



**KINGSLAND OIL CORP.  
BANKRUPTCY SALE**



**CANADA**



# **OVERVIEW INFORMATION**

**Bid Deadline: 12:00 pm May 2, 2024**

**Bankruptcy Sale:  
Delta West & Tompkins, SK  
19 bbl/d, 12 Mcf/d (21 boe/d)**



On January 5, 2024, **Kingsland Oil Corp.** (“Kingsland” or the “Company”) made an assignment into bankruptcy and **BDO Canada Limited** was appointed as the trustee in bankruptcy (the “Trustee”) of the bankrupt estate. The Trustee has engaged **Sayer Energy Advisors** to assist it with a sale of Kingsland’s oil and natural gas properties (the “Properties”).



The Trustee has instructed that interested parties must provide a marked-up copy of a purchase and sale agreement (the “PSA”) acceptable to the Trustee with any offers submitted for the Properties. A copy of the PSA will be available for review to parties which execute a confidentiality agreement.

The Trustee has also provided a Sale Solicitation Process document (the “SSP”) outlining further details, and the terms and conditions of this sale. The SSP must be read in conjunction with this document. A copy of the SSP is found on our website at [www.sayeradvisors.com](http://www.sayeradvisors.com). All offers received at the bid deadline will be reviewed by the Trustee and the most acceptable offer may be accepted by the Trustee, subject to Inspector approval.

The Properties are located in the *Delta West* and *Tompkins* areas of southwestern Saskatchewan.

Kingsland ceased operations and shut-in operated production in August 2023. Prior to shut-in, average production net to Kingsland from the Properties for the first half of 2023 averaged approximately 21 boe/d consisting of 19 barrels of oil and 12 Mcf/d of natural gas.

Sales revenue from the Properties net to Kingsland for the first half of 2023 averaged approximately \$40,000 per month.

**PROCESS & TIMELINE**

Sayer Energy Advisors is accepting cash offers as outlined in the SSP to acquire the Properties until **12:00 pm on Thursday May 2, 2024**.

Timeline	
Week of March 25, 2024	Preliminary Information Distributed
Week of March 25, 2024	Data Room Opens
<b>May 2, 2024</b>	<b>12:00 noon</b>
May 1, 2024	<b>Bid Deadline</b>
June 2024	Effective Date
	Closing Date

*Sayer Energy Advisors does not conduct a “second-round” bidding process; the intention is to attempt to conclude a transaction(s) with the party(ies) submitting the most acceptable proposal(s) at the conclusion of the process.*

**Sayer Energy Advisors is accepting cash offers from interested parties  
until noon on Thursday May 2, 2024.**



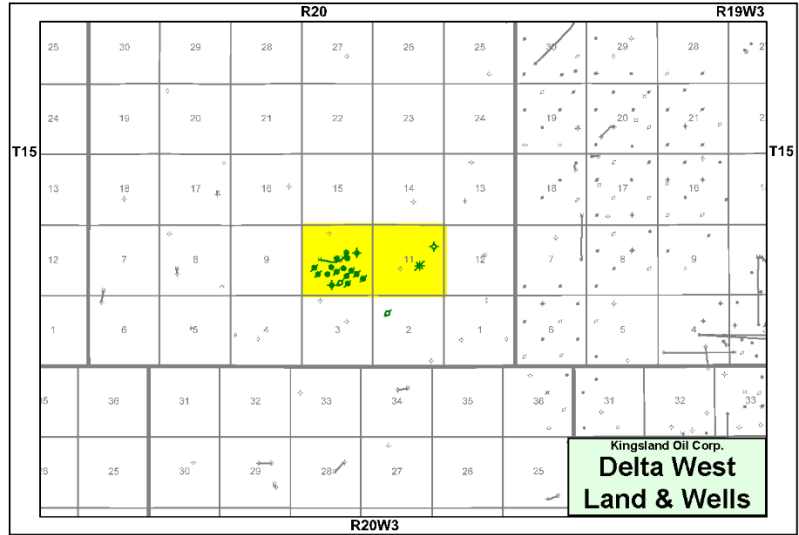


## Delta West Property

## Township 15, Range 20 W3

At *Delta West*, Kingsland owns a 100% working interest in two sections of land with P&NG rights from surface to the base of the Upper Shaunavon Formation along with several non-producing heavy oil wells. Production from *Delta West* consisted primarily of heavy oil from the *Delta West Upper Shaunavon pool*. The Company also has two water disposal wells at *Delta West*.

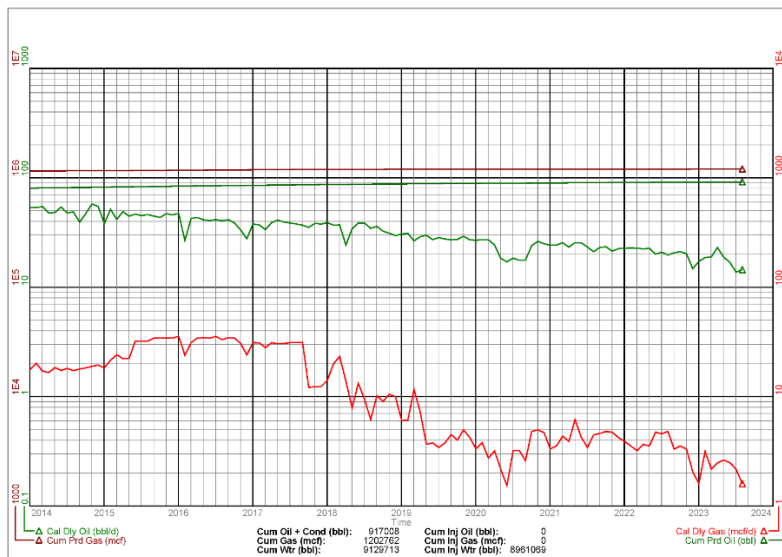
Kingsland ceased operations and shut-in production from the Properties in August of 2023. Prior to shut-in, average production net to Kingsland from the *Delta West* property for the first half of 2023 averaged approximately 19 boe/d consisting of 19 barrels of oil and two Mcf/d of natural gas.



The Upper Shaunavon in the *Delta West* area is characterized by a series of limestone beds with interbedded shale streaks. The wells at *Delta West* have been completed using a variety of techniques, including selective perforation of certain porous stringers. Upside in portions of the thick reservoir can be accessed with further development drilling.

Since initial development of the *Delta West Upper Shaunavon pool* began in 1995, the area has been further developed through horizontal drilling primarily by **Whitecap Resources Inc.** as recently as 2023.

### Delta West, Saskatchewan – Gross Production Group Plot of Kingsland’s Wells



### Delta West LMR as of December 28, 2023

As of December 28, 2023, the *Delta West* property had a deemed net asset value of (\$740,219) (deemed assets of \$0 and deemed liabilities of \$740,219), with an LMR ratio of 0.00. The Company has a security deposit of \$644,597 in place with the Saskatchewan **Ministry of Energy and Resources** which is not included in the numbers above.



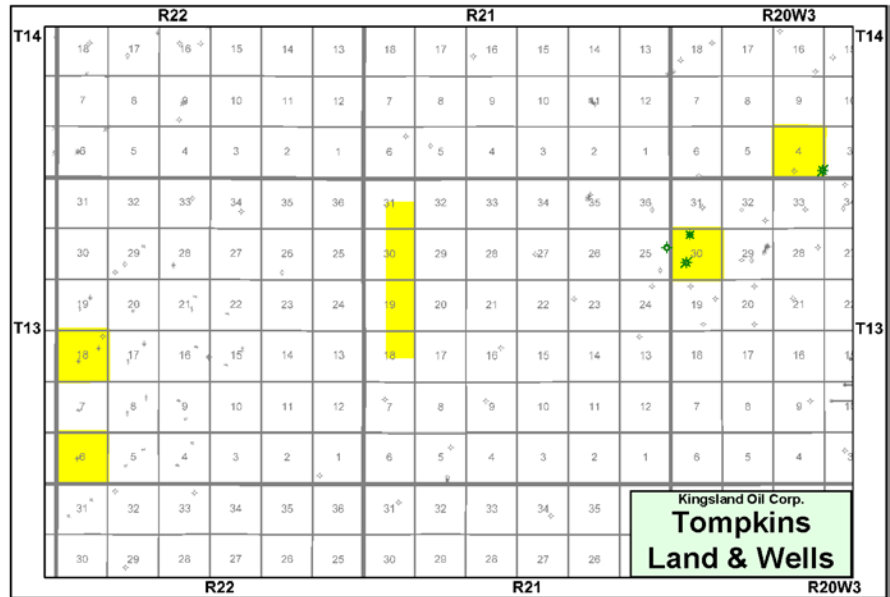


### Tompkins Property

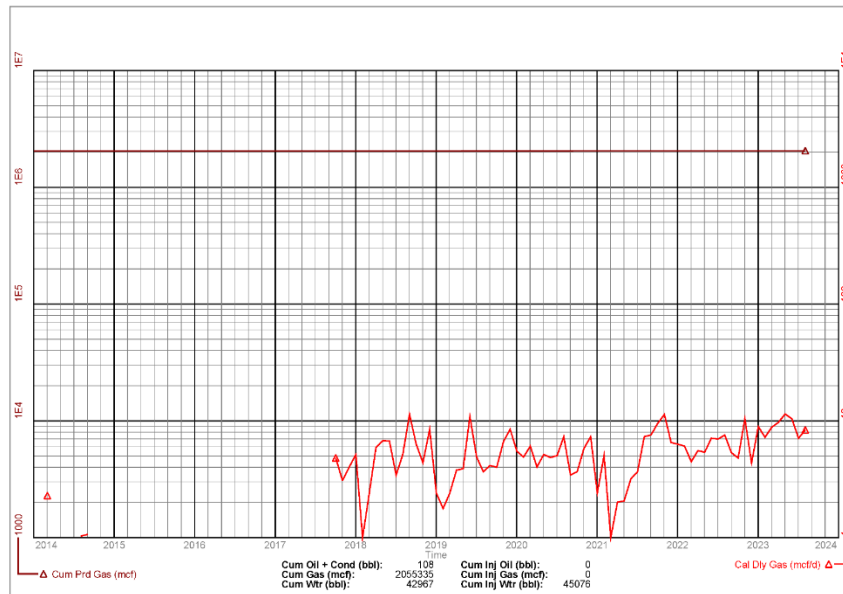
### Township 13-14, Range 20-21 W3

At *Tompkins*, Kingsland holds working interests ranging from 20% to 100% in 5.5 sections of land along with several non-producing natural gas wells. Production from *Tompkins* consisted primarily of natural gas from the Upper Shaunavon Formation.

Kingsland ceased operations and shut-in production from the Properties in August 2023. Prior to shut-in, average production net to Kingsland from *Tompkins* for the first half of 2023 averaged approximately two boe/d consisting of nine Mcf/d of natural gas.



### Tompkins, Saskatchewan – Gross Production Group Plot of Kingsland’s Wells



### Tompkins LMR as of December 28, 2023

As of December 28, 2023, the *Tompkins* property had a deemed net asset value of (\$202,600) (deemed assets of \$0 and deemed liabilities of \$202,600), with an LMR ratio of 0.00. The Company has a security deposit of \$644,597 in place with the Saskatchewan **Ministry of Energy and Resources** which is not included in the numbers above.

### Reserves Overview

The Company does not have a third-party reserve report relating to the Properties.





# **BDO Canada Limited Kingsland Oil Corp. Spring 2024 Bankruptcy Sale**

The map displays two locations: Kindersley and Saskatoon. The Kindersley location is marked with a blue airplane icon and the text "Kindersley". Below it, a legend lists "Delta West" and "Tompkins" with blue circular markers. The Saskatoon location is marked with a blue airplane icon and the text "Saskatoon". The map also features the BDO Canada logo and the Kingsland Oil logo.

## **CONTACT**

Parties wishing to receive access to the confidential information with detailed information relating to this opportunity should execute the confidentiality agreement which is available on Sayer Energy Advisors' website ([www.sayeradvisors.com](http://www.sayeradvisors.com)) and return one copy to Sayer Energy Advisors by courier, email ([tpavic@sayeradvisors.com](mailto:tpavic@sayeradvisors.com)) or fax (403.266.4467).

Included in the confidential information is the following: summary land information, most recent net operations summary information, LMR information and other relevant technical information.

To receive further information on the Properties please contact Tom Pavic, Ben Rye or Sydney Birkett at 403.266.6133.



## Overview

On January 5, 2024, **Kingsland Oil Corp.** (“Kingsland” or the “Company”) made an assignment into bankruptcy and **BDO Canada Limited** was appointed as the trustee in bankruptcy (the “Trustee”) of the bankrupt estate. The Trustee has engaged **Sayer Energy Advisors** to assist it with a sale of Kingsland’s oil and natural gas properties (the “Properties”).

The Trustee has instructed that interested parties must provide a marked-up copy of a purchase and sale agreement (the “PSA”) acceptable to the Trustee with any offers submitted for the Properties. A copy of the PSA will be available for review to parties which execute a confidentiality agreement.

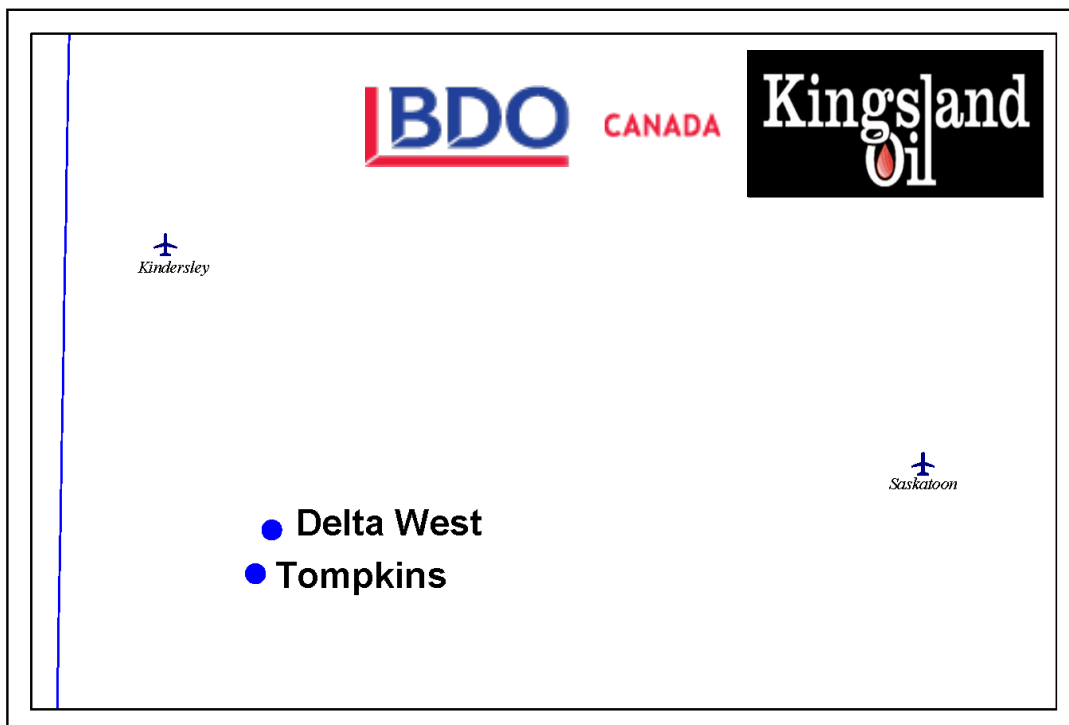
The Trustee has also provided a Sale Solicitation Process document (the “SSP”) outlining further details, and the terms and conditions of this sale. The SSP must be read in conjunction with this document. A copy of the SSP is found on our website at [www.sayeradvisors.com](http://www.sayeradvisors.com). All offers received at the bid deadline will be reviewed by the Trustee and the most acceptable offer may be accepted by the Trustee, subject to Inspector approval.

The Properties are located in the *Delta West* and *Tompkins* areas of southwestern Saskatchewan.

Kingsland ceased operations and shut-in operated production in August 2023. Prior to shut-in, average production net to Kingsland from the Properties for the first half of 2023 averaged approximately 21 boe/d consisting of 19 barrels of oil and 12 Mcf/d of natural gas.

Sales revenue from the Properties net to Kingsland for the first half of 2023 averaged approximately \$40,000 per month.

### Overview Map Showing the Location of Kingsland’s Properties

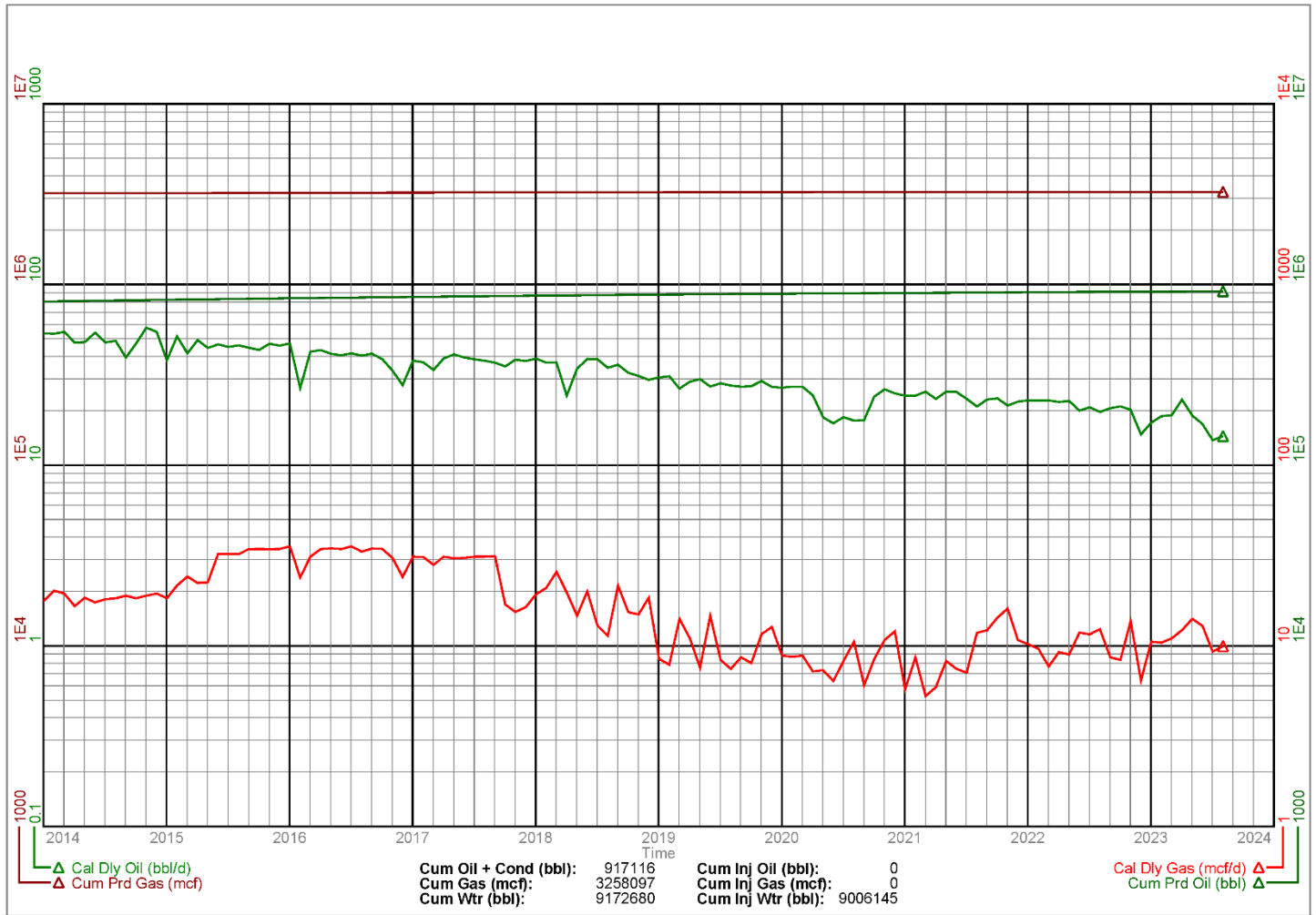




### Production Overview

Kingsland ceased operations and shut-in operated production in August 2023. Prior to shut-in, average production net to Kingsland from the Properties for the first half of 2023 averaged approximately 21 boe/d consisting of 19 barrels of oil and 12 Mcf/d of natural gas.

### Gross Production Group Plot of Kingsland's Wells





## LMR Overview

As of December 28, 2023, the *Properties* had a deemed net asset value of (\$942,819) (deemed assets of \$0 and deemed liabilities of \$942,819), with an LMR ratio of 0.00.

Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$0	\$942,819	(\$942,819)	0.00

The Company has a security deposit of \$644,597 in place with the Saskatchewan **Ministry of Energy and Resources** which is not included in the numbers above.

## Marketing Overview

Kingsland marketed its oil through **Acme Energy Marketing Ltd.** Oil was sold at the 08-10-015-20W3 battery via the Gull Lake Truck Terminal.





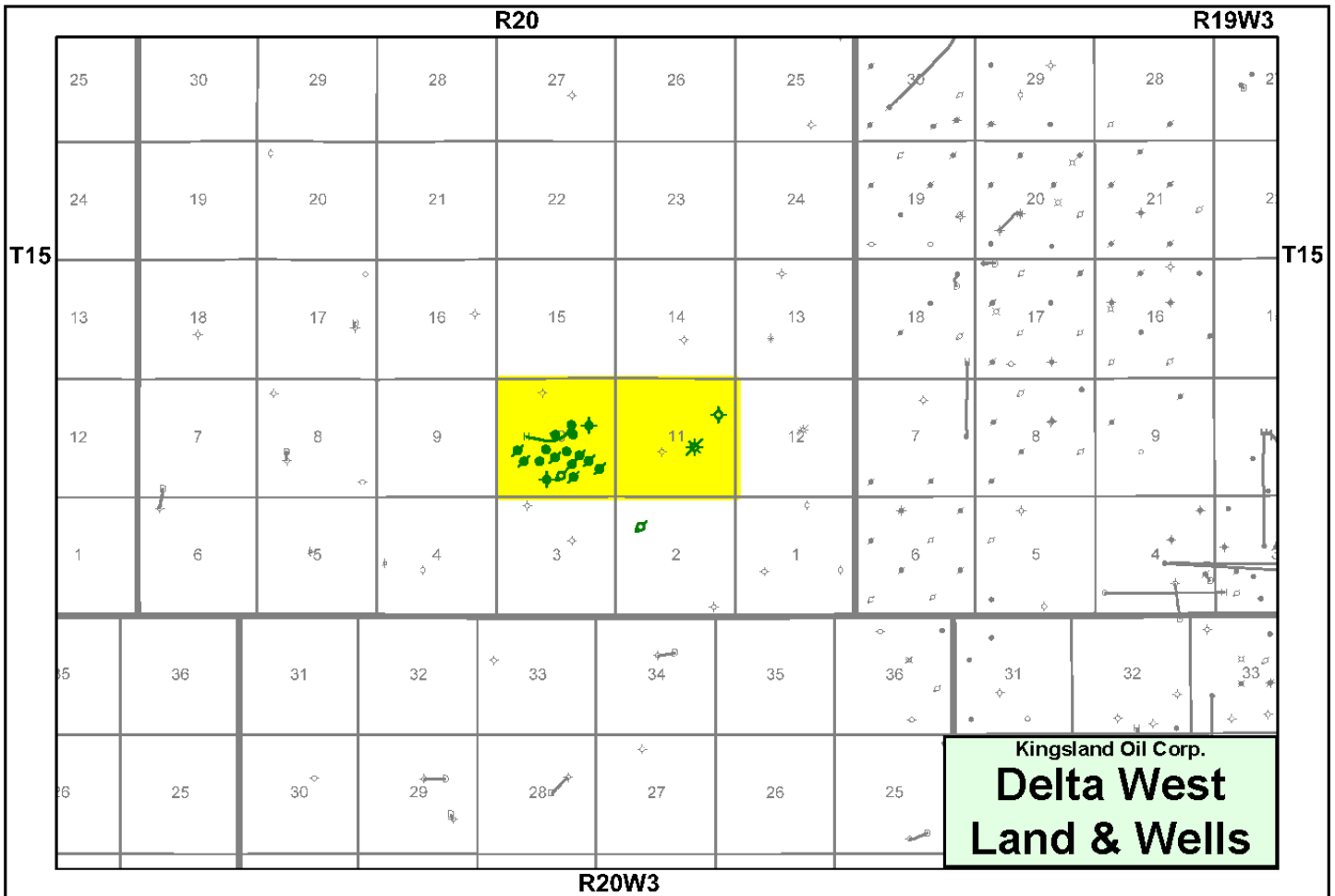


### Delta West Property

### Township 15, Range 20 W3

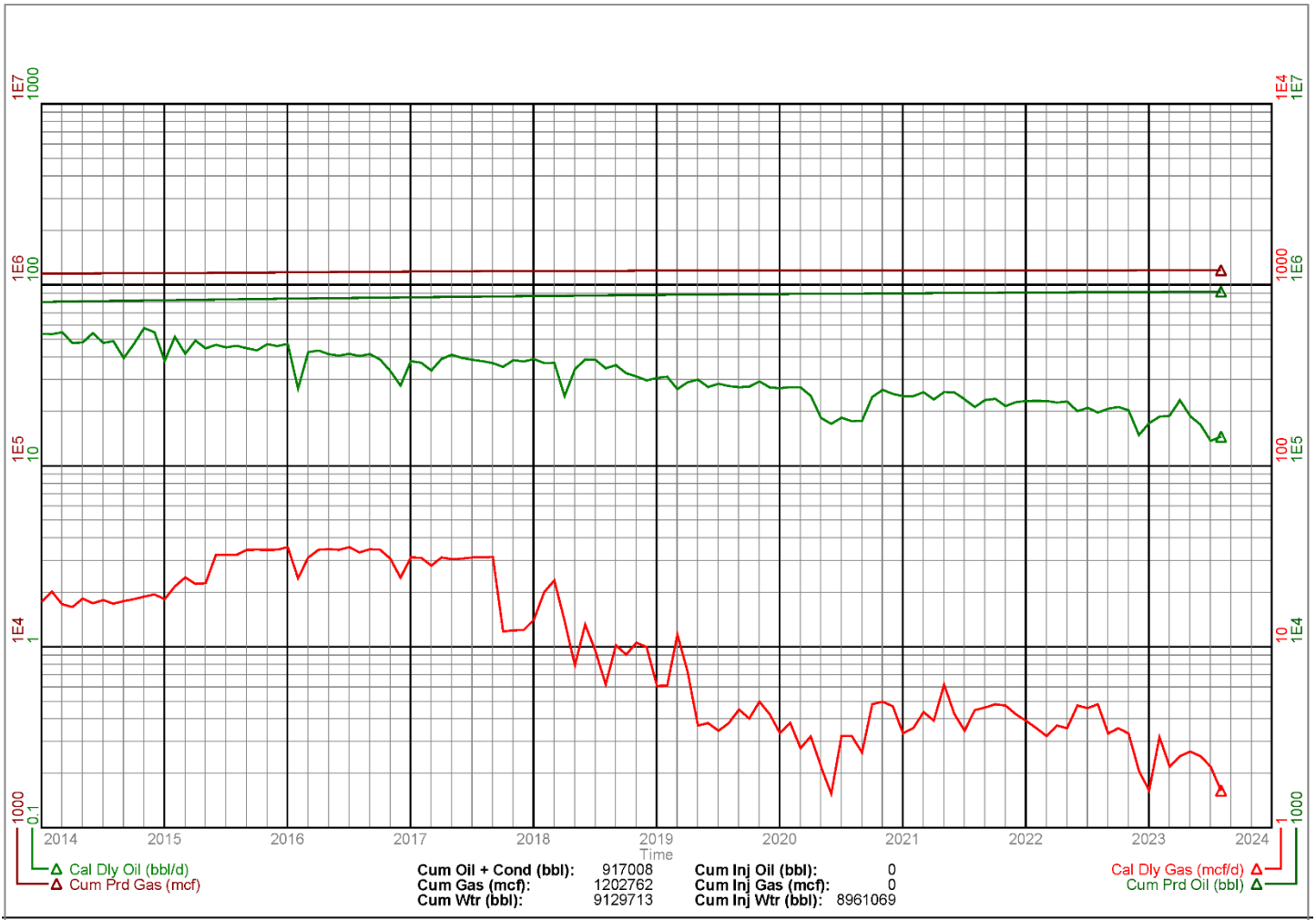
At *Delta West*, Kingsland owns a 100% working interest in two sections of land with P&NG rights from surface to the base of the Upper Shaunavon Formation along with several non-producing heavy oil wells. Production from *Delta West* consisted primarily of heavy oil from the *Delta West Upper Shaunavon pool*. The Company also has two water disposal wells at *Delta West*.

Kingsland ceased operations and shut-in production from the Properties in August 2023. Prior to shut-in, average production net to Kingsland from the *Delta West* property for the first half of 2023 averaged approximately 19 boe/d consisting of 19 barrels of oil and two Mcf/d of natural gas.





### Delta West, Saskatchewan – Gross Production Group Plot of Kingsland’s Wells



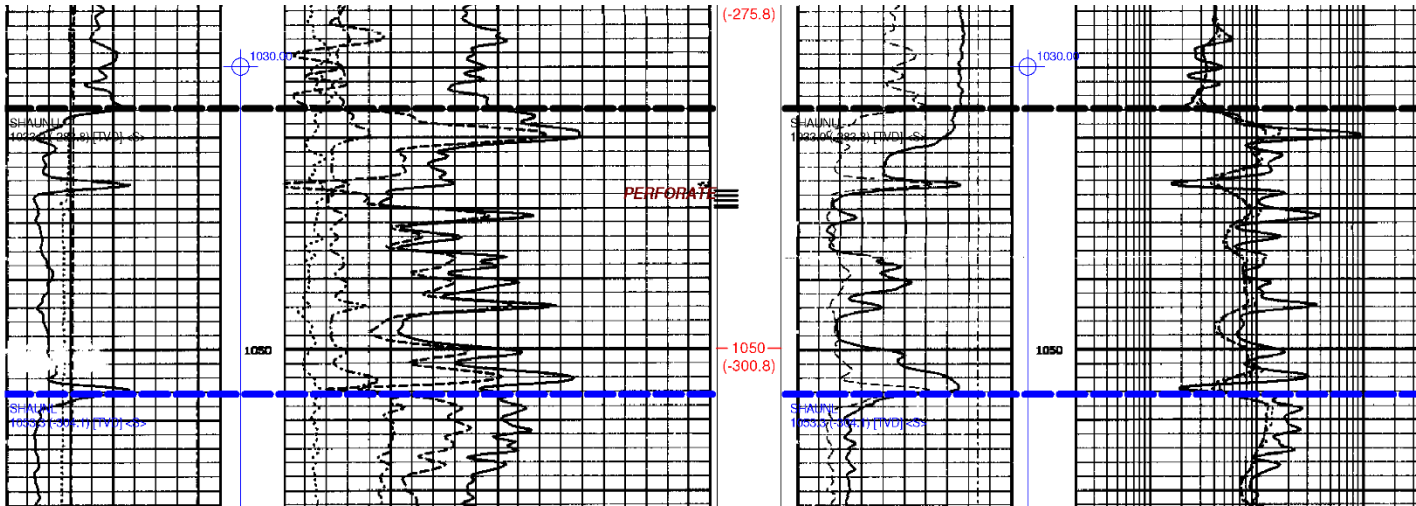


### Upper Shaunavon Formation

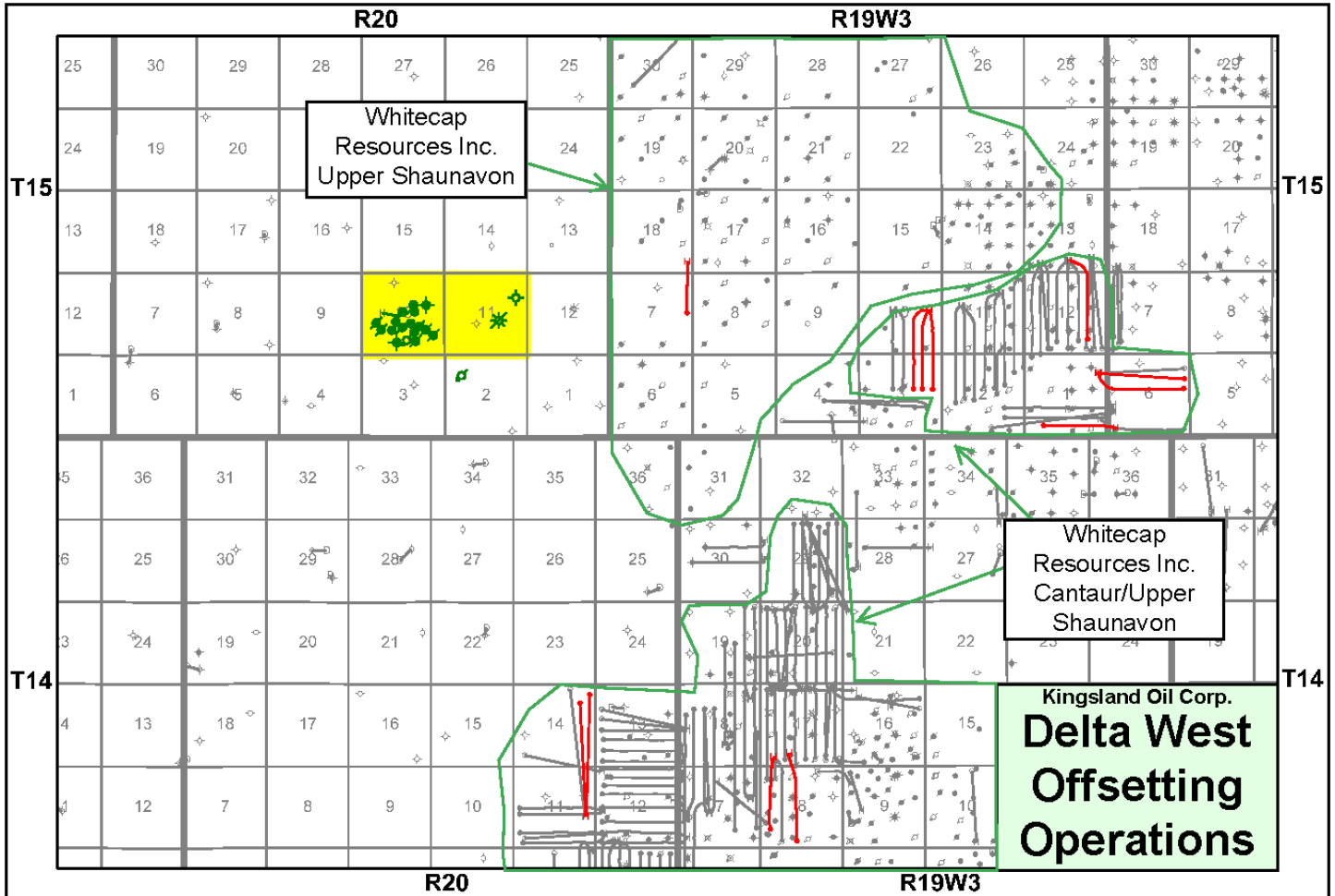
The Upper Shaunavon in the *Delta West* area is characterized by a series of limestone beds with interbedded shale streaks. The wells at *Delta West* have been completed using a variety of techniques, including selective perforation of certain porous stringers. Upside in portions of the thick reservoir can be accessed with further development drilling.

The following well logs show a typical section from the Upper Shaunavon Formation in the well *Kingsland Delta West 31/07-10-015-20W3/0*.

***Kingsland Delta West 31/07-10-015-20W3/0* – Upper Shaunavon Formation Type Log**



Since initial development of the *Delta West Upper Shaunavon* pool began in 1995, the area has been further developed through horizontal drilling primarily by **Whitecap Resources Inc.** as recently as 2023. The following map shows the offsetting development targeting heavy oil from the Cantaur (Mannville Group) and Upper Shaunavon pools outlined in green. Wells drilled since 2021 are shown in red.





### Delta West Facilities

At *Delta West*, Kingsland has working interests in the following facilities.

Licence	Facility Type	Surface Location	W.I.%
3110	Multi Well Gas Battery	06-30-013-20W3	100
3111	Water Injection/Disposal Facility	14-30-013-20W3	100
3112	Water Injection/Disposal Facility	12-02-015-20W3	100
3113	Multi Well Oil Battery	08-10-015-20W3	100

### Delta West Reserves

The Company does not have a third-party reserve report relating to the *Delta West* property.

### Delta West LMR as of December 28, 2023

As of December 28, 2023, the *Delta West* property had a deemed net asset value of (\$740,219) (deemed assets of \$0 and deemed liabilities of \$740,219), with an LMR ratio of 0.00.

Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$0	\$740,219	(\$740,219)	0.00

The Company has a security deposit of \$644,597 in place with the Saskatchewan **Ministry of Energy and Resources** which is not included in the numbers above.

### Delta West Well List

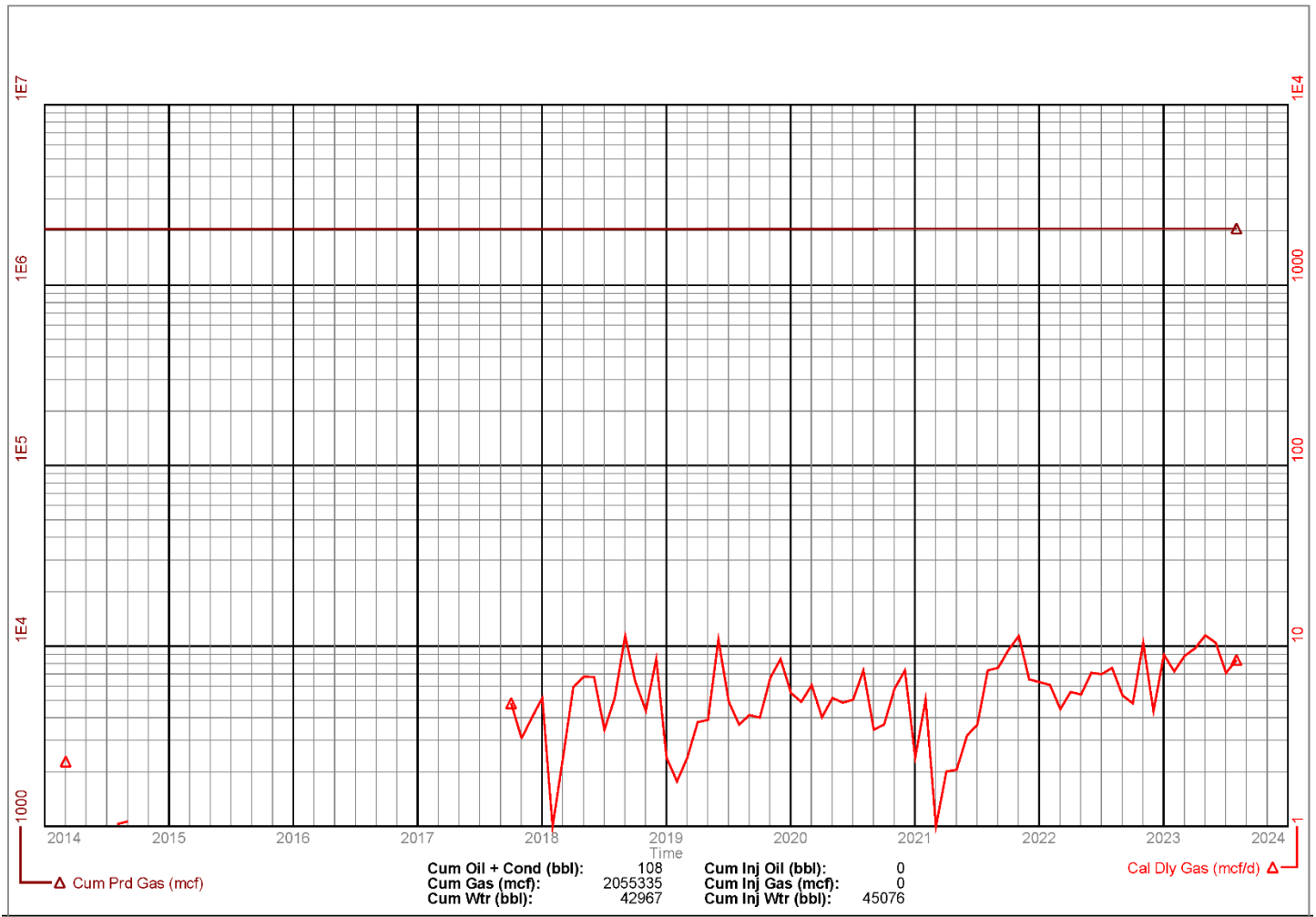
See well list in Excel.







### Tompkins, Saskatchewan – Gross Production Group Plot of Kingsland's Wells





## Tompkins Facilities

At *Tompkins*, Kingsland has working interests in the following facilities.

Licence	Facility Type	Surface Location	W.I.%
3110	Multi Well Gas Battery	06-30-013-20W3	100
3111	Water Injection/Disposal Facility	14-30-013-20W3	100

## Tompkins Reserves

The Company does not have a third-party reserve report relating to the *Tompkins* property.

## Tompkins LMR as of December 28, 2023

As of December 28, 2023, the *Tompkins* property had a deemed net asset value of (\$202,600) (deemed assets of \$0 and deemed liabilities of \$202,600), with an LMR ratio of 0.00.

Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$0	\$202,600	(\$202,600)	0.00

The Company has a security deposit of \$644,597 in place with the Saskatchewan **Ministry of Energy and Resources** which is not included in the numbers above.

## Tompkins Well List

See well list in Excel.





## KINGSLAND OIL CORP. in bankruptcy

### SALE SOLICITATION PROCESS

#### INTRODUCTION

On January 5, 2024, Kingsland Oil Corp. (“**Kingsland**”) made an assignment in bankruptcy. BDO Canada Limited was appointed as the trustee (the “**Trustee**”) of the bankrupt estate of Kingsland (the “**Estate**”).

The Trustee intends to conduct a sale solicitation process (the “**SSP**”) to market and sell the oil and natural gas interests of Kingsland (the “**Property**”).

The Trustee has engaged Sayer Energy Advisors as its selling agent (in such capacity, the “**Selling Agent**”) to administer and carry out the marketing steps contemplated by the SSP.

This document outlines the SSP, which is comprised principally of the following stages: marketing, offer and evaluation.

#### OPPORTUNITY AND SSP SUMMARY

1. The SSP is intended to solicit interest in, and opportunities for a sale of all or part of the Kingsland’s Property (the “**Opportunity**”), which primarily consist of wells, facilities and other related oil and gas production assets located in Saskatchewan.
2. In order to maximize the number of participants that may have an interest in the Opportunity, the SSP will provide for the solicitation of interest for the sale of Kingsland’s interest in the Property. In particular, interested parties may submit proposals to acquire all, substantially all or a portion of the Property (a “**Sale Proposal**”).
3. Except to the extent otherwise set forth in a definitive sale agreement with a successful bidder, any Sale Proposal will be on an “*as is, where is*” basis and without surviving representations or warranties of any kind, nature, or description by the Trustee, its operational consultants or the Selling Agent and, in the event of a sale, all of the right, title and interest of Kingsland in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to Court orders, except as otherwise provided in such Court orders.
4. Solicitation of interest for Sale Proposals will be on an unpriced basis whereby no set asking price will be stipulated.
5. As described more fully in this SSP, the major stages in the SSP will be comprised of the following:
  - (a) Marketing: advertising, contacting potential buyers, responding to requests for information and disseminating marketing material to potential buyers; and

- (b) Offer Submission and Evaluation: solicitation, receipt of, evaluation and negotiation of offers from potential buyers, as described below.

## PROPERTY & REGULATOR

6. Kingsland is the operator or has a working interest in the Property comprised of approximately 25 wells and 4 facilities.
7. The Ministry of Energy and Resources (“**MER**”) regulates oil and gas and related activities in Saskatchewan, including wells, facilities, oil refineries, natural gas processing plants, pipelines and oil and gas roads, through licenses, authorizations, orders, and regulations. Bidders will be required to be licensees in good standing with the MER, or to otherwise have or be in the process of obtaining eligibility to hold MER licenses, permits or approvals with respect to the Property.

## TIMELINE

8. The following table sets out the key milestones under the SSP:

Milestone	Deadline
Launch Sales Process	March 25, 2024
Binding Offer Deadline	May 2, 2024
Finalize definitive agreement(s), Inspector approval and Closing Dates	May 3 – May 31, 2024

## MARKETING STAGE

9. As soon as reasonably possible after launch date of March 25, 2024, the Selling Agent shall:
- (a) arrange for a notice of the SSP (and such other relevant information as the Selling Agent, in consultation with the Trustee, considers appropriate) (the “**Notice**”) to be published in the BOE Report and any other newspaper or journals as the Selling Agent, in consultation with the Trustee, considers appropriate, if any; and
- (b) send a teaser letter and a non-disclosure agreement (“**NDA**”) to all potential interested parties and to any other party who responds to the Notice as soon as reasonably practicable after such identification or request, as applicable.
10. Any party who expresses a wish to participate in the SSP (a “**Potential Bidder**”) must, prior to being given any additional information such as the confidential information memorandum (“**CIM**”) and access to the data room established by the Selling Agent (the “**Data Room**”), provide to the Selling Agent an executed NDA.

11. Requests for information and access to the Data Room will be directed to the Selling Agent, to the attention of the persons listed in **Schedule “A”** hereto. All printed information shall remain the property of the Trustee and, if requested by the Selling Agent or the Trustee, shall be returned without further copies being made and/or destroyed with an acknowledgement that all such material has either been returned and/or destroyed and no information has been retained.

## **OFFER SUBMISSION AND EVALUATION STAGE**

### ***Due Diligence***

12. The Selling Agent in consultation with the Trustee, subject to competitive and other business considerations, will afford each Potential Bidder access to due diligence materials through the Data Room and other information relating to the Property as it deems appropriate. Due diligence access may further include on-site inspections and other access or information which a Potential Bidder may reasonably request and to which the Selling Agent, with the approval of the Trustee, in its reasonable business judgment, may agree. The Selling Agent will designate a representative to coordinate all reasonable requests for additional information and due diligence access from Potential Bidders and the manner in which such requests must be communicated. Neither the Selling Agent nor the Trustee will be obligated to furnish any information relating to the Property to any person including Potential Bidders. Further and for the avoidance of doubt, selected due diligence materials may be withheld if the Trustee, in consultation with the Selling Agent, determines such information to represent proprietary or sensitive competitive information.

### ***Submission of Binding Offers***

13. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property in connection with their participation in the SSP and any transaction they enter into with the Trustee.
14. Potential Bidders who advise the Selling Agent that they wish to submit an offer will be provided with a copy of a form of a purchase and sale agreement (the “**PSA**”) acceptable to the Trustee.
15. A Potential Bidder who wishes to pursue the Opportunity and make a binding offer must deliver an executed PSA, identifying each specific Property the Potential Bidder is interested in, to the Selling Agent at the addresses specified in Schedule “A” hereto (including by email or fax transmission), so as to be received by them not later than 12:00 PM (Calgary time) on or before May 2, 2024 (the “**Bid Deadline**”).
16. The PSA must comply with the following:
  - (a) it is submitted on or before the Bid Deadline by a Potential Bidder;
  - (b) it identifies or contains the following:

- (i) the purchase price, in Canadian dollars, including details of any liabilities to be assumed by the Potential Bidder and key assumptions supporting the valuation. If a Potential Bidder wishes to acquire more than one Property, a price for each Property must be stipulated;
  - (ii) a description of each Property that is expected to be subject to the transaction and any of the Property or obligations for each Property expected to be excluded; and
  - (iii) a specific indication of the financial capability, together with evidence of such capability, of the Potential Bidder and the expected structure and financing of the transaction.
- (c) it contains a statement that the Potential Bidder is a licensee in good standing with the MER, or has eligibility to obtain or hold MER licenses, permits or approvals with respect to the Property or has submitted an application to the MER for license eligibility, and will have a Licensee Liability Rating of 1.0 or greater should the offer be accepted and the MER approve the transfer;
  - (d) the offer must be for cash and by a accompanied 10% deposit payable to “*BDO Canada Limited in trust*” (the “**Deposit**”) by way of bank draft or certified cheque. The Deposit will be applied to the purchase price of a Successful Bid upon closing. Deposits of unsuccessful Potential Bidders will be returned;
  - (e) the PSA must not be subject to any conditions other than approval by the Inspector of the Estate and at the discretion of the Trustee, the Court of King’s Bench for Saskatchewan (the “**Court**”), and the PSA must acknowledge that it is subject to Inspector and potentially Court approval;
  - (f) the bid contemplates a schedule for closing the transaction set out therein which is on or before May 31, 2024 (the “**Closing Date**”); and
  - (g) it contains such other information as reasonably requested by the Selling Agent or Trustee from time to time.
17. The Trustee may in its sole discretion waive any of the above conditions.
18. If the Trustee is not satisfied with the number or terms of the PSA’s submitted, the Trustee, in consultation with the Selling Agent, may extend the Bid Deadline.
19. The Trustee may terminate further participation in the SSP by any interested party, or modify dates or procedures in this SSP as deemed appropriate or necessary in its sole discretion, or terminate the process altogether.
20. The Trustee may aggregate separate bids from unaffiliated Potential Bidders.

### ***Evaluation of Competing Bids***

21. The Trustee will review and evaluate each PSA and may negotiate PSA's with Potential Bidders as may be deemed appropriate in the sole discretion of the Trustee.
22. The Trustee shall have no obligation to accept a PSA and enter into a Transaction and reserves the right to reject any or all PSA's.

### ***Inspector Approval / Sale Approval Hearing***

23. The Inspector of the Estate is required to approve any transaction (the "**Successful Bid**").
24. Additionally, if deemed required or applicable at the sole discretion of the Trustee, the Trustee may also seek, among other things, approval from the Court to consummate any Successful Bid.

### ***Confidentiality and Access to Information***

25. Participants and prospective participants in the SSP shall not be permitted to receive any information that is not made generally available to all participants relating to the number or identity of Potential Bidders, the details of any PSA's submitted or the details of any confidential discussions or correspondence between the Trustee and such other Potential Bidders in connection with the SSP. The Trustee may however, with the consent of the applicable participants, disclose such information to other bidders for the purpose of seeking to combine separate bids.

### ***Supervision of the SSP***

26. The Trustee will participate in the SSP in the manner set out in this SSP and is entitled to receive all information in relation to the SSP.
27. This SSP does not, and will not be interpreted to create any contractual or other legal relationship between the Selling Agent, Inspector or the Trustee and any Potential Bidder, or any other party, other than as specifically set forth in a definitive agreement that may be signed with the Trustee and approved by the Court.
28. Without limiting the preceding paragraph, neither the Trustee, its operational consultants, the Inspector nor the Selling Agent shall have any liability whatsoever to any person or party, including without limitation any Potential Bidder, Successful Bidder, or any other creditor or other stakeholder of Kingsland, for any act or omission related to the process contemplated by this SSP, except to the extent such act or omission is the result of gross negligence or willful misconduct of the Trustee, its operational consultants, the Inspector or Selling Agent. By submitting a PSA each Potential Bidder or Successful Bidder shall be deemed to have agreed that it has no claim against the Trustee, its operational consultants, the Inspector or Selling Agent for any reason whatsoever, except to the extent such claim is the result of gross negligence or willful misconduct of the Trustee, its operational consultants, the Inspector or Selling Agent.

29. Participants in the SSP are responsible for all costs, expenses and liabilities incurred by them in connection with due diligence activities, the submission of a PSA, and any further negotiations or other actions whether or not they lead to the consummation of a Transaction.
30. The Trustee shall have the right, in consultation with the Selling Agent, to modify the SSP and the deadlines set out herein if, in its reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SSP.

## SCHEDULE "A"

### Selling Agent

Sayer Energy Advisors  
1620, 540 – 5<sup>th</sup> Avenue SW  
Calgary, AB T2P 0M2

TPavic@sayeradvisors.com  
(403) 266-6133

**Attention: Tom Pavic**

### Trustee

BDO Canada Limited  
110, 5800 2<sup>nd</sup> Street SW  
Calgary, Alberta  
T2H 0H2

brscott@bdo.ca  
(403) 213-5432

**Attention: Breanne Scott**



## **CONFIDENTIALITY AGREEMENT**

**Please send executed Confidentiality Agreement to:**

**BDO Canada Limited  
c/o Sayer Energy Advisors  
Suite 1620, 540 – 5<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 0M2  
Attention: Mr. Tom Pavic  
[tpavic@sayeradvisors.com](mailto:tpavic@sayeradvisors.com)  
Phone: 403.266.6133**



## CONFIDENTIALITY AGREEMENT

THIS AGREEMENT entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**AMONG:**

**BDO Canada Limited.**, solely in its capacity as the trustee of **Kingsland Oil Corp.** ("**Kingsland**"), and not in its personal or corporate capacity (the "**Disclosing Party**")

- and -

\_\_\_\_\_ (the "**Recipient**")

**WHEREAS** Kingsland made an assignment in bankruptcy on January 5, 2024 and BDO Canada Limited was appointed as trustee in bankruptcy ("**Trustee**") in respect of Kingsland's assets (the "**Property**");

**AND WHEREAS** in connection with evaluating a possible transaction with or involving the Property of Kingsland (the "**Transaction**"), Recipient has requested that the Disclosing Party disclose, certain confidential information;

**AND WHEREAS** the confidential information will be received and used by the Recipient for the sole purpose of conducting due diligence in relation to the Transaction and for no other purpose.

**NOW THEREFORE** in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Parties hereto covenant and agree as follows:

1. Following are definitions which form part of this Confidentiality Agreement (the "**Agreement**"):
  - (a) "**Affiliate**" means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with that specified Person. For the purposes of this definition, "control" (including with correlative meanings, controlling, controlled by and under common control with) means the power to direct or cause the direction of the management and policies of that Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise and, it being understood and agreed that with respect to a corporation or partnership, control shall mean direct or indirect ownership of more than 50% of the voting shares in any such corporation or of the general partnership interest or voting interest in any such partnership.
  - (b) "**Confidential Information**" has the meaning ascribed thereto in Section 2.
  - (c) "**Disclosing Party**" has the meaning ascribed thereto in the preamble hereto.
  - (d) "**Trustee**" has the meaning ascribed thereto in the preamble hereto.
  - (e) "**Party**" or "**Parties**", as the context requires, means the signatories to this Agreement.

- (f) **"Person"** means any individual or entity, including any partnership, body corporate, trust, unincorporated organization, union or governmental entity or authority and any heir, executor, administrator or other legal representative of an individual.
  - (g) **"Personal Information"** means information about an identifiable individual but does not include business contact information (such as, an individual's name, title, business address, business phone and fax number) when such information is collected, used or disclosed for the purpose of contacting such individual in the capacity as a representative of an organization.
  - (h) **"Recipient"** has the meaning ascribed thereto in the preamble hereto.
  - (i) **"Related Parties"** means, in reference to a Party other than the Disclosing Party, its and their respective Affiliates, successors and assigns each of their respective directors, officers and employees.
  - (j) **"Representatives"** means, in reference to a Party other than the Disclosing Party, its and their Related Parties and each of their respective representatives, agents, legal counsel, consultants and advisors.
  - (k) **"Transaction"** has the meaning ascribed thereto in Section 2.
2. In connection with Recipient's evaluation of a possible Transaction with the Disclosing Party, the Disclosing Party are willing, in accordance with the terms and conditions of this Agreement, to disclose to Recipient certain confidential information relating to the assets, business and undertakings of Kingsland **"Confidential Information"** refers to any and all information acquired by Recipient or its Representatives from the Disclosing Party in the course of the Recipient's consideration of a Transaction (including information acquired prior to the execution of this Agreement in connection with a Transaction), which shall include, without limitation all agreements, correspondence, financial information, reports, models, data and compilations, client personal and financial information, whether provided in oral, written or electronic form, together with analyses, interpretations, compilations, data, studies, notes and any documents prepared by or on behalf of Recipient and its Representatives containing or based upon, in whole or in part, information acquired by Recipient and its Representatives hereunder.
3. The Recipient agrees that the Confidential Information shall be kept strictly confidential and shall not be sold, traded, published or otherwise disclosed in any manner whatsoever, including by means of photocopy or reproduction, without the Disclosing Party's prior written consent (which consent may be withheld in the Disclosing Party's sole and absolute discretion), except as provided in Sections 4 and 5.
4. Recipient may disclose Confidential Information without Disclosing Party's prior written consent only to the extent that Recipient can establish, through documentary evidence, that such information:
- (a) was known to Recipient prior to disclosure hereunder and was acquired without any obligation of confidentiality;
  - (b) is as of the date of this Agreement publicly available or becomes available to the public other than through the act or omission of Recipient or any of its Representatives; *provided, however*, that if some portion of the Confidential Information becomes publicly available, the balance of the Confidential Information,

whether related or not to said portion, shall not be considered to have become publicly available;

- (c) is required to be disclosed under applicable law or by court order or by a governmental order, decree, regulation or rule of any stock exchange and the Recipient provides a formal written legal opinion from its external legal counsel confirming such disclosure is required (provided that Recipient shall give written notice to Disclosing Party prior to such disclosure and shall comply with the requirements of Section 10); or
  - (d) is acquired independently by Recipient, without any obligation of confidentiality, from a third party that has the right to disseminate such information without restrictions at the time it is acquired by Recipient.
5. Recipient shall be entitled to disclose Confidential Information without Disclosing Party's prior written consent to the following Persons who have a clear need-to-know such information in order to evaluate the Transaction:
- (a) Recipient's Related Parties; and
  - (b) any professional consultant, agent or professional advisor retained by Recipient for the purpose of evaluating or financing the Transaction.

Prior to making any such disclosures to persons under subsection 5(b), Recipient shall obtain an undertaking of confidentiality in favour of Disclosing Party, of substantially the same content as set forth in this Agreement, from each such Person. Recipient shall, upon request, provide Disclosing Party with a list of all Persons to whom Confidential Information has been provided. Recipient agrees to be responsible for any breach of or failure to adhere to any of the terms of this Agreement by any such Person receiving Confidential Information.

6. Recipient and its Representatives receiving Confidential Information shall only use or permit the use of the Confidential Information to evaluate the Transaction and determine whether to enter into or continue negotiations concerning the Transaction and for no other purpose. Recipient undertakes that neither it nor any of its Representatives shall, without the prior written consent of Disclosing Party (which consent may be withheld in the Disclosing Party's sole and absolute discretion), prior to closing of the Transaction, enter into any discussion or agreement with any Person to acquire any separate, joint or subdivided interest in any asset or property potentially forming part of the Transaction.
7. Recipient shall ensure that its Representatives to whom Confidential Information is disclosed under this Agreement keep such information confidential and shall not disclose or divulge the same to any unauthorized Person. In addition to any other rights Disclosing Party may have against Recipient arising by reason of any breach of this Agreement, Recipient shall:
- (a) be liable to the Disclosing Party for all losses, costs, damages and expenses whatsoever which any of them may suffer, sustain, pay or incur; and
  - (b) indemnify and hold the Disclosing Party harmless against all actions, proceedings, claims, demands, losses, costs, damages and expenses whatsoever which may be brought against or suffered by any of them or which any of them may suffer, sustain, pay or incur;

as a result of any breach of this Agreement by Recipient, its Representatives, or any other Persons receiving Confidential Information hereunder.

8. The obligations of the Parties herein shall remain in full force and effect for a period of one (1) year from the date hereof (notwithstanding that Confidential Information may have been returned or copies or other reproductions thereof destroyed prior to the expiration of such period and whether or not a Transaction is implemented).
9. Recipient agrees that Kingsland may be irreparably injured by a breach of this Agreement and that Kingsland may be entitled to equitable relief, including injunctive relief and specific performance in the event of any breach of this Agreement. Such remedy shall not be deemed to be the exclusive remedy for a breach of this Agreement but shall be in addition to all other remedies available in law or in equity.
10. Should any Person seek to legally compel Recipient or any of its Representatives receiving Confidential Information to disclose any Confidential Information, Recipient will provide Disclosing Party with prompt written notice thereof so that Disclosing Party may seek a protective order or other appropriate remedy. Recipient shall cooperate fully with Disclosing Party on a reasonable basis in any attempt by Disclosing Party to obtain a protective order or other appropriate remedy. In any event, Recipient or other Person receiving Confidential Information hereunder who is so compelled to disclose will only furnish that portion of the Confidential Information that is legally required to be disclosed.
11. To the extent that Recipient is given physical access to any of the properties or premises owned, leased, used or otherwise held or occupied by Kingsland, Recipient hereby agrees to indemnify, defend and hold harmless Kingsland and the Trustee from and against any and all liabilities, claims and causes of action by Recipient or any of its Representatives for personal injury, death or property damage occurring on such property or premises as a result of the access to such properties or premises by Recipient or its Representatives.
12. It is understood that neither this Agreement nor the disclosure of any Confidential Information to Recipient or its Representatives shall be construed as granting to any of them any license or rights in respect of any part of the Confidential Information.
13. The Disclosing Party may refuse to make the Confidential Information available to the Recipient or otherwise terminate the Recipient's access to the Confidential Information at any time as determined by the Trustee at its sole and unfettered discretion.
14. The Confidential Information shall remain the property of the Kingsland, and the Disclosing Party may demand the return and/or destruction thereof at any time upon giving written notice to Recipient. Within seven (7) business days of receipt of such notice, Recipient shall return all of the original Confidential Information, destroy all copies and reproductions (both written and electronic) and analyses, interpretations, compilations, data, studies, notes and any documents prepared by or on behalf of Recipient or any of its Representatives containing or based upon, in whole or in part, Confidential Information, and promptly upon request of the Disclosing Party, Recipient shall cause one of its senior officers to certify such destruction in writing. Notwithstanding the destruction or return of the Confidential Information, Recipient and its Representatives will continue to be bound by the obligations of confidentiality and all other obligations hereunder during the term of this Agreement.
15. The Disclosing Party makes no representations or warranties, express or implied, as to the quality, accuracy or completeness of the Confidential Information disclosed hereunder. Recipient hereby releases, indemnifies and holds Kingsland and the Trustee and each of

their respective Representatives harmless with respect to the use of or reliance upon Confidential Information by Recipient and its Representatives.

16. No contract or agreement providing for a Transaction shall be deemed to exist unless and until a definitive agreement in respect of a Transaction has been executed by the Recipient and the Trustee. Nothing contained herein is intended to confer upon Recipient any right whatsoever to require or force the Trustee to enter into or close a Transaction with Recipient. Recipient understands and agrees that, except as may be otherwise agreed by Recipient and the Trustee in a definitive agreement executed by them in respect of the Transaction:
  - (a) the Trustee shall conduct the process for a possible Transaction in its sole discretion, including negotiating with any other Person and entering into a definitive agreement in respect of a Transaction with any other Person without prior notice to Recipient or any other Person; and
  - (b) Recipient shall not have any claims whatsoever against the Trustee or any of their respective Representatives arising out of or relating to a Transaction.
  
17. In addition to its other obligations hereunder, each Party covenants and agrees to conduct its activities with respect to Personal Information in accordance with applicable law. Where Personal Information is disclosed by or on behalf of the Disclosing Party to the Recipient, the Recipient agrees to:
  - (a) use and disclose such Personal Information only for those purposes authorized by the Disclosing Party;
  - (b) at the request and option of the Disclosing Party, return or cause to be returned, or destroy or cause to be destroyed, such Personal Information;
  - (c) promptly advise the Disclosing Party of any request by an individual to access, correct, or otherwise challenge the accuracy of such Personal Information, or any other communication received by Recipient in respect of such Personal Information, including, without limitation, any withdrawal or variation of consent by an individual, and to work, in a timely manner, with the Disclosing Party to respond to such requests (which response shall be first approved in writing by the Disclosing Party, which approval may be withheld in each of the Disclosing Party's sole and absolute discretion), including without limitation, by providing access to, correcting, and ceasing to use or disclose, such Personal Information as requested by such individual;
  - (d) use all reasonable efforts to protect and safeguard such Personal Information including, without limitation, to protect such Personal Information from loss or theft, unauthorized access disclosure, copying, use, modification, disposal, or destruction, and promptly advise the Disclosing Party should any such loss, theft, or unauthorized activity occur;
  - (e) only disclose such Personal Information to a third party with the prior written consent of the Disclosing Party and the Trustee (which consent may be withheld in each of the Disclosing Party's and the Trustee's sole and absolute discretion); and
  - (a) only use, disclose, process, store or enable access to such Personal Information in Canada, or such other jurisdictions as the Disclosing Party and the Trustee may

approve in writing from time to time (which approval may be withheld in each of the Disclosing Party's and the Trustee's sole and absolute discretion).

The provisions of this Section 18 shall survive the expiry, termination or assignment of this Agreement.

18. This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Alberta (exclusive of any conflicts of laws principles that could require the application of any other laws). The Parties irrevocably and unconditionally consent to and 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.

19. All notices, consents and other instruments which are required or may be given pursuant to this Agreement must be given in writing and delivered personally or by facsimile or electronic mail as follows:

If to Disclosing Party:

**BDO CANADA LIMITED,**  
in its capacity as Trustee of Kingsland Oil Corp.  
110, 5800 - 2 Street SW  
Calgary, AB  
T2H 0H2

Attention: Breanne Scott  
Facsimile: 403-213-5432  
Email: brscott@bdo.ca

If to Recipient:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention: \_\_\_\_\_  
Facsimile: \_\_\_\_\_  
Email: \_\_\_\_\_

or in accordance with the latest unrevoked instructions delivered by one Party to the other. All notices will be deemed to have been duly given at the time of delivery or, in the case of facsimile or electronic mail, on the first business day after faxing or electronic mailing, as the case may be.

20. Recipient shall not assign this Agreement or any rights and benefits hereunder, in whole or in part to any Person without the prior written consent of Disclosing Party, which consent may be withheld in each of the Disclosing Party's sole discretion. This Agreement shall enure to the benefit of the Parties and their lawful successors and permitted assigns.

21. No amendments, changes or modifications to this Agreement shall be valid except if the same are in writing and signed by a duly authorized representative of each of the Parties. No waiver of any provision of this Agreement shall be valid except if provided in writing by a duly authorized representative of the Party proposing to grant the same. Further, no failure or delay by Disclosing Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

22. This Agreement comprises the full and complete agreement of the Parties with respect to the disclosure of the Confidential Information and supersedes and cancels all prior communications, understandings and agreements between the Parties in respect hereof, whether written or oral, expressed or implied. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect. Time is of the essence with respect to this Agreement.
23. This Agreement may be executed and delivered in counterpart and by facsimile or emailed copies, each of which shall be deemed to be an original and all of which, when taken together, shall be deemed to constitute one and the same instrument.

***[Remainder of page left blank. Signature page follows.]***

**IN WITNESS WHEREOF**, the duly authorized representative of each of the Parties has caused this Agreement to be executed on the date first written above.

**BDO CANADA LIMITED**, solely in its capacity as trustee of **Kingsland Oil Corp.**, and not in its personal or corporate capacity.

Per: \_\_\_\_\_  
Breanne Scott  
Vice President

**By the Recipient:**

\_\_\_\_\_  
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:**