

PRELIMINARY SHORT FORM BASE SHELF PROSPECTUS

A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about the securities and it is an offence to claim otherwise.

This short form prospectus has been filed under legislation in each of the provinces of Canada that permits certain information about the securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of the securities.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of NAL Resources Management Limited, the manager of NAL Oil & Gas Trust, at Suite 1000, 555 – 6th Avenue S.W., Calgary, Alberta, T2P 0S2, telephone 403-294-3600, and are also available electronically at www.sedar.com.

New Issue

May 5, 2009



NAL OIL & GAS TRUST

\$600,000,000

**Trust Units
Debt Securities
Warrants
Subscription Receipts**

NAL Oil & Gas Trust (the "**Trust**") may offer and issue, from time to time: (i) trust units (the "**Trust Units**"); (ii) any bonds, debentures, notes or other evidences of indebtedness of any kind, nature or description (the "**Debt Securities**"); (iii) warrants to purchase Trust Units and warrants to purchase Debt Securities (the "**Warrants**"); and (iv) subscription receipts of the Trust (the "**Subscription Receipts**" and together with the foregoing, collectively, the "**Securities**") of up to \$600,000,000 aggregate initial offering price of Securities (or the equivalent thereof in one or more foreign currencies or composite currencies) during the 25 month period that the receipt for this prospectus remains effective. Securities may be offered separately or together, in amounts, at prices and on terms to be determined based on market conditions at the time of sale and set forth in one or more shelf prospectus supplements (each, a "**Prospectus Supplement**").

The specific terms of the Securities with respect to a particular offering will be set out in the applicable Prospectus Supplement and may include, where applicable: (i) in the case of Trust Units, the number of Trust Units offered, the offering price (in the event the offering is a fixed price distribution), the manner in which offering price will be determined (in the event the offering is a non-fixed price distribution) and any other terms specific to the Trust Units

being offered; (ii) in the case of Debt Securities, the specific designation, aggregate principal amount, the currency or the currency unit for which the Debt Securities may be purchased, the maturity, interest provisions, authorized denominations, offering price, covenants, events of default, any terms for redemption or retraction, any exchange or conversion terms, whether the debt is senior or subordinated and any other terms specific to the Debt Securities being offered; (iii) in the case of Warrants, the designation, number and terms of the Trust Units or Debt Securities purchasable upon exercise of the Warrants, any procedures that will result in the adjustment of these numbers, the exercise price, dates and periods of exercise, the currency in which the Warrants are offered and any other specific terms; and (iv) in the case of Subscription Receipts, the number of Subscription Receipts offered, the offering price, the terms, conditions and procedures for the conversion or exercise of such Subscription Receipts into, or for, Trust Units or other securities or pursuant to which the holders thereof will become entitled to receive Trust Units or such other securities, and any other terms specific to the Subscription Receipts being offered. Where required by statute, regulation or policy, and where Securities are offered in currencies other than Canadian dollars, appropriate disclosure of foreign exchange rates applicable to such Securities will be included in the Prospectus Supplement describing such Securities. The Trust may also include in a Prospectus Supplement specific terms pertaining to the Securities which are not within the options and parameters set forth in this prospectus.

All shelf information permitted under applicable laws to be omitted from this prospectus will be contained in one or more Prospectus Supplements that will be delivered to prospective purchasers together with this prospectus to the extent required by applicable securities laws. Each Prospectus Supplement will be deemed to be incorporated by reference into this prospectus as of the date of the Prospectus Supplement and only for the purposes of the offering of Securities to which the Prospectus Supplement pertains.

Prospective investors should be aware that the purchase of Securities may have tax consequences, which may not be fully described in this prospectus or in any Prospectus Supplement. Prospective investors should read the tax discussion, if any, in the applicable Prospectus Supplement and consult with an independent tax advisor.

This prospectus constitutes a public offering of the Securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such Securities. The Trust may offer and sell Securities to or through underwriters or dealers and also may offer and sell certain Securities directly to other purchasers or through agents. A Prospectus Supplement relating to each issue of Securities offered thereby will set forth the names of any underwriters, dealers or agents involved in the sale of such Securities and the compensation of any such underwriters, dealers or agents. Except as set out in a Prospectus Supplement relating to a particular offering of Securities in connection with any offering of Securities, the underwriters, dealers or agents, as the case may be, may over-allot or effect transactions intended to fix or stabilize the market price of the Trust Units at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution". The issued and outstanding Trust Units are listed on the Toronto Stock Exchange (the "TSX") under the symbol "NAE.UN". **No underwriter, dealer or agent has been involved in the preparation of this prospectus or performed any review of the contents of this prospectus.**

Any offering of Debt Securities, Warrants or Subscription Receipts would be a new issue of securities. **There is no market through which the Debt Securities, Warrants or Subscription Receipts may be sold and purchasers may not be able to resell the Debt Securities, Warrants or Subscription Receipts purchased under this prospectus or any Prospectus Supplement. This may affect the pricing of the Debt Securities, Warrants or Subscription Receipts in the secondary market (if any), the transparency and availability of trading prices (if any), the liquidity of the Debt Securities, Warrants or Subscription Receipts (if any), and the extent of issuer regulation.** Unless otherwise specified in the applicable Prospectus Supplement, the Debt Securities, Warrants or Subscription Receipts will not be listed on any securities exchange.

A return on an investment in Trust Units is not comparable to the return on an investment in a fixed-income security. The recovery of an initial investment in Trust Units is at risk, and the anticipated return on such investment is based on many performance assumptions. **Although the Trust intends to make distributions of available cash flow to holders of Trust Units ("Unitholders"), these cash distributions are not guaranteed and may be reduced, suspended or eliminated.** The actual amount distributed will depend on numerous factors, including: the financial performance of the Trust's operating subsidiaries, debt obligations, commodity prices, production levels, working capital requirements, future capital requirements, the ability of the Trust to meet certain of the covenants set forth under the terms of the Trust's credit facilities, and other factors beyond the control of the Trust. See "Material Debt".

In addition, the market value of the Trust Units may decline if the Trust's cash distributions decline in the future and that market value decline may be material.

An investment in the Securities involves risks. See "Risk Factors".

The after tax return from an investment in Trust Units to Unitholders subject to Canadian income tax can be made up of both a return on capital and a return of capital. That composition may change over time, thus affecting an investor's after tax return. Subject to certain amendments to the *Income Tax Act* (Canada) (the "**Tax Act**") made effective on October 31, 2006 (the "**SIFT Rules**"), returns on capital generally are taxed as ordinary income in the hands of a Unitholder who is resident in Canada for purposes of the Tax Act. Pursuant to the SIFT Rules, commencing January 1, 2011 (provided the Trust only experiences "normal growth" before then) certain distributions from the Trust which otherwise would have been taxed as ordinary income generally will be characterized as dividends and the Trust will be subject to tax at corporate rates on the amount of those distributions. Returns of capital generally are not required to be (and under the SIFT Rules will continue to not be required to be) included in income for Unitholders who are resident in Canada for purposes of the Tax Act, but rather reduce the adjusted cost base of such Unitholder's Trust Unit(s) for purposes of the Tax Act. Distributions of income to a Unitholder who is not resident in Canada for purposes of the Tax Act, or that is a partnership that is not a "Canadian partnership" for purposes of the Tax Act, generally will be subject to Canadian withholding tax. Prospective investors should consult their own tax advisors with respect to the Canadian income tax considerations applicable in their own circumstances. See "Risk Factors".

The Trust Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation. Furthermore, the Trust is not a trust company and, accordingly, it is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

The offering of Securities hereunder is subject to approval of certain legal matters on behalf of the Trust by Bennett Jones LLP, Calgary, Alberta.

The head office and registered office of the Trust are each located at 1000, 550 – 6th Avenue S.W., Calgary, Alberta, T2P 0S2.

TABLE OF CONTENTS

| | |
|--|-----|
| ABOUT THIS PROSPECTUS..... | 1 |
| FORWARD-LOOKING STATEMENTS..... | 1 |
| DOCUMENTS INCORPORATED BY REFERENCE..... | 2 |
| NAL OIL & GAS TRUST..... | 4 |
| RECENT DEVELOPMENTS..... | 4 |
| USE OF PROCEEDS..... | 5 |
| PRIOR SALES..... | 5 |
| DISTRIBUTIONS TO UNITHOLDERS..... | 7 |
| MATERIAL DEBT..... | 7 |
| PLAN OF DISTRIBUTION..... | 8 |
| DESCRIPTION OF TRUST UNITS..... | 9 |
| DESCRIPTION OF DEBT SECURITIES..... | 10 |
| DESCRIPTION OF WARRANTS..... | 13 |
| SUBSCRIPTION RECEIPTS..... | 14 |
| RISK FACTORS..... | 15 |
| CERTAIN INCOME TAX CONSIDERATIONS..... | 15 |
| STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION..... | 15 |
| INTEREST OF EXPERTS..... | 15 |
| AUDITORS' CONSENT..... | 16 |
| CERTIFICATE OF THE TRUST AND THE MANAGER..... | C-1 |

ABOUT THIS PROSPECTUS

Unless the context otherwise requires, all references in this prospectus to the "**Trust**" mean NAL Oil & Gas Trust and, where the context requires, includes the Trust and all of its consolidated subsidiaries and any partnership of which the Trust and its subsidiaries are the partners.

In this prospectus and in any Prospectus Supplement, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars and references to "**dollars**", "**\$**" or "**Cdn\$**" are to Canadian dollars. Unless otherwise specifically stated, all financial information included and incorporated by reference in this prospectus is determined using Canadian generally accepted accounting principles, referred to as "**Canadian GAAP**".

In this prospectus and in any Prospectus Supplement, unless otherwise specified, the abbreviations set forth below have the following meanings:

| | | | |
|--------------|--------------------------------------|------------|------------------------------------|
| bbl | barrel of oil or natural gas liquids | boe | barrel of oil equivalent |
| boe/d | barrels of oil equivalent per day | Mcf | thousand cubic feet of natural gas |

Boes may be misleading, particularly if used in isolation. A boe conversion ratio of six Mcf : one bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

A Prospectus Supplement containing the specific terms of an offering of Securities will be delivered to purchasers of such Securities together with this prospectus and will be deemed to be incorporated by reference in this prospectus as of the date of such Prospectus Supplement solely for the purposes of the offering of Securities offered thereunder.

FORWARD-LOOKING STATEMENTS

This prospectus and certain documents incorporated by reference into this prospectus contain forward-looking information within the meaning of applicable Canadian securities legislation. Forward-looking information is typically identified by words such as "anticipate", "continue", "estimate", "expect", "forecast", "may", "will", "could", "plan", "intend", "should", "believe", "outlook", "project", "potential", "target", and similar words suggesting future events or future performance. In addition, statements relating to "reserves" are deemed to be forward-looking information as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities estimated and can be profitably produced in the future.

In particular, this prospectus and certain documents incorporated by reference into this prospectus, contain forward-looking information pertaining to the following, without limitation: the performance characteristics of the crude oil and natural gas properties of the Trust and its direct and indirect subsidiaries (the "**NAL Group**"); crude oil and natural gas production levels; the size of, and future net revenues from, the crude oil and natural gas reserves; projections of market prices and costs and the related sensitivity of distributions; supply and demand for crude oil and natural gas; expectations regarding the ability to raise capital and to continually add to reserves through acquisitions and development; the NAL Group's future operating and financial results; treatment under governmental regulatory regimes and tax laws; capital expenditure programs; future tax treatment of the Trust; future structure of the Trust and its subsidiaries; the Trust's tax pools; operating costs; the amount of future asset retirement obligations; future liquidity and future financial capacity; future results from operations; payout ratios; cost estimates and royalty rates; drilling plans; tie-in of wells; future development, exploration, and acquisition and development activities and related expenditures.

With respect to forward-looking statements contained in this prospectus, and certain documents incorporated by reference into this prospectus, certain assumptions have been made regarding, among other things: future oil and natural gas prices; future capital expenditure levels; future oil and natural gas production levels; future exchange rates; the amount of future cash distributions; the cost of expanding property holdings; the ability to obtain equipment in a timely manner to carry out development activities; the ability to market the oil and natural gas successfully to current and new customers; the impact of increasing competition; the ability to obtain financing on acceptable terms; income tax laws applicable to the Trust; and the ability to add production and reserves through development and exploitation activities.

Although the Trust and NAL Resources Management Limited (the "**Manager**") believe that the expectations reflected in the forward-looking information contained in the prospectus, and certain documents incorporated by reference in this prospectus, and the assumptions on which such forward-looking information are made, are reasonable, readers are cautioned not to place undue reliance on such forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which the forward-looking information are based will occur. Such information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated and which may cause the NAL Group's actual performance and financial results in future periods to differ materially from any estimates or projections of future performance. These risks and uncertainties include, without limitation: changes in commodity prices; unanticipated operating results or production declines; the impact of weather conditions on seasonal demand and ability to execute the capital program; risks inherent in oil and gas operations; incorrect assessments of the value of acquisitions and exploration and development programs; geological, technical, drilling and processing problems; failure to realize the anticipated benefits of acquisitions; the imprecision of reserve estimates; limited, unfavorable or no access to capital or credit markets; the impact of competitors; the lack of availability of qualified operating or management personnel; the ability to obtain industry partner and other third party consents and approvals, when required; failure to realize the anticipated benefits of acquisitions; general economic conditions in Canada, the United States and globally; fluctuations in foreign exchange or interest rates; changes in government regulation of the oil and gas industry, including environmental regulation; changes in royalty rates; changes in tax laws and incentive programs relating to the oil and gas industry and income trusts; including the impact of legislation relating to the taxation of "specified investment flow-through" entities and proposed amendments to the Tax Act to permit the conversion of income trusts into corporations by the Federal government; stock market volatility and market valuations; OPEC's ability to control production and balance global supply and demand for crude oil at desired price levels; political uncertainty, including the risk of hostilities in the petroleum producing regions of the world; and other risk factors discussed in other public filings of the Trust.

The Trust cautions that the foregoing list of factors that may affect future results is not exhaustive. The forward-looking information contained in the prospectus is made as of the date of this prospectus. The forward-looking information contained in this Prospectus and in any documents incorporated by reference herein is expressly qualified by this cautionary statement. Neither the Trust nor the Manager undertakes any obligation to publicly update or revise any forward-looking information except as required pursuant to applicable securities laws.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this prospectus from documents filed with securities commissions and similar regulatory authorities in Canada.

Under applicable securities laws in Canada, the Canadian securities commissions allow the Trust to incorporate by reference certain information that it files with the Canadian securities commissions or similar regulatory authorities, which means that the Trust can disclose important information to prospective investors by reference to those documents. Information that is incorporated by reference is an important part of this prospectus. The following documents of the Trust have been, or will be, filed with the various securities commissions or similar regulatory authorities in the provinces of Canada and are specifically incorporated by reference into and form an integral part of this prospectus:

1. the annual information form of the Trust dated March 20, 2009 for the year ended December 31, 2008 (the "**AIF**");
2. the audited comparative consolidated financial statements of the Trust as at and for the years ended December 31, 2008 and 2007, together with the notes thereto and the auditors' report thereon;
3. management's discussion and analysis of the financial condition and results of operations of the Trust for the year ended December 31, 2008 ("**MD&A**");
4. the unaudited comparative consolidated financial statements of the Trust as at and for the three month period ended March 31, 2009;

5. management's discussion and analysis of the financial condition and results of operations of the Trust for the three month period ended March 31, 2009 (the "**Q1 MD&A**"); and
6. the information circular of the Trust dated April 14, 2009 relating to the annual meeting of Unitholders to be held on May 20, 2009.

Any documents of the type required by National Instrument 44-101 *Short Form Prospectus Distributions* to be incorporated by reference herein including, without limitation, any material change reports (excluding confidential material change reports), comparative interim financial statements, comparative annual financial statements and the auditors' report thereon, management's discussion and analysis of financial condition and results of operations, information circulars, annual information forms and business acquisition reports filed by the Trust with the securities commissions or similar regulatory authorities in the provinces of Canada subsequent to the date of this prospectus and prior to the termination of this distribution are deemed to be incorporated by reference in this prospectus.

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

Upon a new annual information form and corresponding annual financial statements and related management's discussion and analysis being filed by the Trust with, and where required, accepted by, the applicable securities regulatory authorities during the currency of this prospectus, the previous annual information form and all annual financial statements, interim financial statements and the related management's discussion and analysis, material change reports, business acquisition reports and information circulars filed prior to the commencement of the Trust's financial year in respect of which the new annual information form is filed shall be deemed no longer to be incorporated by reference into this prospectus for purposes of future offers and sales of Securities hereunder. Upon interim consolidated financial statements and the related management's discussion and analysis being filed by the Trust with the applicable securities regulatory authorities during the currency of this prospectus, all interim consolidated financial statements and the related management's discussion and analysis filed prior to the new interim consolidated financial statements shall be deemed no longer to be incorporated in this prospectus for purposes of future offers and sales of Securities under this prospectus. Upon a new management information circular and proxy statement relating to an annual meeting of Unitholders being filed by the Trust with the applicable securities regulatory authorities during the currency of this prospectus, the management information circular and proxy statement for the preceding annual meeting of Unitholders shall be deemed no longer to be incorporated into this prospectus for purposes of future offers and sales of Securities under this prospectus.

One or more Prospectus Supplements containing the specific variable terms for an issue of Securities and other information in relation to those Securities will be delivered or made available to purchasers of such Securities together with this prospectus to the extent required by applicable securities laws and will be deemed to be incorporated by reference into this prospectus as of the date of the Prospectus Supplement solely for the purposes of the offering of the Securities covered by any such Prospectus Supplement.

Prospective investors should rely only on the information contained or incorporated by reference in this prospectus or any Prospectus Supplement. The Trust has not authorized anyone to provide prospective investors with different or additional information. The Trust is not making an offer of these Securities in any jurisdiction where the offer is not permitted by law. Prospective investors should not assume that the information contained in or incorporated by reference in this prospectus or any Prospectus Supplement is accurate as of any date other than the date of the applicable document.

NAL OIL & GAS TRUST

The Trust is an unincorporated open-end investment trust formed under the laws of the Province of Alberta pursuant to the amended and restated trust indenture dated effective May 31, 2006 between Computershare Trust Company of Canada (the "**Trustee**") and NAL Energy Inc. ("**NAL**"). The Trust was created to acquire a royalty from NAL and to issue Trust Units to the public. Pursuant to the amended and restated royalty agreement among NAL and the Trustee effective June 1, 2008, NAL acquires oil and natural gas properties and sells a royalty to the Trust entitling the Trust to 99% of the revenues from the properties held by NAL less certain defined costs and debt repayments. The Trust also receives distributions, directly or indirectly, from its direct and indirect subsidiaries. The beneficiaries of the Trust are the Unitholders.

Income received by the Trust, consisting essentially of the operating cash flow generated by its properties, is distributed to Unitholders. The current structure of the Trust is such that substantially all income taxation is expected to occur only in the hands of the Unitholders.

The trustee of the Trust is Computershare Trust Company of Canada. The head and registered office of the Trust are each located at 1000, 550 – 6th Avenue S.W., Calgary, Alberta, T2P 0S2. The principal place of business of the Trustee is 600, 530 – 8th Avenue S.W., Calgary, Alberta, T2P 3S8.

For a more complete description of the Trust and its direct and indirect subsidiaries, please refer to the heading "NAL Oil & Gas Trust" in the AIF.

RECENT DEVELOPMENTS

Acquisition of Alberta Clipper Energy Inc.

On March 23, 2009, the Trust announced that it had entered into an arrangement agreement (the "**Arrangement Agreement**") with Alberta Clipper Energy Inc. ("**Alberta Clipper**") pursuant to which the Trust will acquire all of the issued and outstanding common shares of Alberta Clipper by way of a plan of arrangement under the *Business Corporations Act* (Alberta) ("**the Arrangement**"). Under the Arrangement, Alberta Clipper shareholders will receive 0.078875 Trust Units for each share of Alberta Clipper held, resulting in the expected issuance of approximately 5.7 million Trust Units at closing. As a consequence of the Arrangement, an estimated \$78 million in Alberta Clipper net debt will be assumed. Closing of the Arrangement is expected to occur on or about June 1, 2009, subject to the satisfaction of certain conditions, including approval of the Arrangement by Alberta Clipper's shareholders and the Court of Queen's Bench of Alberta.

Alberta Clipper is engaged in the exploration, acquisition, development and production of oil and natural gas reserves in the provinces of British Columbia and Alberta. Based on information contained in the information circular and proxy statement of Alberta Clipper dated April 17, 2009 (the "**Alberta Clipper Circular**"), as of such date, Alberta Clipper has approximately 3,200 boe/d of production, weighted 65% to natural gas and 35% to light oil and natural gas liquids, and a net interest in approximately 220,500 acres of undeveloped land. No valuation opinion has been required by applicable securities legislation or stock exchange rules in respect of Alberta Clipper within the last 12 months. As of the date hereof, there are no plans or proposals for any material changes in the business affairs of the Trust or Alberta Clipper other than in connection with the Disposition (as defined below). Upon completion of the Arrangement, Alberta Clipper will become an indirect wholly-owned subsidiary of the Trust. No informed person, associate or affiliate of the Trust is a party to the Arrangement.

For a further description of Alberta Clipper and the Arrangement, prospective investors are directed to the annual information form of Alberta Clipper for the year ended December 31, 2008 and the Alberta Clipper Circular, including the documents incorporated by reference therein, which are available under Alberta Clipper's SEDAR profile at www.sedar.com.

Concurrent with the execution of the Arrangement Agreement, the Trust entered into a letter agreement (the "**Letter Agreement**") with its strategic partner, The Manufacturers Life Insurance Company ("**Manulife**"), pursuant to which Manulife has agreed, subject to the satisfaction of certain conditions, including the preparation of definitive documentation, to purchase a 50% working interest in all of the assets of Alberta Clipper for a cash purchase price of

approximately \$52.5 million, adjusted to reflect the value of certain corporate assets not transferred to Manulife ("the **Disposition**"). It is presently expected that the Disposition will occur immediately following completion of the Arrangement. All of the cash proceeds received from Manulife in connection with the Disposition will be used to pay down debt assumed by the Trust in connection with the Arrangement. In connection with the entering into of the Letter Agreement, Manulife has agreed to indemnify, in certain circumstances, the Trust for Manulife's 50% share of certain corporate liabilities of Alberta Clipper.

Joint Venture Partnership Agreement

Effective April 20, 2009, the Trust and Manulife entered into a joint venture partnership agreement with a senior industry player. The arrangement consists of a three year commitment to spend \$50 million that provides the Trust and Manulife an opportunity to earn an interest in freehold and Crown acreage. The Trust has a 65% interest in this agreement and Manulife a 35% interest. The three year commitment net to the Trust is \$32.5 million. The agreement is exclusive and structured to be extendible for up to an additional six years for a total potential commitment of \$150 million (\$97.5 million net to the Trust) to earn an interest in over 150 sections (97.5 net to the Trust) of freehold and Crown acreage. The transaction doubles NAL's Cardium oil acreage position by adding land south of NAL's Garrington area.

USE OF PROCEEDS

The net proceeds to be derived from the sale of Securities will be the offering price less any commission paid in connection therewith and the expenses relating to the particular offering of Securities. Unless otherwise indicated in a Prospectus Supplement relating to a particular offering of Securities, the Trust intends to use the net proceeds from the sale of Securities for general trust purposes, to complete property and corporate acquisitions, to, directly or indirectly, finance future growth opportunities and to repay indebtedness. The amount of net proceeds to be used for any such purposes will be set forth in a Prospectus Supplement. The Trust may invest funds which it does not immediately use. Such investments may include short-term marketable investment grade securities. The Trust may, from time to time, issue securities (including debt securities) other than pursuant to this prospectus.

PRIOR SALES

Prior Sales

The following table summarizes the issuances of Trust Units within the twelve month period prior to the date of this prospectus.

| <u>Date of Issuance</u> | <u>Description of Transaction</u> | <u>Number of Trust Units or Securities</u> | <u>Price per Security</u> |
|-------------------------|-----------------------------------|--|---------------------------|
| April 15, 2008 | DRIP | 175,720 | \$12.8071 |
| April 15, 2008 | OCP | 371 | \$13.4811 |
| May 6, 2008 | Debenture Conversion | 3,571 | \$14.00 |
| May 12, 2008 | Debenture Conversion | 1,071 | \$14.00 |
| May 14, 2008 | Debenture Conversion | 14,285 | \$14.00 |
| May 15, 2008 | DRIP | 154,763 | \$14.0213 |
| May 15, 2008 | Debenture Conversion | 202,142 | \$14.00 |
| May 16, 2008 | Debenture Conversion | 49,428 | \$14.00 |
| May 20, 2008 | Debenture Conversion | 54,714 | \$14.00 |
| May 21, 2008 | Debenture Conversion | 7,142 | \$14.00 |
| May 22, 2008 | Debenture Conversion | 214 | \$14.00 |
| May 26, 2008 | Debenture Conversion | 3,214 | \$14.00 |
| May 30, 2008 | Debenture Conversion | 142 | \$14.00 |
| June 5, 2008 | Debenture Conversion | 5,428 | \$14.00 |
| June 10, 2008 | Debenture Conversion | 2,500 | \$14.00 |
| June 12, 2008 | Debenture Conversion | 26,928 | \$14.00 |
| June 13, 2008 | Debenture Conversion | 3,928 | \$14.00 |
| June 16, 2008 | DRIP | 160,516 | \$14.5881 |
| June 16, 2008 | Debenture Conversion | 759,142 | \$14.00 |

| <u>Date of Issuance</u> | <u>Description of Transaction</u> | <u>Number of Trust Units or Securities</u> | <u>Price per Security</u> |
|-------------------------|-----------------------------------|--|---------------------------|
| June 17, 2008 | Debenture Conversion | 61,428 | \$14.00 |
| June 18, 2008 | Debenture Conversion | 52,928 | \$14.00 |
| June 20, 2008 | Debenture Conversion | 785 | \$14.00 |
| June 23, 2008 | Debenture Conversion | 714 | \$14.00 |
| June 27, 2008 | Debenture Conversion | 7,500 | \$14.00 |
| June 30, 2008 | Debenture Conversion | 10,000 | \$14.00 |
| July 8, 2008 | Debenture Conversion | 1,428 | \$14.00 |
| July 9, 2008 | Debenture Conversion | 1,428 | \$14.00 |
| July 10, 2008 | Debenture Conversion | 1,714 | \$14.00 |
| July 14, 2008 | Debenture Conversion | 1,071 | \$14.00 |
| July 15, 2008 | DRIP | 140,069 | \$15.3531 |
| July 15, 2008 | OCP | 154 | \$16.1611 |
| July 15, 2008 | Debenture Conversion | 151,285 | \$14.00 |
| July 16, 2008 | Debenture Conversion | 20,357 | \$14.00 |
| July 21, 2008 | Debenture Conversion | 714 | \$14.00 |
| August 15, 2008 | DRIP | 165,733 | \$13.9761 |
| August 26, 2008 | Debenture Conversion | 1,429 | \$14.00 |
| September 9, 2008 | Debenture Conversion | 214 | \$14.00 |
| September 15, 2008 | DRIP | 182,201 | \$13.5662 |
| October 15, 2008 | DRIP | 236,308 | \$10.67 |
| April 15, 2009 | DRIP | 170,615 | \$6.6799 |

Price Range and Trading Volume of the Trust Units and Debentures

The Trust Units and convertible extendible unsecured subordinated debentures of the Trust ("**Debentures**") trade on the TSX under the trading symbols "NAE.UN" and "NAE.DB", respectively. The following table sets forth the price range and trading volumes for the Trust Units and Debentures on the TSX for the periods indicated:

| <u>Period</u> | <u>Trust Units</u> | | | <u>Period</u> | <u>Debentures</u> | | |
|--------------------|--------------------|------------|---------------|--------------------|-------------------|------------|---------------|
| | <u>High</u> | <u>Low</u> | <u>Volume</u> | | <u>High</u> | <u>Low</u> | <u>Volume</u> |
| | (\$) | (\$) | | | (\$) | (\$) | |
| <u>2008</u> | | | | <u>2008</u> | | | |
| January | 12.39 | 10.81 | 6,521,902 | January | 99.99 | 98.00 | 2,810,000 |
| February | 13.39 | 12.05 | 5,661,756 | February | 102.99 | 96.55 | 6,520,000 |
| March | 13.47 | 12.16 | 7,753,925 | March | 103.00 | 99.75 | 4,402,000 |
| April | 14.94 | 13.12 | 7,224,741 | April | 106.75 | 100.50 | 7,925,000 |
| May | 16.25 | 14.10 | 10,016,325 | May | 115.59 | 104.50 | 16,022,000 |
| June | 17.09 | 14.75 | 11,385,313 | June | 121.00 | 105.50 | 15,447,000 |
| July | 17.10 | 14.18 | 9,336,724 | July | 121.40 | 105.03 | 3,992,000 |
| August | 15.44 | 14.10 | 6,000,783 | August | 110.50 | 105.00 | 2,496,000 |
| September | 15.00 | 11.50 | 8,611,388 | September | 106.92 | 96.90 | 9,787,000 |
| October | 13.14 | 6.76 | 12,021,463 | October | 104.02 | 76.00 | 2,280,000 |
| November | 11.05 | 7.00 | 7,666,702 | November | 95.00 | 81.00 | 851,000 |
| December | 8.05 | 5.90 | 10,262,634 | December | 87.39 | 79.50 | 888,000 |
| <u>2009</u> | | | | <u>2009</u> | | | |
| January | 8.99 | 7.60 | 6,912,481 | January | 90.09 | 80.05 | 11,472,000 |
| February | 8.08 | 5.38 | 7,016,564 | February | 87.85 | 81.01 | 1,442,000 |
| March | 7.09 | 5.50 | 8,365,614 | March | 90.09 | 83.06 | 903,000 |
| April | 9.19 | 6.63 | 7,335,356 | April | 93.25 | 86.00 | 2,792,000 |
| May (1-4) | 9.45 | 8.81 | 789,790 | May (1-4) | 95.00 | 94.00 | 232,000 |

On May 4, 2009, the last trading day prior to the date of this prospectus, the closing prices of the Trust Units and Debentures on the TSX were \$9.38 and \$94.75, respectively.

DISTRIBUTIONS TO UNITHOLDERS

Since January 1, 2007, the following monthly distributions have been declared and/or paid by the Trust, as applicable, in cash:

| For the Month Ended | Distributions per Trust Unit | Payment Date |
|---------------------|------------------------------|--------------------|
| | (\$) | |
| January 31, 2007 | 0.16 | February 15, 2007 |
| February 28, 2007 | 0.16 | March 15, 2007 |
| March 31, 2007 | 0.16 | April 16, 2007 |
| April 30, 2007 | 0.16 | May 15, 2007 |
| May 31, 2007 | 0.16 | June 15, 2007 |
| June 30, 2007 | 0.16 | July 16, 2007 |
| July 31, 2007 | 0.16 | August 15, 2007 |
| August 31, 2007 | 0.16 | September 17, 2007 |
| September 30, 2007 | 0.16 | October 15, 2007 |
| October 31, 2007 | 0.16 | November 15, 2007 |
| November 30, 2007 | 0.16 | December 17, 2007 |
| December 31, 2007 | 0.16 | January 15, 2008 |
| January 31, 2008 | 0.16 | February 15, 2008 |
| February 29, 2008 | 0.16 | March 17, 2008 |
| March 31, 2008 | 0.16 | April 15, 2008 |
| April 30, 2008 | 0.16 | May 15, 2008 |
| May 31, 2008 | 0.16 | June 16, 2008 |
| June 30, 2008 | 0.16 | July 15, 2008 |
| July 31, 2008 | 0.16 | August 15, 2008 |
| August 31, 2008 | 0.16 | September 15, 2008 |
| September 30, 2008 | 0.16 | October 15, 2008 |
| October 31, 2008 | 0.16 | November 17, 2008 |
| November 30, 2008 | 0.16 | December 15, 2008 |
| December 31, 2008 | 0.16 | January 15, 2009 |
| January 31, 2009 | 0.11 | February 16, 2009 |
| February 28, 2009 | 0.11 | March 16, 2009 |
| March 31, 2009 | 0.09 | April 15, 2009 |
| April 30, 2009 | 0.09 | May 15, 2009 |

The historical distributions described above may not be reflective of future distributions, which are subject to review by the board of trustees of the Trust taking into account the prevailing circumstances at the relevant time. See "Risk Factors".

The terms of the documents governing the Trust's credit facilities contain provisions that in effect ensure that the lenders have priority as to payment over the Unitholders in respect to the assets and income of the Trust and its subsidiaries. Amounts due and owing to the lenders under the credit facilities must be paid before any distributions can be made to Unitholders. This relative priority of payments could result in a temporary or permanent interruption of distributions to Unitholders. See "Material Debt".

MATERIAL DEBT

Credit Facility

At March 31, 2009, the Trust had bank borrowings outstanding in the amount of approximately \$304.9 million.

The Trust maintains a fully secured, extendible, revolving term credit facility with a syndicate of certain financial institutions as lenders. The facility consists of a \$440 million production facility and a \$10 million working capital facility. The borrowing base is calculated by the bank syndicate and is based on the net present value of the Trust's oil and gas reserves and other assets.

The credit facility is fully secured by first priority security interests in all existing and future acquired properties and assets of the Trust and its subsidiary and affiliated entities. The facility will revolve until April 28, 2010, at which time

it may be extended for a further 364-day revolving period upon agreement between the Trust and the bank syndicate. If the credit facility is not extended in April 2010, the amounts outstanding at that time will be converted to a two-year term loan. The term loan will be payable in five equal quarterly installments commencing April 29, 2011. Amounts are advanced under the credit facility in Canadian dollars by way of prime interest rate based loans and issues of bankers' acceptances and in U.S. dollars by way of U.S. based interest rate and Libor based loans. The interest charged on advances is at the prevailing interest rate for bankers' acceptances, Libor loans, lenders' prime or U.S. base rates plus an applicable margin or stamping fee. The applicable margin or stamping fee, if any, varies based on the consolidated debt-to-cash flow ratio of the Trust.

The Trust's credit facility restricts the Trust from making distributions to Unitholders in the event that there is an event of default or a borrowing base shortfall pursuant to the terms of the credit facility, or the cumulative distributions in any eighteen month period exceed the Trust's consolidated cash flow from operating activities (calculated in accordance with Canadian GAAP) during such eighteen month period. A copy of the credit facility was filed on SEDAR on March 23, 2009 and is available on the SEDAR website at www.sedar.com.

Convertible Debentures

On August 28, 2007, the Trust issued \$100 million principal amount of 6.75 percent convertible extendible unsecured subordinated debentures, at a price of \$1,000 per Debenture. Interest on the Debentures is paid semi-annually in arrears, on February 28 and August 31, and the Debentures are convertible at the option of the holder at any time into Trust Units at a conversion price of \$14.00 per Trust Unit. The Debentures mature on August 31, 2012 at which time they are due and payable. The Debentures are redeemable by the Trust at a price of \$1,050 per Debenture on or after September 1, 2010 and on or before August 31, 2011, and at a price of \$1,025 per Debenture on or after September 1, 2011 and on or before August 31, 2012. On redemption or maturity, the Trust may opt to satisfy its obligation to repay the principal by issuing Trust Units. At March 31, 2009, the Trust had \$79.7 million principal amount of Debentures outstanding.

The indenture relating to the issuance of the Debentures restricts the Trust from making distributions to Unitholders in the event there is an event of default pursuant to the terms of such indenture. A copy of this indenture was filed on SEDAR on August 29, 2007 and is available on the SEDAR website at www.sedar.com.

PLAN OF DISTRIBUTION

The Trust may sell the Securities (i) to underwriters or dealers purchasing as principal, (ii) directly to one or more purchasers pursuant to applicable statutory exemptions, or (iii) through agents in Canada and elsewhere where permitted by law, for cash or other consideration. The Securities may be sold at fixed prices or non-fixed prices, such prices determined by reference to the prevailing price of the Securities in a specified market, at market prices prevailing at the time of sale or at prices to be negotiated with purchasers, which prices may vary as between purchasers and during the period of distribution of the Securities.

The Prospectus Supplement for any of the Securities being offered will set forth the terms of the offering of those Securities, including the name or names of any underwriters, dealers or agents, the offering price of the Securities (in the event the offering is a fixed price distribution), the manner in which the offering price will be determined (in the event the offering is a non-fixed price distribution), the proceeds to the Trust from that sale if determinable, any underwriting fees or discounts and other items constituting underwriters' compensation and any discounts or concessions allowed or re-allowed or paid to dealers or agents. Only underwriters named in the relevant Prospectus Supplement are deemed to be underwriters in connection with the Securities offered by that Prospectus Supplement.

If underwriters purchase Securities as principal, the Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The obligations of the underwriters to purchase those Securities will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all the Securities offered by the Prospectus Supplement if any of such Securities are purchased. Any public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time. The Securities may also be sold directly by the Trust at prices and upon terms agreed to by the purchaser and the Trust or through agents designated by the Trust from time to time. Any agent involved in the offering and sale of the

Securities pursuant to this prospectus will be named, and any commissions payable by the Trust to that agent will be set forth, in the applicable Prospectus Supplement. Unless otherwise indicated in the Prospectus Supplement, any agent would be acting on a best efforts basis for the period of its appointment.

The Trust may agree to pay the underwriters a commission for various services relating to the issue and sale of any Securities offered by this prospectus. Any such commission will be paid out of the Trust's general funds. Underwriters, dealers and agents who participate in the distribution of the Securities may be entitled under agreements to be entered into with the Trust to indemnification against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments that those underwriters, dealers or agents may be required to make in respect thereof.

Any offering of Securities, other than Trust Units, will be a new issue of securities with no established trading market. Unless otherwise specified in the applicable Prospectus Supplement, such Securities will not be listed on any securities exchange. Certain dealers may make a market in such Securities, but will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given that any dealer will make a market in such Securities or as to the liquidity of the trading market, if any, for such Securities.

Except as set out in a Prospectus Supplement relating to a particular offering of Securities in connection with any offering of Securities, the underwriters, dealers or agents, as the case may be, may over-allot or effect transactions intended to fix or stabilize the market price of the Trust Units at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

DESCRIPTION OF TRUST UNITS

The following is a summary of the material attributes and characteristics of the Trust Units and is subject to, and qualified in its entirety by, reference to the terms of the Trust Indenture.

Each Trust Unit represents an equal undivided beneficial interest in the Trust. Each Trust Unit shares equally in all distributions from the Trust and all Trust Units carry equal voting rights at meetings of Unitholders.

Except as otherwise set forth in the documents incorporated by reference herein, no Unitholder is liable to pay any further calls or assessments in respect of the Trust Units and no conversion, retraction, redemption or pre-emptive rights attach to the Trust Units. Unitholders have a right of redemption as further described under "Redemption Rights" in the AIF.

A maximum of 500,000,000 Trust Units have been authorized and may be issued pursuant to the Trust Indenture. Trust Units may be issued at such times and upon such terms as the board of directors of NAL may determine. As at May 4, 2009, there were 96,352,012 Trust Units outstanding. The Trust Indenture provides for, among other things, the calling of meetings of Unitholders, the conduct of business thereof, notice provisions, the appointment and removal of the trustee of the Trust and the form of Trust Unit certificates. The Trust Indenture may be amended from time to time. Substantive amendments to the Trust Indenture, including early termination of the Trust and the sale or transfer of the property of the Trust, will require approval by a special meeting of Unitholders at which a special resolution must be passed by not less than 66 $\frac{2}{3}$ % of the votes cast, either in person or by proxy, at such meeting.

For additional information respecting the Trust Units, including information respecting Unitholders' limited liability, possible restrictions on non-resident ownership, the redemption right attached to the Trust Units, meetings of Unitholders, and amendments to the Trust Indenture, see "Trust Indenture" in the AIF.

The Trust Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act (Canada)* and are not insured under the provisions of that Act or any other legislation. Furthermore, the Trust is not a trust company and, accordingly, is not registered under any trust and loan company legislation, as it does not carry on or intend to carry on the business of a trust company.

DESCRIPTION OF DEBT SECURITIES

The following description of the terms of Debt Securities sets forth certain general terms and provisions of Debt Securities in respect of which a Prospectus Supplement may be filed. The particular terms and provisions of Debt Securities offered by any Prospectus Supplement, and the extent to which the general terms and provisions described below may apply thereto, will be described in the Prospectus Supplement filed in respect of such Debt Securities.

Debt Securities may be offered separately or in combination with one or more other Securities. The Trust may, from time to time, issue debt securities and incur additional indebtedness other than through the issue of Debt Securities pursuant to this prospectus.

The Debt Securities will be issued under one or more indentures (each, a "**Debt Indenture**"), in each case between the Trust and a financial institution organized under the laws of Canada or any province thereof and authorized to carry on business as a trustee (each, a "**Trustee**").

The following description sets forth certain general terms and provisions of the Debt Securities and is not intended to be complete. The particular terms and provisions of the Debt Securities and a description of how the general terms and provisions described below may apply to the Debt Securities will be included in the applicable Prospectus Supplement. The following description is subject to the detailed provisions of the applicable Debt Indenture. Accordingly, reference should also be made to the applicable Debt Indenture, a copy of which will be filed by the Trust with the securities commission or similar regulatory authority in each of the provinces of Canada after it has been entered into and will be available electronically at www.sedar.com.

General

The Debt Securities may be issued from time to time in one or more series. The Trust may specify a maximum aggregate principal amount for the Debt Securities of any series and, unless otherwise provided in the applicable Prospectus Supplement, a series of Debt Securities may be reopened for issuance of additional Debt Securities of such series.

Any Prospectus Supplement for Debt Securities supplementing this prospectus will contain the specific terms and other information with respect to the Debt Securities being offered thereby, including:

- (a) the designation, aggregate principal amount and authorized denominations of such Debt Securities;
- (b) any limit upon the aggregate principal amount of such Debt Securities;
- (c) the currency or currency units for which such Debt Securities may be purchased and the currency or currency units in which the principal and any interest is payable (in either case, if other than Canadian dollars);
- (d) the offering price (at par, at a discount or at a premium) of such Debt Securities;
- (e) the date or dates on which such Debt Securities will be issued and delivered;
- (f) the date or dates on which such Debt Securities will mature, including any provision for the extension of a maturity date, or the method of determination of such date(s);
- (g) the rate or rates per annum (either fixed or floating) at which such Debt Securities will bear interest (if any) and, if floating, the method of determination of such rate;
- (h) the date or dates from which any such interest will accrue and on which such interest will be payable and the record date or dates for the payment of such interest, or the method of determination of such date(s);
- (i) if applicable, the provisions for subordination of such Debt Securities to other indebtedness of the Trust;

- (j) the Trustee under the Debt Indenture pursuant to which such Debt Securities are to be issued;
- (k) any redemption term or terms under which such Debt Securities may be defeased whether at or prior to maturity;
- (l) any repayment or sinking fund provisions;
- (m) any events of default applicable to such Debt Securities;
- (n) whether such Debt Securities are to be issued in registered form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- (o) any exchange or conversion terms and any provisions for the adjustment thereof;
- (p) if applicable, the ability of the Trust to satisfy all or a portion of any redemption of such Debt Securities, any payment of any interest on such Debt Securities or any repayment of the principal owing upon the maturity of such Debt Securities through the issuance of securities of the Trust or of any other entity, and any restriction(s) on the persons to whom such securities may be issued;
- (q) the provisions applicable to the modification of the terms of the Debt Indenture; and
- (r) any other specific terms or covenants applicable to such Debt Securities.

The Trust reserves the right to include in a Prospectus Supplement specific terms pertaining to the Debt Securities which are not within the options and parameters set forth in this prospectus. In addition, to the extent that any particular terms of the Debt Securities described in a Prospectus Supplement differ from any of the terms described in this prospectus, the description of such terms set forth in this prospectus shall be deemed to have been superseded by the description of such differing terms set forth in such Prospectus Supplement with respect to such Debt Securities.

Ranking

The Debt Securities will be direct unsecured obligations of the Trust. The Debt Securities will be senior or subordinated indebtedness of the Trust as described in the applicable Prospectus Supplement. If the Debt Securities are senior indebtedness, they will rank equally and rateably with all other unsecured indebtedness of the Trust from time to time issued and outstanding which is not subordinated. If the Debt Securities are subordinated indebtedness, they will be subordinated to senior indebtedness of the Trust as described in the applicable Prospectus Supplement, and they will rank equally and rateably with other subordinated indebtedness of the Trust from time to time issued and outstanding as described in the applicable Prospectus Supplement. The Trust reserves the right to specify in a Prospectus Supplement whether a particular series of subordinated Debt Securities is subordinated to any other series of subordinated Debt Securities.

Registration of Debt Securities

Debt Securities in Book Entry Form

Debt Securities of any series may be issued in whole or in part in the form of one or more global securities ("**Global Securities**") registered in the name of a designated clearing agency (a "**Depository**") or its nominee and held by or on behalf of the Depository in accordance with the terms of the applicable Debt Indenture. The specific terms of the depository arrangement with respect to any portion of a series of Debt Securities to be represented by a Global Security will, to the extent not described herein, be described in the Prospectus Supplement relating to such series.

A Global Security may not be transferred, except as a whole between the Depository and a nominee of the Depository or as between nominees of the Depository, or to a successor Depository or nominee thereof, until it is wholly exchanged for Debt Securities in certificated non-book-entry form in accordance with the terms of the applicable Debt Indenture. So long as the Depository for a Global Security, or its nominee, is the registered owner of such Global Security, such Depository or such nominee, as the case may be, will be considered the sole owner or holder of the Debt

Securities represented by such Global Security for all purposes under the applicable Debt Indenture and payments of principal of and interest, if any, on the Debt Securities represented by a Global Security will be made by the Trust to the Depository or its nominee.

Owners of beneficial interests in a Global Security will not be entitled to have the Debt Securities represented by such Global Security registered in their names, will not receive or be entitled to receive physical delivery of such Debt Securities in certificated non-book-entry form, will not be considered the owners or holders thereof under the applicable Debt Indenture and will be unable to pledge Debt Securities as security.

No Global Security may be exchanged in whole or in part for Debt Securities registered, and no transfer of a Global Security in whole or in part may be registered, in the name of any person other than the Depository for such Global Security or any nominee of such Depository unless:

- (a) there is a requirement to do so under applicable law;
- (b) the book-entry system ceases to exist;
- (c) the Trust or the Depository advise the Trustee that the Depository is no longer willing or able to properly discharge its responsibilities as depository with respect to the Debt Securities and the Trust is unable to locate a qualified successor;
- (d) the Trust decides, at its option, to terminate the book-entry system through the Depository; or
- (e) if provided for in the Debt Indenture, after the occurrence of an event of default thereunder (provided the Trustee has not waived the event of default in accordance with the terms of the Debt Indenture), participants acting on behalf of beneficial holders representing, in aggregate, a threshold percentage of the aggregate principal amount of the Debt Securities then outstanding advise the Depository in writing that the continuation of a book-entry system through the Depository is no longer in their best interest,

whereupon such Global Security shall be exchanged for certificated non-book-entry Debt Securities of the same series in an aggregate principal amount equal to the principal amount of such Global Security and registered in such names and denominations as the Depository may direct.

Principal and interest payments, if any, on the Debt Securities represented by a Global Security registered in the name of a Depository or its nominee will be made to such Depository or its nominee, as the case may be, as the registered owner of such Global Security. Neither the Trust, the Trustee nor any paying agent for such Debt Securities will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in such Global Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Trust, any underwriters, dealers or agents and any Trustee identified in an accompanying Prospectus Supplement, as applicable, will not have any liability or responsibility for (i) records maintained by the Depository relating to beneficial ownership interests in the Debt Securities held by the Depository or the book-entry accounts maintained by the Depository, (ii) maintaining, supervising or reviewing any records relating to any such beneficial ownership interests, or (iii) any advice or representation made by or with respect to the Depository and contained in this prospectus or in any Prospectus Supplement or Debt Indenture with respect to the rules and regulations of the Depository or at the direction of Depository participants.

Unless otherwise stated in the applicable Prospectus Supplement, CDS Clearing and Depository Services Inc. or its successor will act as Depository for any Debt Securities represented by a Global Security.

Debt Securities in Certificated Form

Debt Securities of any series may be issued in whole or in part in registered form as provided in the applicable Debt Indenture.

In the event that the Debt Securities are issued in certificated non-book-entry form, principal and interest, if any, will be payable, the transfer of such Debt Securities will be registerable and such Debt Securities will be exchangeable for Debt Securities in other denominations of a like aggregate principal amount at the office or agency maintained by the Trust. Payment of principal and interest, if any, on Debt Securities in certificated non-book-entry form may be made by cheque mailed to the address of the holders entitled thereto.

Subject to the foregoing limitations, Debt Securities of any authorized form or denomination issued under the applicable Debt Indenture may be transferred or exchanged for Debt Securities of any other authorized form or denomination or denominations, any such transfer or exchange to be for an equivalent aggregate principal amount of Debt Securities of the same series, carrying the same rate of interest and same redemption and other provisions as the Debt Securities so transferred or exchanged. Exchanges of Debt Securities of any series may be made at the offices of the applicable Trustee and at such other places as the Trust may from time to time designate with the approval of the applicable Trustee and may be specified in the applicable Prospectus Supplement. Unless otherwise specified in the applicable Prospectus Supplement, the applicable Trustee will be the registrar and transfer agent for the Debt Securities issued under the applicable Debt Indenture.

DESCRIPTION OF WARRANTS

This section describes the general terms that will apply to any warrants (the "**Warrants**") for the purchase of Trust Units (the "**Trust Unit Warrants**") or for the purchase of Debt Securities (the "**Debt Warrants**").

Warrants may be offered separately or together with Trust Units or Debt Securities, as the case may be. Each series of Warrants will be issued under a separate Warrant agreement to be entered into between the Trust and one or more banks or trust companies acting as Warrant agent. A copy of the Warrant agreement will be filed by the Trust with the securities commission or similar regulatory authority in each of the provinces of Canada after it has been entered into by the Trust and will be available electronically at www.sedar.com.

The applicable Prospectus Supplement will include details of the Warrant agreements covering the Warrants being offered. The Warrant agent will act solely as the agent of the Trust and will not assume a relationship of agency with any holders of Warrant certificates or beneficial owners of Warrants. The following sets forth certain general terms and provisions of the Warrants offered under this prospectus. The specific terms of the Warrants, and the extent to which the general terms described in this section apply to those Warrants, will be set forth in the applicable Prospectus Supplement.

Trust Unit Warrants

The particular terms of each issue of Trust Unit Warrants will be described in the related Prospectus Supplement. This description will include, where applicable:

- (a) the designation and aggregate number of Trust Unit Warrants;
- (b) the price at which the Trust Unit Warrants will be offered;
- (c) the currency or currencies in which the Trust Unit Warrants will be offered;
- (d) the date on which the right to exercise the Trust Unit Warrants will commence and the date on which the right will expire;
- (e) the number of Trust Units that may be purchased upon exercise of each Trust Unit Warrant and the price at which and currency or currencies in which that amount of securities may be purchased upon exercise of each Trust Unit Warrant;
- (f) the designation and terms of any securities with which the Trust Unit Warrants will be offered, if any, and the number of the Trust Unit Warrants that will be offered with each security;

- (g) the date or dates, if any, on or after which the Trust Unit Warrants and the related securities will be transferable separately;
- (h) whether the Trust Unit Warrants are subject to redemption or call and, if so, the terms of such redemption or call provisions; and
- (i) any other material terms or conditions of the Trust Unit Warrants.

Debt Warrants

The particular terms of each issue of Debt Warrants will be described in the related Prospectus Supplement. This description will include, where applicable:

- (a) the designation and aggregate number of Debt Warrants;
- (b) the price at which the Debt Warrants will be offered;
- (c) the currency or currencies in which the Debt Warrants will be offered;
- (d) the aggregate principal amount, currency or currencies, denominations and terms of the series of Debt Securities that may be purchased upon exercise of the Debt Warrants;
- (e) the designation and terms of any securities with which the Debt Warrants are being offered, if any, and the number of the Debt Warrants that will be offered with each security;
- (f) the date or dates, if any, on or after which the Debt Warrants and the related securities will be transferable separately;
- (g) the principal amount of Debt Securities that may be purchased upon exercise of each Debt Warrant and the price at which and currency or currencies in which that principal amount of securities may be purchased upon exercise of each Debt Warrant;
- (h) the date on which the right to exercise the Debt Warrants will commence and the date on which the right will expire;
- (i) the minimum or maximum amount of Debt Warrants that may be exercised at any one time;
- (j) whether the Debt Warrants will be subject to redemption or call, and, if so, the terms of such redemption or call provisions; and
- (k) any other material terms or conditions of the Debt Warrants.

SUBSCRIPTION RECEIPTS

The particular terms and provisions of Subscription Receipts offered by any Prospectus Supplement, and the extent to which the general terms and provisions described below may apply thereto, will be described in the Prospectus Supplement filed in respect of such Subscription Receipts. This description will include, where applicable: (i) the number of Subscription Receipts; (ii) the price at which the Subscription Receipts will be offered; (iii) the procedures for the exchange of the Subscription Receipts into Trust Units or other securities; (iv) the number of Trust Units or other securities that may be obtained upon exercise of each Subscription Receipt; (v) the designation and terms of any other securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each Trust Unit or security; (vi) the terms applicable to the gross proceeds from the sale of the Subscription Receipts plus any interest earned thereon; and (vii) any other material terms and conditions of the Subscription Receipts.

Subscription Receipts may be offered separately or in combination with one or more other Securities. The Subscription Receipts will be issued under a Subscription Receipt agreement. A copy of the Subscription Receipt agreement will be filed by the Trust with the securities commission or similar regulatory authority in each of the provinces of Canada after it has been entered into by the Trust and will be available electronically at www.sedar.com.

Pursuant to the Subscription Receipt agreement, original purchasers of Subscription Receipts will have a contractual right of rescission against the Trust, following the issuance of the underlying Trust Units or other securities to such purchasers upon the surrender or deemed surrender of the Subscription Receipts, to receive the amount paid for the Subscription Receipts in the event that this prospectus and any amendment thereto contains a misrepresentation or is not delivered to such purchaser, provided such remedy for rescission is exercised within 180 days from the closing date of the offering of Subscription Receipts.

RISK FACTORS

Risk factors relating to the business and structure of the Trust are discussed in certain of the documents incorporated by reference herein, including, without limitation, the AIF, MD&A and Q1 MD&A. Such risk factors are incorporated herein by reference. An investment in the Securities is subject to various risks including those risks inherent to the industries in which the Trust operates. If any of these risks occur, the Trust's production, revenues and financial condition could be materially harmed, with a resulting decrease in distributions on, and the market price of, the Trust Units. As a result, the trading price of the Trust Units could decline, and you could lose all or part of your investment.

Before deciding whether to invest in any Securities, investors should consider carefully the risks set out in any documents incorporated by reference in this prospectus (including subsequently filed documents incorporated herein by reference) and those described in a Prospectus Supplement relating to a specific offering of Securities.

CERTAIN INCOME TAX CONSIDERATIONS

The applicable Prospectus Supplement will describe certain Canadian federal income tax consequences to an investor of acquiring any Securities offered thereunder, including, for investors who are non-residents of Canada, whether the payments of distributions, principal or interest, if any, will be subject to Canadian non-resident withholding tax.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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

INTEREST OF EXPERTS

Information relating to our reserves in our AIF was calculated based on an evaluation of, and reports on, our crude oil and natural gas reserves conducted and prepared by McDaniel & Associates Consultants Ltd. ("McDaniel"), independent qualified reserves evaluators. As of the date hereof, the directors and officers of McDaniel, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding Trust Units.

Unless otherwise specified in the Prospectus Supplement relating to an offering of Securities, certain legal matters relating to the offering of such Securities will be passed upon on behalf of the Trust by Bennett Jones LLP, with respect to matters of Canadian law. As at the date hereof, the partners and associates of Bennett Jones LLP, as a group, each owned, directly or indirectly, less than 1% of the outstanding Trust Units.

AUDITORS' CONSENT

Consent of KPMG LLP

The Board of Directors of NAL Energy Inc.

We have read the preliminary short form base shelf prospectus dated May 5, 2009 relating to the sale and issue of trust units, debt securities, warrants and subscription receipts of NAL Oil & Gas Trust (the "**Trust**"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned preliminary short form base shelf prospectus of our report to the unitholders of the Trust on the consolidated balance sheets of the Trust as at December 31, 2008 and 2007 and the consolidated statements of income, comprehensive income and deficit and cash flows for the years then ended. Our report is dated February 26, 2009.

(signed) "KPMG LLP"

Calgary, Canada
May 5, 2009

CERTIFICATE OF THE TRUST AND THE MANAGER

Dated: May 5, 2009

This short form prospectus, together with the documents incorporated in this prospectus by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

NAL OIL & GAS TRUST
BY NAL ENERGY INC.
(as its agent and attorney in fact)

(signed) "Andrew B. Wiswell"
President and Chief Executive Officer

(signed) "Keith A. Steeves"
Vice President, Finance and Chief
Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS OF NAL ENERGY INC.

(signed) "Irvine J. Koop"
Director

(signed) "Barry D. Stewart"
Director

**ON BEHALF OF THE BOARD OF DIRECTORS OF NAL RESOURCES MANAGEMENT LIMITED, AS
MANAGER OF NAL OIL & GAS TRUST**

(signed) "Irvine J. Koop"
Director

(signed) "Barry D. Stewart"
Director