

The Board, with the input of the Chief Executive Officer of the Corporation, has developed a written position description for the Chief Executive Officer.

**4. Orientation and Continuing Education**

**(a) Briefly describe what measures the Board takes to orient new directors regarding (i) the role of the Board, its committees and its directors, and (ii) the nature and operation of the issuer's business.**

While the Corporation does not currently have a formal orientation and education program for new directors, the Corporation has historically provided such orientation and education on an informal basis. As new directors have joined the Board, management has provided these individuals with corporate policies, historical information about the Corporation, as well as information on the Corporation's performance and its strategic plan with an outline of the general duties and responsibilities entailed in carrying out their duties. The Board believes that these procedures have proved to be a practical and effective approach in light of the Corporation's particular circumstances, including the size of the Corporation, limited turnover of the directors and the experience and expertise of the members of the Board.

- (b) Briefly describe what measures, if any, the Board takes to provide continuing education for its directors. If the Board does not provide continuing education, describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.**

No formal continuing education program currently exists for the directors of the Corporation; however, the Corporation encourages directors to attend, enrol or participate in courses and/or seminars dealing with financial literacy, corporate governance and related matters and has agreed to pay the cost of such courses and seminars. Each director of the Corporation has the responsibility for ensuring that he maintains the skill and knowledge necessary to meet his obligations as a director.

## **5. Ethical Business Conduct**

- (a) Disclose whether or not the Board has adopted a written code for the directors, officers and employees. If the Board has adopted a written code:**

The Corporation has adopted a Code of Business Conduct and Ethics for directors, officers and employees (the "Code").

- (i) disclose how a person or company may obtain a copy of the code;**

A copy of the Code may be obtained by contacting the Chief Financial Officer of the Corporation at (403) 543-7331 and is also available through the internet on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") website at [www.sedar.com](http://www.sedar.com) or on Peak's website at [www.peak-energy.com](http://www.peak-energy.com).

- (ii) describe how the Board monitors compliance with its code, or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its code; and**

The Board monitors compliance with the Code by requiring that all employees of the Corporation to affirm in writing (or equivalent means) on an annual basis his or her agreement to abide by the Code, as to his or her ethical conduct and with respect to any conflicts of interest. Please also see 5(c) below for a discussion of the whistleblower policy.

- (iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.**

There have been no material change reports filed since the beginning of the Corporation's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the Code.

- (b) Describe any steps the Board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.**

In accordance with the *Business Corporations Act* (Alberta), directors who are a party to, or are a director or an officer of a person which is a party to, a material contract or material transaction or a proposed material contract or proposed material transaction are required to disclose the nature and extent of their interest and not to vote on any resolution to approve the contract or transaction. In addition, in certain cases, an independent committee of the Board may be formed to deliberate on such matters in the absence of the interested party.

- (c) Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.**

In addition to the Code, the Board has also adopted a "Whistleblower Policy" wherein employees and stakeholders of the Corporation are provided with the mechanics by which they may raise concerns about incorrect financial reporting, unlawful activities, actions that violate the Code and any other serious improper conduct in a confidential, anonymous process. The details and mechanics are available on Peak's website at [www.peak-energy.com](http://www.peak-energy.com).

## **6. Nomination of Directors**

- (a) Describe the process by which the Board identifies new candidates for Board nomination.**

The entire Board is responsible for recommending suitable candidates for nominees for election or appointment as director, and recommending the criteria governing the overall composition of the Board and governing the desirable characteristics for directors. In making such recommendations, the Board is to consider: (i) the competence and skills that the Board considers to be necessary for the Board, as a whole, to possess; (ii) the competence and skills that the Board considers each existing director to possess; (iii) the competencies and skills that each new nominee will bring to the boardroom; and (iv) whether or not each new nominee can devote sufficient time and resources to his or her duties as a member of the Board.

The Board is also to review on a periodic basis the composition of the Board to ensure that an appropriate number of independent directors sit on the Board, and analyze the needs of the Board and recommend nominees who meet such needs.

- (b) Disclose whether or not the Board has a nominating committee composed entirely of independent directors. If the Board does not have a nominating committee composed entirely of independent directors, describe what steps the Board takes to encourage an objective nomination process.**

The entire Board is responsible for the identification and nomination of directors. As at the date of this document, the Board is comprised of four (4) independent directors and two (2) non-independent directors. As such, the independent members hold the majority of votes. The Board believes that the current and proposed Board make-up allows for the free flow of information that is required to ensure that the identification and nominating process is objective and effective. In the event that there is a disagreement during the nomination process, the independent directors will make the final nomination decision.

- (c) If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.**

See item 6(a).

## **7. Compensation**

- (a) **Describe the process by which the Board determines the compensation for the issuer's directors and officers.**

*Compensation of Directors*

The Compensation Committee conducts a yearly review of directors' compensation having regard to various reports on current trends in directors' compensation and compensation data for directors of reporting issuers of comparative size to the Corporation.

*Compensation of Officers*

The Chairman of the Compensation Committee has ongoing communication with the President and Chief Executive Officer regarding compensation matters for the upcoming fiscal year. After such background communication, the two meet in person to discuss compensation matters, with the Chairman and the President and Chief Executive Officer striving to ensure that the executive compensation is consistent with the general principles as set forth under the heading "*Statement of Executive Compensation*". The Chairman and President and Chief Executive Officer go through the proposed executive compensation for each executive, including salary and participation levels in the bonus plans. The Chairman then meets with the other members of the Compensation Committee and briefs them on the discussions held with the President and Chief Executive Officer. The full Compensation Committee discusses the proposed executive compensation, in light of the strategic, operating and financial objectives of the Corporation as well as industry norms and conditions. If general or specific issues are raised, the Compensation Committee will debate them. The full Compensation Committee then meets with the President and Chief Executive Officer to discuss such matters and raise any questions or issues they may have regarding executive compensation. In light of the Corporation's size and small number of employees, these meetings allow the Compensation Committee to get a sense of the practical issues involved in determining compensation levels for the executives. The Compensation Committee then deals specifically with setting the compensation of the President and Chief Executive Officer. The Compensation Committee then discusses and debates, as necessary, the specific executive compensation proposals. If further clarification is necessary, the Chairman will ask the President and Chief Executive Officer for information. Once the levels are agreed to by the members of the Compensation Committee, they are formally approved by the Board.

Please also see discussion under the heading "*Statement of Executive Compensation*".

- (b) **Disclose whether or not the Board has a compensation committee composed entirely of independent directors. If the Board does not have a compensation committee composed entirely of independent directors, describe what steps the Board takes to ensure an objective process for determining such compensation.**

The Compensation Committee is comprised of two (2) independent directors.

- (c) **If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.**

The Compensation Committee's responsibility is to formulate and make recommendations to the Board in respect of compensation issues relating to directors and officers of the Corporation. Without limiting the generality of the foregoing, the Compensation Committee has the following duties:

- (i) advise the Board on executive compensation matters.
- (ii) review and recommend a compensation philosophy, guidelines and plans for the Corporation's executives and employees.
- (iii) review and approve corporate goals and objectives relevant to President and Chief Executive Officer compensation.

- (iv) evaluate the President and Chief Executive Officer's performance in light of those goals, and make recommendations to the Board with regard to the President and Chief Executive Officer's compensation based on this evaluation.
  - (v) in consultation with the President and Chief Executive Officer, review and approve non-Chief Executive Officer compensation, non-equity based incentive plans, and equity based incentive plans.
  - (vi) review and approve all discretionary compensation granted.
  - (vii) review and approve fees to be paid to members of the Board of Directors.
  - (viii) review executive compensation disclosure before it is publicly disclosed.
  - (ix) review distribution levels, based on information from and consultation with management.
  - (x) approve all changes to distribution levels.
  - (xi) be the forum for meetings of all independent directors of the Corporation.
  - (xii) The Compensation Committee is required to be comprised of at least three (3) directors, or such greater number as the Board may determine from time to time. All members of the Committee are required to be independent, as such term is defined for this purpose under applicable securities requirements. Pursuant to the mandate and terms of reference of the Compensation Committee, meetings of the Committee are to take place at least one (1) time per year and at such other times as the Chair of the Compensation Committee may determine.
- (d) **If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.**

During 2009, no compensation consultant or advisor was retained.

**8. Other Board Committees - If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.**

In addition to the Audit and Compensation Committee, the Board has a Corporate Governance Committee.

Our Corporate Governance Committee mandate includes (i) the responsibility to formulate and make recommendations to the Board in respect of compensation issues relating to our directors, including reviewing and recommending to the Board the retainer and fees to be paid to members of the Board; (ii) developing our approach to matters concerning corporate governance and, from time to time, reviewing and making recommendations to the Board as to such matters, including reviewing the new directors' orientation packages; recommending suitable candidates for nominees for election or appointment as directors, and recommending the criteria governing the overall composition of the Board and governing the desirable individual characteristics for directors. The Corporate Governance Committee is additionally responsible for, at least annually, assessing the effectiveness of the Board as a whole, the composition of the Board committees and the contribution of individual directors, including considering the appropriate size of the Board.

**9. Assessments - Disclose whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committees, and its individual directors are performing effectively.**

The Compensation Committee is responsible by its terms of reference to evaluate the effectiveness of the Board, committees and individual directors. The Compensation Committee surveys directors to provide feedback on the effectiveness of the Board. The Compensation Committee, with the participation of the Chairman, recommends changes, if any, to enhance Board performance based on the feedback.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Except as disclosed herein, there were no material interests, direct or indirect, of our directors or executive officers, any securityholder who beneficially owns, directly or indirectly, Units carrying ten percent (10%) or more of the voting rights attached to the Units, or any other Informed Person (as defined in National Instrument 51-102) or any known associate or affiliate of such persons, in any transaction since the commencement of our last completed financial year or in any proposed transaction that has materially affected or would materially affect us or any of its subsidiaries.

On February 16, 2010, the Trust closed a \$16.0 million private placement financing for 80,000,000 Units at \$0.20 per unit (the "**Private Placement**") with certain related parties. The subscribers to the Private Placement included Deans Knight Capital Management Ltd., an insider holding greater than 10% of the outstanding Units (following the Private Placement and the subsequent rights offering Deans Knight holds approximately 49.0% of the outstanding Units), certain members of the Board, including Messrs. Haslam, Whitteron, Moore, Robinson and Grafton, as well as Mr. Huber, the Executive Vice President of the Trust. The Private Placement was considered by the Board, exclusive of the related Board members to be reasonable given the circumstances and approved the transaction. Net proceeds of the Private Placement were used to repay outstanding debt of the Trust. For a more detailed description of the Private Placement please see "*General Development of the Business – Recent Developments*" in the Trust's annual information form for the year ended December 31, 2009, which is available through the SEDAR website at [www.sedar.com](http://www.sedar.com).

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

None of our directors, proposed nominees for election as directors, executive officers, employees or former executive officers, directors or employees of us or our subsidiaries, or any associate of any such director, proposed nominee for director, executive officer or employee is, or has been at any time since the beginning of our most recently completed financial year, indebted to us or any of our subsidiaries in respect of any indebtedness that is still outstanding, nor, at any time since the beginning of our most recently completed financial year has any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by us or any of our subsidiaries, other than routine indebtedness.

## **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

Our management is not aware of any material interest, direct or indirect, by way of beneficial ownership of Units or otherwise, of any director, proposed director or executive officer or anyone who has held office as such since the beginning of our last financial year or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting, save as is disclosed herein.

## **OTHER MATTERS**

Our management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the notice of annual and special meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person voting the proxy.

## **ADDITIONAL INFORMATION**

Additional information relating to our business is available through the SEDAR website at [www.sedar.com](http://www.sedar.com). Additional financial information in respect of our business and affairs is provided in our annual audited comparative financial statements and management's discussion and analysis for the fiscal year ended December 31, 2009. Copies of these documents may be obtained on request without charge from the Chief Financial Officer of Peak at Suite 900, 222 – 3rd Avenue S.W., Calgary, Alberta, T2P 0B8, telephone (403) 543-7331.

The contents and the sending of this information circular – proxy statement have been approved by our directors.

Dated: April 28, 2010

## SCHEDULE "A"

### PEAK ENERGY SERVICES LTD.

#### MANDATE OF THE BOARD OF DIRECTORS

The Board of Directors (the "**Board**") of Peak Energy Services Ltd. (the "**Corporation**"), as administrator of Peak Energy Services Trust (the "**Trust**"), is responsible for the stewardship of the Corporation. In discharging its responsibility, the Board will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and will act honestly and in good faith with a view to the best interests of the Corporation. In general terms, the Board will:

- A. in consultation with the chief executive officer of the Corporation (the "**CEO**"), define the principal objective(s) of the Corporation;
- B. supervise the management of the business and affairs of the Corporation with the goal of achieving the Corporation's principal objective(s) as defined by the Board;
- C. discharge the duties imposed on the Board by applicable laws; and
- D. for the purpose of carrying out the foregoing responsibilities, take all such actions as the Board deems necessary or appropriate.

Without limiting the generality of the foregoing, the Board will perform the following duties:

#### **Strategic Direction, Operating, Capital and Financial Plans**

1. require the CEO or his designate to present annually to the Board a yearly business plan for the Corporation's business, which plans must:
  - (a) be designed to achieve the Corporation's principal objectives,
  - (b) identify the principal strategic and operational opportunities and risks of the Corporation's business, and
  - (c) be approved by the Board as a pre-condition to the implementation of such plans;
2. review progress towards the achievement of the goals established in the strategic, operating and capital plans;
3. identify the principal risks of the Corporation's business and take all reasonable steps to ensure the implementation of the appropriate systems to manage these risks;
4. approve the annual operating and capital plans, as may be amended from time to time;
5. approve issuances of additional Units of the Trust or other securities to the public;
6. monitor the Corporation's progress towards its goals, and to revise and alter its direction through management in light of changing circumstances;

#### **Management and Organization**

7. appoint the CEO and determine the terms of the CEO's employment with the Corporation;
8. in consultation with the CEO, develop a position description for the CEO;

9. evaluate the performance of the CEO at least annually;
10. in consultation with the CEO, establish the limits of management's authority and responsibility in conducting the Corporation's business;
11. in consultation with the CEO, appoint all officers of the Corporation and approve the terms of each officer's employment with the Corporation;
12. receive annually from the CEO the CEO's evaluation of the performance of each senior officer;
13. develop a system under which succession to senior management positions will occur in a timely manner;
14. approve any proposed significant change in the management organization structure of the Corporation;
15. approve all retirement plans, if any, for officers and employees of the Corporation;
16. in consultation with the CEO, establish a communications/disclosure policy for the Corporation;
17. generally provide advice and guidance to management;

#### **Finances and Controls**

18. use reasonable efforts to ensure that the Corporation maintains appropriate systems to manage the risks of the Corporation's business;
19. monitor the appropriateness of the Corporation's capital structure;
20. ensure that the financial performance of the Corporation is properly reported to shareholders, other security holders and regulators on a timely and regular basis;
21. in consultation with the CEO, establish the ethical standards to be observed by all officers and employees of the Corporation and use reasonable efforts to ensure that a process is in place to monitor compliance with those standards;
22. require that the CEO institute and monitor processes and systems designed to ensure compliance with applicable laws by the Corporation and its officers and employees;
23. require that the CEO institute, and maintain the integrity of, internal control and information systems, including maintenance of all required records and documentation;
24. review and approve material contracts, outside of the normal course of business, to be entered into by the Corporation;
25. recommend to the shareholders of the Corporation a firm of chartered accountants to be appointed as the Corporation's auditors;
26. take all necessary actions to gain reasonable assurance that all financial information made public by the Corporation (including the Corporation's annual and quarterly financial statements) is accurate and complete and represents fairly the Corporation's financial position and performance;

#### **Governance**

27. in consultation with the Chairman of the Board, develop a position description for the Chairman of the Board;

28. facilitate the continuity, effectiveness and independence of the Board by, amongst other things,
  - (a) selecting nominees for election to the Board,
  - (b) appointing a Chairman of the Board,
  - (c) appointing from amongst the directors an audit committee and such other committees of the Board as the Board deems appropriate,
  - (d) defining the mandate of each committee of the Board,
  - (e) ensuring that processes are in place and are utilized to assess the size of the Board, the effectiveness of the Chairman of the Board, the Board as a whole, each committee of the Board and each director,
  - (f) review the orientation and education program for new members to the Board to ensure that it is adequate and effective; and
  - (g) establishing a system to enable any director to engage an outside adviser at the expense of the Corporation;
29. review annually the adequacy and form of the compensation of directors.

#### **Delegation**

The Board shall determine the composition of all committees and ensure that such composition is in compliance with all applicable laws.

The Board may delegate its duties to and receive reports and recommendations from any committee of the Board.

#### **Meetings**

30. the Board shall meet at least four times per year and/or as deemed appropriate by the Board Chair;
31. minutes of each meeting shall be prepared;
32. the CEO or his designate(s) may be present at all meetings of the Board;
33. the Executive Vice President, Chief Financial Officer, Chief Operating Officer, Vice Presidents and such other staff, as appropriate to provide information to the Board, shall attend meetings at the invitation of the Board.