

SINOPEC DAYLIGHT ENERGY LTD. CONFIDENTIALITY AGREEMENT

Date: _____, 20__

Sinopec Daylight Energy Ltd.
c/o Sayer Energy Advisors
1620, 540 – 5th Avenue SW
Calgary, Alberta T2P 0M2

Attention: Tom Pavic

RE: CONFIDENTIALITY AGREEMENT WITH RESPECT TO SINOPEC DAYLIGHT ENERGY LTD.

In connection with your analysis of a possible negotiated transaction involving Sinopec Daylight Energy Ltd. and/or its subsidiaries (as defined below) ("**Sinopec Daylight**" or the "**Company**") and certain assets of Sinopec Daylight as shown within the red borders on the map attached as Schedule "A", you have been or will be furnished certain information that is proprietary, non-public or confidential concerning the Company and its subsidiaries (as defined below), from Representatives (as defined below) of the Company (collectively, and together with the Company, the "**Disclosing Parties**"). In consideration of furnishing you with such information to assist you in such regard, you hereby agree to the following (it being understood that you are also agreeing to cause your Representatives to comply with the applicable provisions hereof):

1. **Use of Evaluation Material.** The Evaluation Material (as defined below) will be used solely for the purpose of evaluating a possible transaction between you and the Company (a "**Transaction**") and for no other purpose. All the Evaluation Material will be kept confidential by you and will not be disclosed to any other persons in any manner; provided that you may disclose the Evaluation Material or portions thereof to those of your Representatives who need to know such information for the purpose of assisting you in evaluating a possible Transaction involving you and the Company (it being understood that such Representatives shall be informed by you of the confidential nature of the Evaluation Material and that you shall require such Representatives to be bound by the terms of this agreement to the same extent as if they were parties hereto). You agree to be responsible for any breach of this agreement by any of your Representatives.
2. **Legally Required Disclosures.** In the event that you or any of your Representatives are required (by deposition, interrogatory, request for information or documents in legal proceedings, subpoena, civil investigative demand or similar process, in connection with any proceeding) to disclose any of the Evaluation Material, you shall immediately provide the Company with written notice of such requirement in advance of complying with the same so that the Company may seek an appropriate protective order or other remedy and/or waive compliance with the provisions of this agreement and you shall cooperate with the Company so that the Company may obtain such order or other remedy. In the event that such order or other remedy is not obtained, or the Company waives compliance with the relevant provisions hereof, you or such Representatives, as the case may be, may disclose only that portion of the Evaluation Material that, in the written

opinion of your counsel, is legally required to be disclosed and shall exercise your, his or its best efforts to obtain assurances that confidential treatment will be accorded such Evaluation Material.

3. **Definition of Evaluation Material.** The term "**Evaluation Material**" as used in this agreement shall mean all information including, but not limited to, financial results or information, marketing materials, budget information, geological, geophysical, geochemical and engineering information, seismic data, production and depletion data, land schedules, contracts and other documentation made available to you in data books, data rooms or in a confidential, secure or restricted access areas of a data sharing website established with respect to the offering that any Disclosing Party furnishes or otherwise discloses to you or any of your Representatives in the course of your evaluation of a possible Transaction (in whatever form communicated or maintained, whether orally or documentary, computer storage or otherwise), which contains or otherwise reflects information concerning the Company. The term "**Evaluation Material**" shall also include all reports, analyses, notes, studies, compilations or other information (including those prepared by you or your Representatives) that are based on, contain or reflect any Evaluation Material ("**Notes**"). The term "**Evaluation Material**" does not include any information (i) that at the time of disclosure to you is generally available to and known by the public (other than as a result of a disclosure by you or any of your Representatives or a disclosure pursuant to Paragraph 2), (ii) that is or was received by you on a non-confidential basis from a source other than the Disclosing Parties who is not prohibited from transmitting the information to you by a confidentiality agreement with or other contractual, legal or fiduciary obligation to the Company, (iii) heretofore disclosed to you by the Company on a non-confidential basis, or (iv) that was known by you prior to disclosure hereunder and is not subject to a confidentiality obligation.
4. **Return of Materials.** If you decide that you do not wish to proceed with a Transaction, you will promptly notify the Company of that decision. In that case, or if the Company shall elect at any time to terminate further access by you to the Evaluation Material for any or no reason, you will (i) return promptly to the Company all copies of the Evaluation Material then in your possession or in the possession of any of the Representatives, (ii) destroy all Notes and (iii) upon written request deliver to the Company a certificate executed by one of your duly authorized senior officers indicating that the requirements of this sentence have been satisfied in full. Notwithstanding the return or destruction of Evaluation Material and Notes, you and your Representatives will continue to be bound by your obligations of confidentiality and all other obligations hereunder. Furthermore, to the extent your computer systems automatically back-up the Evaluation Material disclosed to you under this agreement, you may retain such copies in your archival or back-up computer storage for the period you normally archive backed-up computer records, which copies shall be subject to the provisions of this agreement until the same are destroyed, and shall not be accessed by you during such period of archival or back-up storage other than as might be required by this agreement. Furthermore, you will be entitled to retain one copy of any Evaluation Material, Notes or other related information derived therefrom and forming part of a presentation or information package presented to your Board of Directors for their consideration of a Transaction, in order to comply with applicable law and corporate governance procedures, provided however that such materials shall remain subject to the confidentiality provisions of this agreement for the period of time during which such materials are retained.

5. ***Nondisclosure of Possible Transaction.*** Without the prior written consent of the Company, you will not, and will direct and cause your Representatives not to, disclose to any person (i) that Evaluation Material has been made available to you, (ii) that discussions or negotiations are or were taking place concerning a possible Transaction, (iii) any opinion or comment with respect to the Evaluation Material, (iv) the terms, conditions or other facts with respect to any such possible Transaction or actions, including the status thereof; provided, however, that you may make such disclosure if you have received the written opinion of outside counsel that such disclosure must be made by you in order that you not commit a violation of law, regulation or rule of any stock exchange and, prior to such disclosure, you promptly advise and consult with the Company and its legal counsel concerning the information you propose to disclose as well as your basis for determining such disclosure to be necessary. Your obligations in the preceding sentence shall survive any return or destruction of the Evaluation Material pursuant to Paragraph 4. It is understood that neither this agreement nor the disclosure of any Evaluation Material to you shall be construed as granting to you or any of your Representatives any license or rights in respect of any part of the Evaluation Material.
6. ***Contacts with Company Personnel.*** Until the earliest of (i) the execution by you of a Definitive Agreement (as defined in Paragraph 10) or (ii) one year from the date of this agreement, you agree not to initiate or maintain contact (except for those contacts made in the ordinary course of business) with any officer, director or employee of the Company regarding its business, assets, operations, prospects or finances, except with the express permission of a duly authorized executive officer of the Company. Except as provided in a Definitive Agreement, you agree that for a period of one year from the date hereof, you will not solicit for employment any officer, director or key employee of the Company; *provided*, that this prohibition shall not apply to solicitations made by you to the public or the industry generally, and you shall not be prohibited from employing any such person who contacts you on his or her own initiative without any prohibited solicitation. In connection with the evaluation of a possible Transaction, you agree to conduct all communication with the Company through Anthony Lambert, President and Chief Executive Officer, or such person(s) who he may direct to deal on his behalf from time to time and of which you are notified. You agree not to contact any other employee or representative of the Company regarding the Transaction without prior authorization to do so.
7. ***Privacy.*** The term "**Transferred Information**" as used in this agreement, means the personal information (namely, information about an identifiable individual other than their business title or business contact information when such information is used for the purposes of contacting an individual in that individual's capacity as an employee or an official of an organization and for no other purpose) to be disclosed, transferred or conveyed to you or any of your Representatives by or on behalf of the Disclosing Parties as a result of or in conjunction with a Transaction. The parties hereto acknowledge that they are responsible for their own compliance at all times with all applicable laws in respect of the Transferred Information. In addition to and notwithstanding its other obligations herein, you covenant and agree to collect, use and disclose the Transferred Information solely for the purposes of evaluating or executing a potential Transaction with the Company, and to only collect, use and disclose such information to the extent necessary to meet such purposes and as authorized or permitted by law. The Company covenants and agrees to only disclose, transfer or convey Transferred Information to you to the extent necessary to meet such purposes and as authorized or permitted by law. In addition to your obligations herein to maintain the confidentiality of any Transferred Information provided to it, you will use all reasonable efforts

to protect and safeguard such information including, without limitation, to protect such information from loss or theft, or unauthorized access disclosure, copying, use, modification, disposal or destruction; and, in the event you become aware of any such security breach relating to the Transferred Information disclosed to you under this agreement, you must immediately notify the Company of the breach and comply with any related direction from the Company as authorized or permitted by law. Notwithstanding the termination of this agreement for any reason, and subject to Paragraph 8 of this agreement, you will keep any Transferred Information provided to you hereunder confidential and not use or disclose it for any purpose other than as expressly permitted hereunder.

8. ***Return of Information.*** In the event that the Transaction does not proceed or is incomplete, you will either (i) return promptly to the Company all copies of the Transferred Information then in your possession or in the possession of any of the Representatives or (ii) destroy or cause to be destroyed all copies of the Transferred Information then in your possession or in the possession of any of the Representatives and (iii) upon written request deliver to the Company a certificate executed by one of your duly authorized senior officers indicating that the requirements of this sentence have been satisfied in full. Notwithstanding the return or destruction of the Transferred Information, you and your Representatives will continue to be bound by your obligations of confidentiality and all other obligations hereunder.
9. ***No Representation or Warranty.*** Although the Disclosing Parties have endeavored to include in the Evaluation Material information known to them which they believe to be relevant for the purpose of your investigation, you understand and agree that the Disclosing Parties have not made and do not make any representation or warranty, express or implied, as to the accuracy or completeness of the Evaluation Material. You agree that the Disclosing Parties shall not have any liability to you or any of your Representatives relating to or resulting from the use of the Evaluation Material or any errors therein or omissions therefrom.
10. ***Definitive Agreement.*** You also understand and agree that no contract or agreement providing for a Transaction between the Company and you or your affiliates shall be deemed to exist unless and until a definitive agreement with respect thereto has been executed and delivered by you and each of the other parties thereto ("**Definitive Agreement**"), and you and the Company hereby waive, in advance, any claims (including, without limitation, breach of contract) in connection with such Transaction unless and until a Definitive Agreement has been executed and delivered by you and each of the other parties thereto. It is also agreed that unless and until a Definitive Agreement has been executed by you with respect to a Transaction, none of the Company, its shareholders, or its Representatives has any legal obligation of any kind whatsoever with respect to any such Transaction or the process for a possible Transaction. Unless and until a Definitive Agreement has been executed and delivered, you understand that (i) the Company shall conduct the process for a possible Transaction as it in its sole discretion shall determine (including, without limitation, providing information to and/or negotiating with any prospective buyer and entering into definitive agreements without prior notice to you or any other person), (ii) any procedures relating to such Transaction may be changed at any time without notice to you or any other persons, and (iii) the Company shall have the right to reject or accept any potential buyer, proposal or offer, for any reason whatsoever, in its sole discretion. For purposes of this paragraph, the term "**Definitive Agreement**" does not include an executed letter of intent or any other preliminary written agreement, nor does it include any written or oral offer or bid on your part or

any written or oral acceptance thereof.

11. **Securities Laws.** You hereby acknowledge that you are aware, and that you will advise your Representatives who are informed as to the matters that are the subject of this agreement, that Canadian securities laws prohibit any person who has material, non-public information concerning the matters which are the subject of this agreement from communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities.
12. **Liability.** In addition to any other rights that the Company and its Representatives may have against you arising by reason of any breach of this agreement, you shall:
 - (a) be liable to each of the Company and its Representatives for all claims, liabilities, damages, costs, losses and expenses (including legal, accounting and other professional and advisory costs, expenses, fees and other disbursements, with legal fees on a solicitor-client basis) whatsoever which they may suffer, sustain, pay or incur; and
 - (b) indemnify and hold harmless the Company and its Representatives and their respective directors, officers, employees and agents from and against any and all claims, liabilities, damages, costs, losses and expenses whatsoever which may be brought against or suffered by them or which they may suffer, sustain, pay or incur;

in respect of all matters or anything, which may arise out of any act or omission, directly or indirectly, related to any breach by you or your Representatives of this agreement or arising out of or resulting from any unauthorized use or disclosure by you or your Representatives of the Evaluation Material. You acknowledge that the Company is constituted as trustee of your covenants under this Paragraph 12 for the benefit of the Company's Representatives and their respective directors, officers, employees and agents and that the Company or its Representatives shall be entitled to enforce such covenants on behalf of such persons.

13. **Remedies.** You agree that (i) money damages would not be a sufficient remedy for any breach of this agreement by you or your Representatives, (ii) that, in addition to any other remedies at law or in equity that the Company may have, the Company shall be entitled to equitable relief, including injunction and specific performance, in the event of any breach of the provisions of this agreement, in addition to all other remedies available to the Company at law or in equity and (iii) you shall waive, and use your best efforts to cause your Representatives to waive, any requirement for the securing or posting of any bond in connection with such remedy. The prevailing party shall be reimbursed for all costs and expenses, including reasonable attorneys' fees (on a solicitor-client basis), incurred in enforcing the other party's obligations hereunder.
14. **Access.** In the event you gain physical access to any of the Company's properties, you agree to indemnify, defend and hold harmless the Company and its Representatives from and against any and all liabilities, claims and causes of action for personal injury, death, property damage or loss occurring on or to such person or property as a result of your entry onto the premises. You agree to comply fully with all rules, regulations and instructions issued by the Company or its Representatives regarding your actions while upon, entering or leaving the property of the Company.

15. **No Waiver – Entire Agreement.** It is further understood and agreed that no failure or delay in exercising any right, power or privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder. This agreement represents the entire understanding of the parties with respect to the matters referred to herein and supersedes all prior understandings, written or oral, between the parties with respect thereto.
16. **Amendments.** All modifications of and amendments to this agreement or any part hereof must be in writing signed on behalf of you and the Company. Waivers of any terms and provisions of this agreement shall be in writing.
17. **Person; Representatives.** As used in this agreement, (i) the term "**person**" will be interpreted broadly to include, without limitation, any corporation, company, group, partnership, limited liability company, unincorporated association, trust, other entity or individual, (ii) the term "**Representatives**", used with respect to a person, shall include the directors, officers, employees, representatives, affiliates, subsidiaries, associates, agents, lawyers, consultants, accountants, financial and other advisors of the person and their respective affiliates, subsidiaries and associates and in respect to a person includes banks and other financing sources of or to such person, and (iii) the terms "**affiliates**", "**subsidiaries**", "**associates**" and derivations thereof shall have the respective meanings ascribed thereto in the *Business Corporations Act* (Alberta), as amended from time to time provided that a partnership which is comprised solely of corporations which are "affiliates", "subsidiaries" or "associates" shall be deemed to be an "affiliate", "subsidiary" or "associate" of each such corporation and its other "affiliates", "subsidiaries" or "associates". Receiving Party shall provide to Company the information set out on Attachment A with respect each Representative of Receiving Party provided with the Virtual Data Room Access Key.
18. **Notices.** All notices to be given to a party hereunder shall be in writing and delivered personally, by overnight courier or by facsimile, addressed, in the case of the Company, to Sinopec Daylight Energy Ltd., Sun life Plaza, East Tower, 2700, 112 4th Avenue SW, Calgary, Alberta T2P 0H3, and, in the case of you, to the addressee at the address set forth on the execution page hereof.
19. **Severability.** In the event that any provision or portion 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.
20. **Assignment.** The Company reserves the right to assign all or any of the benefits under this agreement including, without limitation, the right to enforce any or all of the terms of this agreement with respect to the unauthorized use or disclosure by you or your Representatives of the Evaluation Material to such parties as it deems appropriate including joint venture partners and the acquiror of any shares or assets of the Company pursuant to a Transaction.
21. **Term.** This agreement shall remain in effect for a period of two years from the date hereof.
22. **Reciprocal Agreement.** In the event the Company requires access to confidential information regarding you in order to assess a possible Transaction with you, you and the Company agree to

enter into a reciprocal agreement governing the use of such confidential information substantially on the terms provided for in this agreement.

23. ***Governing Law and Attornment.*** This agreement shall be governed by and construed in accordance with the laws of the Province of Alberta. You also hereby irrevocably and unconditionally consent to submit to the jurisdiction of the courts of the Province of Alberta for any actions, suits or proceedings arising out of or relating to this agreement and the transactions contemplated hereby (and you agree not to commence any action, suit or proceeding relating thereto except in such courts), and further agree that service of any process, summons, notice or document by registered mail to your address specified in Paragraph 18 shall be effective service of process for any action, suit or proceeding brought against you in any such court. You hereby irrevocably and unconditionally waive any objection to the laying of venue of action, suit or proceeding arising out of this agreement or the transaction contemplated hereby in the courts of the Province of Alberta and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

This agreement may be executed in counterparts and by facsimile or by e-mail in PDF format, each of which shall be an original but all of which shall be deemed to constitute one and the same agreement. This agreement shall be binding upon and inure to the benefit of the parties hereto and to their respective successors and permitted assigns.

Please confirm that the foregoing correctly sets forth our agreement by signing this agreement in the space provided and returning two copies to us for our files.

Yours truly,

SINOPEC DAYLIGHT ENERGY LTD.

Per: _____

Title: _____

Accepted this ____ day of _____, 20__

COMPANY NAME

OFFICER'S SIGNATURE

OFFICER'S PRINTED NAME & TITLE

I certify that no changes have been made to this Confidentiality Agreement that have not been clearly marked and initialed.

CONFIDENTIAL INFORMATION DELIVERY OPTIONS: *(please check one)*

_____ **Electronic** *or* _____ **Hard copy (binder)**

NAME OF CONTACT PERSON TO FORWARD INFORMATION

CONTACT ADDRESS

TELEPHONE NUMBER

EMAIL ADDRESS

Option to Attach Business Card Here:

**SCHEDULE "A" TO THE
SINOPEC DAYLIGHT ENERGY LTD.
CONFIDENTIALITY AGREEMENT**

