



CONFIDENTIALITY AGREEMENT

Please send executed Confidentiality Agreement to:

**CLEO Energy Corp.
c/o Sayer Energy Advisors
Suite 1620, 540 – 5th Avenue SW
Calgary, Alberta T2P 0M2
Attention: Mr. Tom Pavic
tpavic@sayeradvisors.com
Phone: 403.266.6133**

NON-DISCLOSURE AGREEMENT

THIS NON-DISCLOSURE AGREEMENT (the "**Agreement**") is entered into as of _____, 20__ (the "**Effective Date**") between CLEO Energy Corp. (the "**Company**"), and _____ ("**Recipient**") having its principal place of business at _____.

WHEREAS:

- i. the Company filed a Notice of Intention to Make a Proposal pursuant to the *Bankruptcy and Insolvency Act*, RSC 1985 c B-6, as amended, and will be seeking approval from the Court of King's Bench of Alberta to run a sale and solicitation process ("**SSP**");
- ii. the Recipient is desirous of participating in the SSP in order to evaluate a possible transaction(s) with or involving all or part of the business, operations, or Property (as defined in the SSP) of the Company, or such other alternative transaction as may be proposed by the Recipient;
- iii. the Recipient has obtained and/or will from time to time hereafter obtain, certain information relating to the assets, undertakings, properties and business of the Company;
- iv. the Company is willing to disclose to the Recipient certain aspects of its Confidential Information (as defined below), subject to and in accordance with the terms and conditions of this Agreement; and
- v. the disclosure of the Confidential Information by the Company is required in order for the Recipient to assess a bid to participate in the SSP.

NOW, THEREFORE, in consideration of these premises, and other good and valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, the Recipient covenants and agrees with the Company as follows:

1. Interpretation:

- (a) **Definitions:** In this Agreement:

"Affiliate" means, as to any Person, any other Person which, directly or indirectly, controls, or is controlled by, or is under common control with, such Person and, for this purpose, "control" (including "controlled by" and "under common control with"), shall mean the possession, directly or indirectly, of the power to direct or cause the direction of management or policies of a Person, whether through the ownership of securities or partnership or other ownership interests, by contract or otherwise.

“Applicable Law” means any domestic or foreign statute, law, ordinance, rule, regulation, treaty, regulatory policy or guideline, code, by-law or order that applies in whole or part to the applicable situation or event.

“Confidential Information” includes: (i) any and all proprietary or confidential data, trade secrets, business information, Personal Information, know-how, patent, copyright, process, technique, program, design, formula, ideas, concepts, research and development, current and planned manufacturing or distribution methods and processes, customer lists, current and anticipated customer requirements, business plans and other information of any kind whatsoever that the Company or its Affiliates discloses, in writing, orally, visually or in any other medium, to the Recipient or to which the Recipient obtains access, after the date of this Agreement, and that relates to the Company, its Affiliates, or any customer of the Company; and (ii) the terms and existence of this Agreement. Information does not need to be identified as being confidential by the Company in order to be Confidential Information for the purposes of this Agreement, but does not include information which is:

- (i) now or which becomes publicly known or available through no act or failure on the part of Recipient or the Recipient’s Representatives;
- (ii) actually known to Recipient or any of its Representatives prior to the time of receipt of such Confidential Information;
- (iii) generally available or becomes available to the public other than as a result of a breach of this Agreement by Recipient;
- (iv) furnished to Recipient or any of its Representatives by a third party who, to the best of Recipient’s knowledge after due inquiry, has rightfully obtained the Confidential Information without restriction on disclosure; or
- (v) developed independently by Recipient or any of its Representatives without use of or reference to the Confidential Information of the Company that does not otherwise contravene the terms and provisions of this Agreement,

provided, however, that the foregoing exclusions do not apply to Confidential Information that is Personal Information.

“Parties” means Company and Recipient and **“Party”** means either the Company or Recipient, as applicable.

“Person” is to be broadly interpreted and shall include an individual, body corporate, unlimited liability company, partnership, limited liability partnership, limited partnership, joint venture, trustee, trust, unincorporated association,

unincorporated syndicate, any governmental authority and any other legal or business entity.

“Personal Information” means any information concerning an identifiable individual that is subject to Applicable Law relating to data privacy or the protection of personal information.

“Representatives” means the directors, officers, employees, contractors, agents and advisors (including legal counsel) of the applicable Party and those of its Affiliates.

(b) **Additional Rules of Interpretation:**

- (i) In this Agreement, unless the context requires otherwise, words in one gender include all genders and words in the singular include the plural and vice versa.
- (ii) The division of this Agreement into articles, sections and other subdivisions and the inclusion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The headings in the Agreement are not intended to be full or precise descriptions of the text to which they refer.
- (iii) The words “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions shall be construed as referring to this Agreement in its entirety and not to any particular section or portion of it.
- (iv) The word “including” means “including, but not limited to”.
- (v) The Parties acknowledge and agree that they have both participated in the negotiation of this Agreement. Accordingly, the Parties further agree that no presumption or burden of proof shall be raised in any question of interpretation of this Agreement based upon any assertion that one Party or the other has drafted this Agreement or any provision hereof.

2. **Protection of Confidentiality:** Except as otherwise set forth herein, the Recipient hereby promises and agrees to hold Confidential Information in strict confidence and shall not use or allow the use of the Confidential Information for any purpose whatsoever other than to assess a bid in connection with the SSP (the **“Purpose”**). The Recipient further promises to protect and safeguard the Confidential Information against unauthorized use or disclosure using at least the same degree of care as the Recipient accords to its own confidential information, but in no case less than reasonable care. The Recipient shall be responsible for the compliance of its Representatives, if any, with the terms and conditions of this Agreement, and shall be liable for any acts or omissions of such persons. Without limiting the generality of the foregoing, Recipient further promises and agrees:

- (a) to maintain technological, physical and administrative safeguards relating to the transfer, storage and use of Confidential Information to protect the Confidential Information from reasonably foreseeable threats or hazards, including loss, theft, unauthorized access, disclosure, copying, use, modification, disposal and destruction;
- (b) not to, directly or indirectly, in any way, disclose, make accessible, reveal, report, publish, disseminate or transfer any Confidential Information to any person in any manner whatsoever (other than Recipient's Representatives, all of whom must have a bona fide need to know Confidential Information in connection with the Purpose (collectively, the "**Permitted Users**")) without first having received the written consent of the Company;
- (c) not make any copies or otherwise reproduce or store any Confidential Information except as necessary for the Purpose;
- (d) not disclose the fact that the Confidential Information has been made available or any of the matters discussed with respect thereto;
- (e) inform each Permitted User of the terms of this Agreement and the confidential nature of the Confidential Information, ensure compliance by each of its Permitted Users with the terms of this Agreement, and be liable for any breach of this Agreement by any of its Permitted Users;
- (f) to promptly notify the Company of any unauthorized use or disclosure of the Confidential Information;
- (g) to take remedial action necessary to prevent unauthorized use or disclosure or further unauthorized use or disclosure of the Confidential Information, including with respect to the unauthorized use or disclosure of the Confidential Information by the Recipient's Representatives;
- (h) to cooperate with and assist the Company in recovering possession of or enjoining the use of any Confidential Information;
- (i) any trade secrets of the Company will also be entitled to all protections and benefits under Applicable Laws, and if any information that the Company deems to be a trade secret is found by a court of competent jurisdiction not to be a trade secret for the purposes of this Agreement, then such information will be considered Confidential Information for the purposes of this Agreement; and
- (j) in the case of trade secrets, the Recipient hereby waives any requirement that the Company submit proof of the economic value of any trade secret or post a bond or other security.

3. **Disclosure Required by Law:** In the event the Recipient is required by any Applicable Law (including but not limited to a court or administrative deposition, interrogatory, request for documents, subpoena, civil investigative demand or other similar legal process or requirement of Applicable Law, or in defense of any claims or causes of action asserted against it) issued by a court of competent jurisdiction or by a governmental, official, supervisory or regulatory entity having proper jurisdiction, to disclose any of the Confidential Information and/or other information, the Recipient will promptly notify the Company, to the extent legally permissible, in writing of the existence, terms and circumstances surrounding such required disclosure so that the Company or its Affiliates may seek a protective order or other appropriate remedy from the proper authority at its expense. The Recipient agrees to cooperate with the Company in seeking such order or other remedy. The Recipient further agrees that if it is required to disclose Confidential Information and/or other Information, it will furnish only that portion of the Confidential Information that is legally required to be furnished and will exercise all reasonable efforts to obtain reliable assurances that confidential treatment will be accorded such Confidential Information and/or other information. The Recipient shall also, to the extent practicable, consult with the Company with respect to the form, content, and timing of such disclosure. Nothing herein shall require Recipient to fail to honor a subpoena, court or administrative order, or a similar requirement or request on a timely basis. The foregoing shall not apply to any disclosure of information by the Recipient or any of its Representatives to (i) its regulators (including the Office of the Superintendent of Financial Institutions of Canada) in the ordinary course of supervision of the Recipient's affairs and operations or (ii) its internal or external auditors, which disclosure shall be permitted at all times without notification to the Company.
4. **Ownership of Confidential Information:** All Confidential Information is and shall remain the exclusive property of the Company or its Affiliates. No express or implied right or license is granted to Recipient or its Representatives to use the Confidential Information except as provided herein.
5. **Return of Confidential Information:** At any time and for any reason, upon the request of the Company, the Recipient:
 - (a) shall promptly, in any event within one week of such request, return or destroy the Confidential Information and all records, notes and all other written, printed, electronically saved or tangible media of expression embodying such Confidential Information, including any materials generated by the Recipient or the Recipient's Representatives that include or refer to any part of the Confidential Information, without retaining a copy. The Recipient shall certify in writing to the Company that the requirements of this clause have been satisfied in full;
 - (b) may retain Confidential Information: (i) which it is obliged to maintain copies of pursuant to any Applicable Law, or (ii) which is maintained in the form of an archived copy on the Recipient's back-up files or computer systems.

Notwithstanding the foregoing, such copies of the Confidential Information retained by the Recipient shall remain subject to the confidentiality obligations provided for in this Agreement.

6. **Privilege:** Neither Party intends that disclosure of any Confidential Information shall be deemed to waive or in any manner diminish any solicitor-client privilege, litigation privilege or other privilege or protection applicable to any such Confidential Information. The Parties acknowledge that they: (i) have a shared and common interest in the Purpose; (ii) will use Confidential Information solely in order to achieve that shared and common interest; and (iii) intend that any Confidential Information provided or discussed by the Company with the Recipient will be subject to common-interest privilege and retain its privileged character. If any disclosure of Confidential Information is held to fall outside the common interest privilege referred to above and is held to thereby constitute a waiver of privilege, then the Parties hereby document their intention that any such waiver of privilege shall be limited to the entity which received the document; and limited to the purpose of implementing this Agreement and the Purpose. The Recipient agrees not to claim that Company has waived any solicitor-client privilege, litigation privilege or other privilege or protection by providing Confidential Information.
7. **No Warranty:** The Recipient acknowledges and agrees that: (i) Confidential Information is being provided for the Purpose only; (ii) the Confidential Information does not constitute legal, tax, investment or accounting advice by the Company or any of its Representatives; (iii) neither the Company nor its Representatives give, has given or has authority to give, any representations or warranties (express or implied) as to, or in relation to, the accuracy, currency, reliability or completeness of the Confidential Information; and (iv) except as may be required by Applicable Law, in furnishing Confidential Information, the Company does not undertake or agree to any obligation to provide the Recipient with access to any additional information or to update the Confidential Information or to correct any inaccuracies or omissions.
8. **Term:** This Agreement shall be effective on the Effective Date and shall continue in full force for one (1) year.
9. **Notice:** Except as expressly set forth herein to the contrary, any consents, requests, demands, communications and other notices permitted or required to be given hereunder must be in writing and be deemed validly given: (a) upon delivery, if personally delivered with services fees prepaid; (b) upon delivery, if delivered, with fees prepaid, by reputable overnight courier that provides proof of delivery; (c) upon delivery, if delivered via email; (d) five (5) business days following deposit in the mail, first class, postage prepaid, certified or registered, and return receipt requested; or (e) upon delivery, if electronically delivered via email, provided a delivery receipt is received with the time shown. The foregoing shall be the only permitted mechanism for delivery of such communications, and the addresses set forth on the first page of this Agreement marked to the Attention of the President, shall be the proper addresses for notices provided hereunder. Either Party may change its

address for purposes of receiving notices hereunder, by providing the other Party with written notice pursuant to this Section. English shall be the official language of this Agreement and all communications and notices must be in the English language.

10. **Injunctive Relief:** The Recipient stipulates and admits that a breach by Recipient of any of its covenants, obligations, or undertakings relating to the Confidential Information may cause the Company and/or its Affiliates irreparable damage that may not be adequately remedied in monetary damages in an action at law. The Recipient agrees that the Company may, upon demonstration of the likelihood of breach of this Agreement, be entitled to seek immediate injunctive relief to enjoin any breach or prospective breach of any such provision of this Agreement. The Recipient shall be liable for and shall indemnify and hold harmless the Company from all claims, liabilities, damages, costs, losses and expenses (including legal expenses on a solicitor and own client basis) whatsoever which the Company may suffer, sustain or incur in respect of any breach of this Agreement by the Recipient. The foregoing shall be in addition to such other remedies provided for in this Agreement or by Applicable Law, including the recovery of damages. Notwithstanding the foregoing, in no event shall either Party be to liable to the other Party for any indirect or consequential damages, loss of profit, loss of use, economic loss or loss of opportunity.
11. **Assignment:** The rights and obligations of either Party under this Agreement cannot be transferred, assigned, or sublicensed to a third party by operation of law or otherwise, without the prior written consent of the other Party in its sole and absolute discretion; provided, however, that a Party may assign this Agreement without obtaining such consent in the case of an assignment: (a) to an entity that acquires all or substantially all of the assets of the assignor, (b) to a successor to the assignor by merger, consolidation or operation of law, or (c) to an entity that is an Affiliate of the assignor, provided that in all cases the assignor retains all of its obligations under this Agreement, and provided further that the assignee agrees with the other Party to be bound by the terms and conditions of this Agreement.
12. **No Waiver:** Any waiver of, or consent to depart from, the requirements of any provision of this Agreement shall be binding only if it is in writing and signed by the Party giving the waiver or consent, and only in the specific instance and for the specific purpose for which the waiver or consent has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.
13. **Defences:** The Recipient acknowledges and agrees that all restrictions in this Agreement are necessary and fundamental to the protection of the business or value of any property of the Company and are reasonable and valid. All defences to the strict enforcement of this Agreement against Recipient are hereby waived by the Recipient.

14. **Severability:** Any provision in this Agreement that is or that becomes prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.
15. **Governing Law and Jurisdiction:** This Agreement and the rights, obligations and remedies of the Parties hereunder are governed by, and construed in accordance with, the laws of the Province of Alberta, and the federal law of Canada applicable therein without regard to any conflict of laws rule or principle that might refer such construction to the laws of another jurisdiction.
16. **Entire Agreement:** This Agreement constitutes the entire agreement between the Parties regarding the subject matter hereof. All prior agreements, understandings and proposals, oral or written, between the Parties relating to this subject matter are superseded by this Agreement. This Agreement may be modified only by written agreement executed between the Parties.
17. **Counterparts:** This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement, and all of which, when taken together, shall be deemed to constitute one and the same agreement. Transmission by facsimile or other electronic means, including e-mail, of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

[signature page follows]

IN WITNESS WHEREOF, this Agreement has been executed by the Parties hereto as of the Effective Date.

CLEO ENERGY CORP.

By: _____

Name: _____

Title: _____

[I have the authority to bind CLEO Energy Corp.]

Recipient Company Name

By: _____

Name: _____

Title: _____

[I have the authority to bind the Recipient]

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 AND TITLE OF CONTACT PERSON TO FORWARD INFORMATION

CONTACT ADDRESS

TELEPHONE NUMBER

EMAIL ADDRESS

Option to Attach Business Card Here: