



Ernst & Young Inc., in its capacity as Court appointed Receiver and Manager of Spyglass Resources Corp.

1000, 440 – 2nd Avenue SW
Calgary, Alberta T2P 5E9
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Sale Process Fax: +1-403-290-4265
Sale Process Email: spyglass.saleprocess@ca.ey.com

Date: _____ day of _____, 2016

Company: _____

Address: _____

the “Counterparty”

Re: **Confidentiality Agreement**

Spyglass Resources Corp.

In connection with your consideration of a possible transaction (the “**Transaction**”) involving Spyglass Resources Corp. (“**Spyglass**”) and/or assets of Spyglass as defined in Schedule ‘B’, Ernst and Young Inc. in its capacity as court appointed receiver and manager of Spyglass and not in its personal capacity (the “**Receiver**”), Spyglass and/or Spyglass’ Representatives (as defined below) have, at your request and subject to your representations in Paragraph 9, agreed to disclose to the Counterparty and/or the Counterparty’s Representatives (the “**Recipient**”) Confidential Information (as defined below) for the purpose of assisting you in considering and evaluating the Transaction (the “**Permitted Purpose**”).

In this agreement, the terms "you" and "your" mean the Recipient, "we", "our" and "us" mean the Receiver and/or Spyglass, "parties" means both the Recipient, and the Receiver and/or Spyglass, and "party" means either the Recipient, or the Receiver and/or Spyglass.

As a condition of the disclosure and receipt of Confidential Information, the parties agree to the following:

1. Confidential Information

(1) Subject to Section (2), “**Confidential Information**” means:

- (a) any and all information and know-how disclosed before, on or after the date of this agreement by the Receiver, Spyglass and/or its Representatives to you relating in any way, directly or indirectly, to Spyglass or one or more of its affiliates and their respective businesses operations, assets, liabilities, prospects and plans (including any and all information with respect to the Transaction), whether disclosed orally or disclosed,

accessed (including through any virtual data room) or observed (including through site visits) in written, graphic, electronic, visual or other form or media, and whether or not marked, designated or otherwise identified as "confidential", including without limitation any and all information regarding third parties and any and all third party confidential and proprietary information included with, or incorporated in, any information provided by us to you; and

- (b) all documents, copies, reproductions, summaries, extracts, notes, interpretations, memoranda, records, studies, forecasts, compilations, evaluations or other data prepared by or for you or one or more of your Representatives containing or based upon or derived from, in whole or part, any of the information or know-how described in Section (1)(a) (the "**Evaluation Materials**").
- (2) "**Confidential Information**" does not include information that you establish by clear and convincing evidence that:
 - (a) at the time of disclosure is, or subsequently becomes, generally available to the public other than as a result, directly or indirectly, of a breach of this agreement by you or one or more of your Representatives;
 - (b) prior to the receipt thereof by you, was lawfully in your possession or the possession of one or more of your Representatives and was not then subject to any obligation on your part or on the part of such Representative(s) to maintain the confidentiality thereof;
 - (c) at the time of disclosure is, or subsequently becomes, available to you on a non-confidential basis from a source other than the Receiver, Spyglass or any of its affiliates, provided that to the best of your knowledge such source was and is not prohibited from disclosing the information to you or to your Representatives by a confidentiality obligation owed to us or one or more of our affiliates, whether contractual, fiduciary or otherwise; or
 - (d) was developed by you or any of your Representatives without reference to or use, in whole or in part, of any disclosure by us or any of our affiliates.
- (3) Specific Information shall not be deemed to fall within the exception contained in Paragraph 1.(2) solely because it is included in general information which falls within the scope of such exception, and any combination of specific Information shall not be deemed to fall within the exception contained in Paragraph 1.(2) solely because individual parts, but not such combination itself, fall within such exception.
- (4) In this agreement:
 - (a) "**affiliate**" means, as to any person, any other person that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control

with, such person, and the term "control" means the ownership of 50% or more of the vote or value of the equity securities of the person;

- (b) **"Personal Information"** means information about an identifiable individual but does not include the name, position name or title, or business contact information of an employee of an organization;
- (c) **"Representatives"** of a party includes the affiliates of the party, and the respective officers, directors, employees, agents, and advisors (including accountants, legal and financial advisors and consultants, but for greater certainty does not include potential lenders, equity co-investors or other sources of capital) of the party or any of its affiliates; and
- (d) disclosure of any Confidential Information by any of our Representatives directly to you or any of your Representatives is deemed to be disclosure by us, and disclosure of any Confidential Information by us directly to any of your Representatives is deemed to be disclosure to you.

2. Confidentiality Obligations and Obligations Regarding Personal Information

- (1) The Recipient understands that the Confidential Information is confidential and proprietary to Spyglass and, where applicable, joint venture partners and is confidential and will be so treated by the Recipient. The undertakings and indemnities provided by the Recipient in this agreement are given to the Receiver and Spyglass for the benefit of Spyglass' stakeholders and its joint venture partners where applicable.
- (2) The Confidential Information and the terms and conditions of this agreement shall be kept secret and in strict confidence by the Recipient, and without limiting the generality of the foregoing, you shall protect it with reasonable safeguards (which in any event are at least as secure as those used by you to protect your own confidential information and include without limitation precautions against accidental disclosure) and shall limit and control the copies, extracts or reproductions made of the Confidential Information.
- (3) The Confidential Information shall not be used, directly or indirectly, for any purpose whatsoever other than the Permitted Purpose. The Confidential Information shall not be disclosed by the Recipient to any person other than those of your Representatives who need to know the Confidential Information to assist you or to act on your behalf, in relation to the Permitted Purpose.
- (4) Prior to disclosing any Confidential Information to any of its Representatives, the Recipient shall take all reasonable steps to ensure that such Representative is aware of the terms and conditions of this agreement, and that such terms and conditions are binding upon such Representative. The Recipient shall be liable to the Receiver and Spyglass for any and all damages caused to Spyglass as a result of any disclosure or use of Confidential Information in

contravention of the terms hereof, by your Representatives or otherwise, and neither the Receiver nor Spyglass shall be required to first assert a claim against any such Representative as a condition of seeking or obtaining a remedy against you. The Recipient shall, if so requested by the Receiver in writing, provide a list of Representatives who have received Confidential Information and a list of the locations at which you have stored any Confidential Information.

- (5) The Recipient will not and will direct its Representatives not to, without the prior written consent of the Receiver, disclose to any person other than Representatives: (i) the fact that any investigations, discussions or negotiations are taking place concerning a possible Transaction; (ii) that the Recipient has requested or received Confidential Information; (iii) any opinion or comment with respect to the Confidential Information; or (iv) any of the terms, conditions or any facts with respect to a possible Transaction, including the status thereof.
- (6) You shall not copy or otherwise reproduce any Confidential Information or any portion thereof other than is necessary to consider and evaluate the Transaction.
- (7) All copies are, on reproduction by you, and all Evaluation Materials upon preparation, are required to contain the same proprietary and confidential notices and legends, if any, that appear on the original Confidential Information so copied or on which such Evaluation Materials are based or from which such Evaluation Materials are derived, unless we authorize otherwise in writing.
- (8) Notwithstanding the foregoing provisions of this Paragraph 2, the Recipient shall be permitted to disclose Confidential Information where, upon advice of your counsel, you are required to do so pursuant to any law, rule or regulation or order of a court of competent jurisdiction. If the Recipient is so required to disclose Confidential Information, the Recipient shall promptly notify the Receiver of such request prior to any disclosure, and consult with the Receiver on the advisability of taking steps to resist or narrow such request and cooperate fully with the Receiver should it choose (at its sole cost and expense) to seek a protective order or other appropriate remedy. If disclosure is required, the Recipient shall cooperate fully with the Receiver in any reasonable attempt that the Receiver may make to obtain an order or other reliable assurance that confidential treatment will be accorded to such Confidential Information and will disclose only that portion of the Confidential Information that, in the opinion of the Recipient's counsel, is legally required to be disclosed.
- (9) To the extent we disclose Personal Information to you, you shall be responsible for compliance with applicable privacy laws governing the collection, use and disclosure of such Personal Information. You shall not collect, use or disclose such Personal Information for any purposes other than the Permitted Purpose, except as required or permitted by applicable law, and you shall use appropriate security measures to protect such Personal Information against unauthorized disclosure.

3. Remedies

- (1) The Recipient acknowledges the sensitive nature and competitive value of the Confidential Information and that Spyglass may be irreparably damaged if any of the restrictions on disclosure or use of the Confidential Information in this agreement are not observed or performed by the Recipient and all of its Representatives. The Recipient further acknowledges that monetary damages alone may not be sufficient remedy for a breach of the restrictions on disclosure or use of the Confidential Information and agrees that the Receiver shall, in the event of any such breach or anticipated breach, be entitled to equitable relief, including injunctive relief and specific performance, in addition to any other remedy available to the Receiver. The Recipient further agrees to waive any requirement for the deposit of security of any bond in connection with any equitable remedy.
- (2) Without limitation and in addition to any rights the Receiver or Spyglass may have against the Recipient by reason of any breach hereof (whether by the Recipient or a Representative), the Recipient agrees that:
 - (a) the Recipient shall be liable to the Receiver and Spyglass and each of its Representatives for all losses, costs, damages, expenses, fines penalties and liabilities whatsoever, including legal, accounting and other professional costs, expenses, fees and disbursements (with legal fees on a solicitor and client basis) that Spyglass or any of its Representatives may suffer; and
 - (b) the Recipient shall indemnify and hold harmless the Receiver and Spyglass and each of its Representatives and their respective directors, officers, servants, agents and employees against all claims, losses, costs, damages, expenses, fines, penalties and liabilities whatsoever, including legal, accounting and other professional costs, expenses, fees and disbursements (with legal fees on a solicitor and client basis), that may be brought against or suffered or incurred;

in respect of all matters and things that may result from or arise, directly or indirectly, out of a breach or non-performance of this agreement by the Recipient or any of its Representatives.
- (3) The Receiver shall be entitled to an accounting and repayment of all profits, compensation, royalties, commissions, remunerations or benefits that you or any of your Representatives directly or indirectly realized or may realize relating to, growing out of, or in connection with any breach of this agreement.
- (4) You acknowledge that we are acting as trustee and agent for our Representatives with respect to all rights under this agreement in favour of our Representatives and all other persons afforded a right of indemnity pursuant to Paragraph 3.(2)(b), and we may enforce such rights on behalf of such persons.

4. Return of Confidential Information

- (1) If the Recipient determines not to proceed with a Transaction, the Recipient shall forthwith notify the Receiver of such determination and shall not use any of the Confidential Information in furtherance of any aspect of its business or otherwise. At any time, at the written request of the Receiver, the Recipient shall immediately return or cause to be returned to the Receiver or Spyglass all of the Confidential Information that may have been provided to the Recipient or its Representatives and shall not retain any copies, reproductions or extracts thereof, with the following exceptions:
- (a) if the Recipient or its Representatives' computer systems create copies of Confidential Information during back up procedures, the Recipient may retain such copies in its archival or back up computer storage for the period it normally archives computer records. These archive copies shall at all times remain subject to the provisions of this agreement until the same are destroyed; and
 - (b) the Recipient may, for corporate governance purposes only, retain in a controlled access file a copy of the presentations made to its board or executive management that contain Confidential Information, provided that the Confidential Information in the file shall at all times remain subject to the provisions of this agreement until the same are destroyed.

The Recipient shall at any time, at the written request of the Receiver, destroy or have destroyed all memoranda, notes, reports and documents (including the Evaluation Materials) prepared by or in the possession of the Recipient or its Representatives that are based upon, contain or reflect any Confidential Information. The Recipient shall, if so requested by the Receiver in writing, provide an Officer's Certificate to the Receiver certifying that the terms and conditions of this Paragraph 4 have been complied with.

5. Termination

This agreement shall remain in force for a period of one (1) year from the date hereof (the "**Term**"), or until such time as all of the Confidential Information becomes a part of the public domain through no breach of this agreement, whichever occurs first, other than the provisions of Paragraphs 3, 4 and 7(2) and this Paragraph 5, which will survive the expiration of such period.

6. Disclaimer of Warranties

It is understood by the Recipient that, in providing access to the Confidential Information under this agreement, neither the Receiver nor Spyglass make any representations or warranties, express or implied, as to the accuracy or completeness of the Confidential Information and, shall have no liability whatsoever for any errors in or omissions from or for any damages resulting from the use of the Confidential Information. The Recipient shall rely solely on its own due diligence, analysis, appraisals and estimates in evaluating and satisfying itself to all matters relating to Spyglass and its business, affairs and

assets and shall rely solely on its own geological, geophysical, engineering, environmental, accounting and financial interpretations and analyses related thereto.

7. No Contact and Access to Properties

- (1) During the Term, the Recipient will not and will ensure that its Representatives do not, directly or indirectly, initiate or maintain contact (except for those contacts made in the ordinary course of business) with any officer, director, employee, consultant, agent or advisor of the Receiver or Spyglass regarding its business, operations, prospects or finances, except with the prior written permission of the Receiver. It is understood that Spyglass or the Receiver will arrange for any contacts for due diligence purposes with respect to the Permitted Purpose and that all communications regarding a possible Transaction, all requests for additional Confidential Information, all requests for facility or site tours or inspections or meetings with management and all discussions regarding the Confidential Information will be submitted or directed by the Recipient and its Representatives to the Receiver except with prior written permission of the Receiver. The Recipient shall not visit any of the facility or business sites of Spyglass without the prior consent of the Receiver.
- (2) If the Recipient wishes to have physical access to any property, the Recipient agrees to indemnify, defend and hold harmless the Receiver and Spyglass, its Representatives, affiliates and subsidiaries from and against any and all liabilities, claims and causes of action for personal injury, death or property damage occurring on such property as a result of the Recipient's or its Representative's entry onto the premises, unless as a result of gross negligence by Spyglass.
- (3) The Recipient and its Representatives agree to comply fully with all rules, regulations and instructions issued by Spyglass or the Receiver regarding the Recipient's and its Representative's actions while upon, entering or leaving any of Spyglass' properties.

8. Ownership

All Confidential Information, and all rights in and to the Confidential Information, that has been or will be disclosed by us to you will remain our exclusive property, and will be held in trust by you for our benefit, and in no event are you deemed to have acquired any right or interest of any kind in the Confidential Information. No licence or any other right respecting the Confidential Information, other than as expressly set out in this agreement, is granted to you under this agreement by implication or otherwise.

9. Bidder Conditions

The Recipient hereby confirms to the Receiver and Spyglass that:

- (a) it is a licensee in good standing with the Alberta Energy Regulator (the "**AER**"), or if the Transaction pertains to Spyglass' oil and gas interests in British Columbia, the British Columbia Oil and Gas Commission (the "**BCOGC**"), or the Recipient is eligible to obtain

or hold, AER licenses, permits and approvals, or similar BCOGC licenses, permits and approvals, if applicable; and

- (b) its current Liability Management Rating is 1.0 or greater in Alberta or in British Columbia, as applicable.

10. General

- (1) The Recipient understands and agrees that no contract or agreement providing for a possible Transaction between the Receiver and Recipient shall exist or be deemed to exist unless and until a definitive agreement has been executed and delivered by the Recipient and the Receiver (a "**Definitive Agreement**"). It is also understood and agreed that unless and until a Definitive Agreement has been executed and delivered by the Receiver and the Recipient with respect to a possible Transaction, neither Spyglass nor the Receiver will have any obligation of any kind whatsoever with respect to any possible Transaction nor is there any restriction on the right of the Receiver or Spyglass to solicit or provide information to any other person in respect of any form of transaction relating to Spyglass or any of its assets, or to deal with its assets in any manner in its sole and absolute discretion.
- (2) No failure or delay by the Receiver or Spyglass to exercise any of its rights under this agreement shall operate as a waiver thereof nor will any single or partial exercise thereof preclude any other or further exercise thereof.
- (3) Each party acknowledges that: (i) its relationship to the other party is that of independent contractor; (ii) it is not an employee or agent of the other party; (iii) it and the other party are not partners or joint venturers with each other; and (iv) nothing in this agreement is to be construed as making the parties partners or joint venturers, making a party an employee or agent of the other party or imposing any liability as partner, joint venturer, principal or agent on either party. Without limiting the generality the foregoing, each party shall have no authority to act, or to hold itself out, as agent of the other party or to bind the other party to any third party and each party shall so inform all third parties with whom it deals in the performance of this agreement (with the exception of the Receiver who has authority to bind Spyglass).
- (4) This agreement shall be governed by the laws of the Province of Alberta and the parties hereby attorn to the jurisdiction of the Courts of Alberta in respect of all matters or disputes arising under or in respect of this agreement.
- (5) If any provision of this agreement is determined to be invalid or unenforceable for any reason, in whole or in part, the remaining provisions of this agreement shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by applicable law.
- (6) This agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors.



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- (7) This agreement shall not be assigned by either party without first obtaining the written consent of the other party.
- (8) This agreement may be amended in writing only and must be signed on behalf of each Party. Waivers of any of the terms and provisions of this agreement shall be made in writing.
- (9) Each party shall promptly do, execute, deliver or cause to be done, executed or delivered all further acts, documents and matters in connection with this agreement that the other party may reasonably require, for the purposes of giving effect to this agreement.
- (10) This agreement expresses the entire agreement between the parties with respect to the matters set forth herein and supersedes all prior correspondence, agreements, negotiations, discussions and understandings, written or oral in respect of such subject matter.

Yours truly,

ERNST AND YOUNG INC. in its capacity as court appointed receiver and manager of Spyglass Resources Corp. and not in its personal capacity

Per: _____
Neil Narfason
Senior Vice President

ACCEPTED AND AGREED TO this _____ day of _____, 2016.

THE COUNTERPARTY: _____

Per: _____
Signatory Name:
Signatory Title:



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SCHEDULE "A"

**ATTACHED TO AND MADE PART OF A CONFIDENTIALITY AGREEMENT BETWEEN THE COUNTERPARTY
AND SPYGLASS RESOURCES CORP.**

Virtual Data Room ("VDR")

The main contact for the purposes of providing access to the VDR, physical data rooms, seismic workstation and/or scheduling presentations:

The following individuals require access to the VDR upon execution of a Confidentiality Agreement. You may use the space below, attach a separate list or attach business cards.

Name	Email

SCHEDULE "B"

ATTACHED TO AND MADE PART OF A CONFIDENTIALITY AGREEMENT BETWEEN THE COUNTERPARTY AND SPYGLASS RESOURCES CORP.

Spyglass Liquidation Packages Included in the Confidentiality Agreement

Include (X)	Spyglass Asset Package (as defined on the attached plat)
	BC
	Dixonville
	Drumheller
	Matziwin
	Northern AB (NAB)
	Peace River Arch
	Pembina
	Proprietary Seismic
	Provost
	Royalty Interests
	Southern AB Gas (SAB Gas)
	Southern AB Oil (SAB Oil)



Building a better
working world

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