

**EARLY WARNING REPORT  
UNDER NATIONAL INSTRUMENT 62-103**

1. ***Name and address of the offeror***

Bernie Reed  
Suite 2011, 10605 Westside Drive  
Grande Prairie, Alberta T8V 8E6

2. ***Designation and number or principal amount of securities and the offeror's securityholding percentage in the class of securities of which the offeror acquired ownership or control in the transaction or occurrence giving rise to the obligation to file the news release, and whether it was ownership or control that was acquired in those circumstances:***

Mr. Reed directly acquired ownership of 4,337,592 units ("Units") of Petrowest Energy Services Trust (the "Trust") through the exercise of rights pursuant to the rights offering of the Trust (the "Rights Offering") qualified by a prospectus dated May 26, 2010 (the "Prospectus") and an additional 2,266,653 Units pursuant to Mr. Reed's stand-by commitment under the Rights Offering. Mr. Reed now beneficially owns, controls or has direction over, directly or indirectly, an aggregate of 9,177,931 Units representing 10.75% of the Trust's outstanding Units.

3. ***Designation and number or principal amount of securities and the offeror's securityholding percentage in the class of securities immediately after the transaction or occurrence giving rise to the obligation to file the news release:***

See 2 above.

4. ***Designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities referred to above over which:***

(a) ***the offeror, either alone or together with any joint actors, has ownership and control:***

Mr. Reed owns 9,177,931 Units which represents 10.75% of the outstanding units of the Trust and 760,238 warrants ("Warrants"), each Warrant entitling the holder thereof to purchase an additional trust unit for \$0.1879 per unit expiring on June 29, 2011.

(b) ***the offeror, either alone or together with any joint actors, has ownership but control is held by other persons or companies other than the offeror or any joint actor:***

N/A

(c) ***the offeror, either or along or together with any joint actors, has exclusive or shared control but does not have ownership:***

N/A

5. ***The name of the market in which the transaction or occurrence that gave rise to the news release took place:***

Issued from treasury

6. ***The value, in Canadian dollars, of any consideration offered per security if the offeror acquired ownership in the transaction or occurrence that gave rise to the obligation to file a news release:***

The consideration was \$0.14 per Unit.

7. ***The purpose of the offeror and any joint actors in effecting the transaction or occurrence that gave rise to the news release, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer:***

Mr. Reed acquired ownership of 4,337,592 Units through exercise of rights pursuant to the Rights Offering and an additional 2,266,653 Units pursuant to the stand-by commitment as described in the Prospectus. Depending on market and other conditions, Mr. Reed may increase or decrease his beneficial ownership, control or direction over Units.

8. ***The general nature and material terms of any agreement, other than lending arrangement, with respect to securities of the reporting issuer entered into by the offeror, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence giving rise to the news release, including agreements with respect to the acquisition, holding, disposition or voting of any of the securities:***

Pursuant to a stand-by purchase agreement dated May 11, 2010 among PetroCorp Group Inc., Roy Larson, Jim Moffatt, Rick Quigley, Bernie Reed, Larry Patriquin, Murray Head and Ron Head (collectively, the "Stand-by Purchasers"), the Trust and Petrowest Energy Services General Partner Ltd., the Trust agreed to sell and the Stand-by Purchasers agreed to purchase all of the trust units not otherwise purchased under the Rights Offering, and were issued the Warrants as compensation for providing the stand-by commitment.

9. ***Name of any joint actors in connection with the disclosure required by Appendix E of National Instrument 62-103:***

N/A

10. ***In the case of a transaction or occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, the nature and value of the consideration paid by the offeror:***

The 6,604,245 Units were acquired from treasury for \$0.14 per Unit and the 760,238 Warrants were issued in consideration of Mr. Reed having provided the stand-by commitment for the Rights Offering.

11. ***If applicable, a description of any change in any material fact set out in a previous report by the offeror under the early warning requirements:***

N/A

12. ***If applicable, a description of the exemption from securities legislation being relied on by the offeror and the facts supporting that reliance:***

N/A

**DATED** at Grande Prairie, Alberta as of July 9, 2010.

"Bernie Reed"

Bernie Reed