

\_\_\_\_\_, 2017

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

Dear Sir/Madam:

**Re: Possible Transaction between \_\_\_\_\_ (“Recipient”) and Red River Oil Inc. (“Disclosing Party”)**

This agreement (the “**Confidentiality Agreement**”) establishes the terms and conditions under which the Disclosing Party will provide Recipient with Evaluation Material (as hereinafter defined) concerning the Disclosing Party. The party disclosing Evaluation Material will be referred to as the “**Disclosing Party**” and the party receiving Evaluation Material will be referred to as the “**Recipient**”. The parties agree that the Evaluation Material is being provided by the Disclosing Party only with respect to a potential business transaction between the Disclosing Party and the Recipient (the “**Transaction**”). The Disclosing Party has agreed to provide the Recipient access to the Evaluation Material subject to entering into this Confidentiality Agreement setting forth the terms and conditions pursuant to which the Evaluation Material will be provided to the Recipient, including the Recipient’s directors, officers, employees, agents, counsel, consultants and other representatives (collectively, “**Representatives**”).

In consideration of the Disclosing Party furnishing Evaluation Material to the Recipient for the Transaction, each party agrees on behalf of itself, its affiliates and representatives as follows:

Wheresoever used in this Agreement, the following terms shall bear the respective definitions hereinafter given, namely:

“**Affiliate**” and “**Subsidiary**” have the meanings ascribed thereto in the *Business Corporations Act* (Alberta);

“**Evaluation**” means an evaluation of the properties, assets, operations and finances of the Disclosing Party made or to be made in contemplation of a Transaction by the Recipient;

“**Evaluation Material**” means all information (including information in the form not only of written information but also information which may be transmitted orally, visually or by any other means) provided to the Recipient by the Disclosing Party or any of its Representatives relating to the Disclosing Party its direct and indirect, subsidiaries and their business, affairs, financial position, assets, operations and activities including, without limitation, information provided for inspection in any data room and all reports, evaluations, notes, analysis, documents, geological, engineering, geophysical and/or land maps or data, financials, trade secrets or any other documents or information pertaining in any way whatsoever to the Disclosing Party and its direct and indirect subsidiaries, together with all analysis, evaluations, compilations, notes, studies or other documents prepared by the Recipient or its Representatives containing or based upon, in whole or in part, such information or reflecting the review of, or interest in the Disclosing Party or the Transaction and includes all information, if any, previously made available to the Recipient or its Representatives; provided that Evaluation Materials will not include any information which: (i) at the time of its disclosure to the Recipient is, or thereafter becomes, generally available to, and known by the public (other than as a result of a disclosure directly or indirectly by the Recipient or its Representatives); (ii) was available to the Recipient on a non-confidential basis from a source other than the Disclosing Party provided that such source is not and was not, to the knowledge of the Recipient after due inquiry, bound by a

confidentiality agreement with the Recipient to hold or retain such information confidential; or (iii) has been independently acquired or developed by the Recipient without violating any of its obligations under this or any other agreement the Recipient may have with any Person;

**"Person"** means any natural or legal person, including a corporation, trust or partnership; and

**"Term"** means a period of 12 months commencing on the date of this Confidentiality Agreement.

Where any word or term is used herein in the singular or neuter, the same shall include the plural or masculine or feminine as the context may require.

1. **Non-Disclosure:** Without the prior written consent of the Disclosing Party, the Recipient will not, and will direct its Representatives not to, disclose to any Person other than its Representatives: (i) the fact that any investigations, discussions or negotiations are taking place concerning a possible Transaction; (ii) that the Recipient has requested or received Evaluation Material; (iii) any opinion or comment in respect of the Evaluation Material; or (iv) any of the terms, conditions or any facts with respect to such possible Transaction, including the status thereof.
2. **Only for Intended Purpose:** The Recipient agrees and shall cause its Representatives to agree: (i) to use the Evaluation Material only for the purposes of conducting an Evaluation in furtherance of implementing a Transaction; (ii) not to use, exploit or employ the Evaluation Material for any other purpose or in any other manner; (iii) to keep the Evaluation Material fully secret and confidential for the Term; and (iv) not copy or reproduce any written materials comprising a part of the Evaluation Material, without the prior written consent of the Disclosing Party.
3. **Safeguard and Representatives:** The Recipient will safeguard and strictly control the dissemination of the Evaluation Material and not release or disclose any Evaluation Material to any Person, other than its Representatives and in each case only those Representatives who need to receive such information in connection with its Evaluation and who have first been informed of, and agreed to be bound by, the terms of this Agreement. The Recipient agrees to be responsible for any breach of this Agreement by any of its Representatives or by any other person to whom the Recipient has provided Evaluation Material and shall, upon request, forthwith provide to the Disclosing Party a list of all parties to whom Evaluation Material has been provided.
4. **Return or Destruction of Evaluation Materials:** The Recipient will keep a record of the location of any Evaluation Material provided to the Recipient. Promptly upon the Disclosing Party's request, the Recipient will and will cause its Representatives to: (i) return to the Disclosing Party all Evaluation Material furnished to the Recipient or its Representatives, without retaining copies or other reproductions, reports, extracts, notes or other memoranda thereof (whether electronic, magnetic or otherwise); (ii) destroy or have destroyed all reproductions, memoranda, notes, reports, extracts, compilations, analyses and documents and all documents prepared by or in the possession of the Recipient or its Representatives related to the information contained in the Evaluation Material but which does not itself constitute Evaluation Material; and (iii) provide to the Disclosing Party an officer's certificate that the terms and conditions of this paragraph have been complied with. It is understood that neither this Agreement nor the disclosure of any Evaluation Material to the Recipient should be construed as granting to the Recipient or any of its Representatives any licence or rights in respect of any part of the Evaluation Material. Furthermore, it is acknowledged that the Recipient's computer system may automatically back-up Evaluation Material disclosed to it under the Agreement. To the extent that such computer back-up procedures create copies of the

Evaluation Material, Recipient may retain such copies in its archival or back-up computer storage for the period it normally archives backed-up computer records, which copies shall be subject to the provision of this Agreement until the same are destroyed, and shall not be accessed by Recipient during such period of archival or back-up storage other than as might be required by this Agreement. Notwithstanding the destruction or return of the Evaluation Material, 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.

5. **Liability and Indemnity:** Without limitation and in addition to any other rights the Disclosing Party may have against the Recipient or arising by reason of any breach hereof, the Recipient shall:

- (a) be liable to the Disclosing Party, for any and all direct losses, costs, damages and expenses whatsoever (including legal, accounting and other professional costs, expenses, fees and disbursements, with legal fees on a solicitor-client basis) which the Disclosing Party may suffer, sustain, pay or incur; and
- (b) indemnify and hold harmless the Disclosing Party against all actions, proceedings, claims, demands, losses, costs, damages and expenses whatsoever which may be brought against or suffered by the Disclosing Party or which it may sustain, pay or incur,

resulting or arising, directly or indirectly, from disclosure of any part of the Evaluation Material contrary to the provisions hereof or any other breach of this Agreement by the Recipient or its Representatives. The Recipient acknowledges and agrees that the Disclosing Party is constituted as trustee of its covenants under this paragraph 5 for the benefit of the Disclosing Party's Representatives and that the Disclosing Party or its Representatives shall be entitled to enforce such covenants on behalf of such persons.

6. **Physical Access:** Should the Recipient or its Representatives be provided physical access to any facilities of the Disclosing Party, the Recipient hereby waives and shall cause its Representatives to waive any and all claims against the Disclosing party and all of its related parties in respect to a claim for injury or death. Further, the Recipient and its Representatives will indemnify the Disclosing Party and its Representatives for any damage as a result of such access.

7. **Compelled Disclosure:** Should the Recipient or its Representatives be required by law, securities regulation or policy or be requested by legal process or regulatory authority to disclose any Evaluation Material or any matter referred to herein, the Recipient will provide the Disclosing Party with prompt notice of such requirement or request so that the Disclosing Party may seek an appropriate protection order, or waive compliance with any of the provisions of this Agreement, or both. If, in the absence of either a protective order or a waiver by the Disclosing Party, the Recipient or its Representatives, in the reasonable written opinion of its legal counsel, are required by law, securities regulation or policy to disclose any Evaluation Material or such other matter, the Recipient or its Representatives may, without liability hereunder, disclose that portion, and only that portion, of the Evaluation Material or such other matter that the Recipient or its Representatives are required so to disclose and the Recipient will exercise its reasonable efforts in such event to obtain reliable assurance that the Evaluation Material or such other matter will be accorded confidential treatment.

8. **Non-Solicitation:** The Recipient will not, and the Recipient will cause its Representatives not to, solicit for hire or employment, directly or indirectly, any officer or employee of the Disclosing Party or its direct and indirect subsidiaries that the Recipient becomes aware of or is in contact with in

connection with its evaluation of a Transaction. For the purposes of this clause, "solicitation" shall not include solicitation of any officer or employee of the Disclosing Party or its direct and indirect subsidiaries who is solicited: (i) by advertising in a newspaper or periodical of general circulation; or (ii) indirectly through a personnel search agency engaged by the Recipient generally (not specifically in respect of the Disclosing Party) provided that the Recipient shall not pursue hiring of any officer or employee of the Disclosing Party or its direct and indirect subsidiaries once the Recipient is advised that such person is an officer or employee of the Disclosing Party; provided that this paragraph 8 shall cease to bind the Recipient on the expiry of the Term.

9. **No Representation or Warranty:** The Recipient understands and acknowledges that neither the Disclosing Party nor its Representatives are making any representation or warranty, expressed or implied, as to the accuracy or completeness of the Evaluation Material and neither the Disclosing Party nor its Representatives or any of their respective officers, directors, employees or agents will have any liability whatsoever to the Recipient or to any other Person resulting from its use of the Evaluation Material and that the Recipient is and will be relying upon its own investigations, due diligence and analysis in evaluating and satisfying itself as to all matters relating to the Disclosing Party, its direct and indirect subsidiaries and their business, affairs and assets. Only such representations or warranties that are contained in a definitive agreement with respect to a Transaction, when as and if executed and subject to such conditions or limitations or restrictions as may therein be specified, shall have any legal effect.
10. **Forecasts and Interpretations:** Without restricting the generality of the provisions of paragraph 9, the Recipient acknowledges that the Evaluation Material may include estimates, forecasts, evaluations, assessments, interpretations, projections and other material, the accuracy of which will depend on the future operations of the Disclosing Party, and the Recipient acknowledges and agrees that no representation or warranty is made respecting the accuracy of such material.
11. **Standstill:** During the Term, neither the Recipient nor any of its Affiliates (including any Person or entity, directly or indirectly, through one or more intermediaries, controlling the Recipient, under common control with the Recipient controlled by the Recipient or acting jointly or in concert with the Recipient) shall, without the specific prior approval of the board of directors of the Disclosing Party which approval may be given on such terms as the board of directors of the Disclosing Party may determine: (i) in any manner acquire, agree to acquire or make any proposal or offer to acquire, directly or indirectly, in any manner any securities of the Disclosing Party or its direct and indirect subsidiaries; (ii) propose or offer to enter into, directly or indirectly, any merger or business combination involving the Disclosing Party; or (iii) to purchase, directly or indirectly, "solicit", or participate or join with any Person in the "solicitation" of, any "proxies" (as such terms are defined in the *Securities Act* (Alberta)) to vote, to seek to advise or to influence any Person with respect to the voting of any voting securities of the Disclosing Party; (iv) otherwise act alone or in concert with others to seek to control or to influence the management, board of directors or policies of the Disclosing Party; (v) make any public or private disclosure of any consideration, intention, plan or arrangement inconsistent with any of the foregoing; or (vi) advise, assist or encourage any other Person in connection with any of the foregoing.
12. **Material Non-Public Information:** The Recipient acknowledges that it is aware of the general nature of applicable securities laws, including, without limitation, all applicable securities laws that may prohibit any Person who has material, non-public information concerning the matters which are the subject of this Agreement, from trading in securities of a company which may be a party to a

transaction of, or may propose to become a party to, the type contemplated herein or from communicating such information to other Persons.

13. **Contact Through Financial Advisors:** During the Term, the Recipient will not and will cause its Representatives not to, directly or indirectly, initiate or maintain contact (except for those contacts made in the ordinary course of business) with any officer, director or employee or agent of the Disclosing Party and its direct and indirect subsidiaries, including any customers or suppliers of the Disclosing Party and its direct and indirect subsidiaries, regarding their business, operations, prospects or finances except with the express permission of the Disclosing Party. It is understood that **Tudor, Pickering, Holt & Co. Securities – Canada, ULC or National Bank Financial Inc.** will arrange for any appropriate contacts for due diligence purposes with respect to the Recipient's Evaluation and that all: (i) communications regarding a Transaction; (ii) requests for additional Evaluation Material; (iii) requests for facility tours or meetings with management; and (iv) discussions or questions regarding the Evaluation Material will be submitted or directed by Recipient to **Tudor, Pickering, Holt & Co. Securities – Canada, ULC or National Bank Financial Inc.**
14. **No Contract or Agreement:** No contract or agreement between the Disclosing Party and Recipient providing for a Transaction shall be deemed to exist unless and until a definitive agreement with respect thereto has been executed and delivered. Unless and until such an agreement has been executed and delivered, neither the Disclosing Party nor Recipient shall have any legal obligation of any kind whatsoever with respect to any such Transaction by virtue of this Agreement or any other written or oral expression with respect to such a Transaction except, in the case of this Agreement, for the matters specifically agreed to herein. The Receiving Party further understands and agrees that: (i) the Disclosing Party shall be free to conduct any process with respect to any Transaction with any third party as they, in their sole discretion, shall determine, including, without limitation, negotiating with any prospective purchasers and entering into any agreement without prior notice to the Receiving Party or any other person; (ii) any procedures relating to such sale may be changed at any time without notice to the Receiving Party or to any other person; (iii) the disclosure of the Evaluation Material by the Disclosing Party does not constitute a representation or warranty regarding facts about the Discloser; and (iv) the Receiving Party shall not have any claim whatsoever against the Disclosing Party arising out of or relating to a Transaction other than those as against the parties to a definitive agreement in accordance with the terms thereof.
15. **Additional Potential Restrictions:** Notwithstanding the foregoing, each of the Disclosing Party and Recipient agree and acknowledge that the Disclosing Party may require that the disclosure of certain Evaluation Material by the Disclosing Party to the Recipient be made conditional upon the imposition of additional confidentiality restrictions which may include areas of exclusion respecting that Evaluation Material, which additional confidentiality restrictions shall be fair and reasonable in the circumstances and which shall not restrict the provisions hereof.
16. **Consent for Amendments:** No provision of this Agreement may be waived or amended except by written consent of the party so waiving, which consent shall specifically refer to the provision being so amended or waived.

17. **Remedies for Breach:** The Recipient acknowledges and agrees that the Disclosing Party will be irreparably damaged if any provision of this Agreement is not performed by the Recipient or its Representatives in accordance with its terms and that monetary damages would not be sufficient to remedy any breach by the Recipient or its Representatives of any term or provision of this Agreement and the Recipient further agrees that the Disclosing Party shall be entitled to equitable relief, including injunction and specific performance, in the event of any breach hereof and in addition to any other remedy available at law or in equity. The Recipient further agrees to waive any requirement for the deposit of security or posting of any bond in connection with any equitable remedy.
18. **Jurisdiction:** This Agreement will be governed by and construed in accordance with the laws of Alberta and both parties hereby irrevocably and unconditionally consent to and submit to the exclusive jurisdiction of the courts of Alberta for any actions, suits or proceedings arising out of the interpretation or enforcement of this Agreement (and both parties 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 personal delivery to its address set forth below shall be effective service of process for any action, suit or proceeding brought against the Recipient in any such court. Both parties hereby irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the matters contemplated hereby in the courts 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 so brought has been brought in an inconvenient forum.
19. **No Waiver:** No failure or delay by a party 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 right, power or privilege hereunder.
20. **Successors:** This Agreement is for the benefit of Disclosing Party, Recipient and their successors and permitted assigns and may be enforced by either party and their successors and permitted assigns.
21. **Assignment:** This Agreement shall not be assignable by either party without the prior written consent of the other.
22. **Enforceability:** Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be unenforceable or invalid under applicable law, such provision shall be ineffective only to the extent of such unenforceability or invalidity and the remaining provisions of this Agreement shall continue to be binding and in full force and effect.
23. **Execution in Counterparts:** This Agreement may be executed in any number of counterparts (including counterparts transmitted by facsimile or e-mail transmission of Adobe Acrobat PDF files), each of which shall be deemed to be an original, but all of which taken together shall be deemed to constitute one and the same instrument.

If the Recipient is in agreement with the foregoing, please sign and return one copy of this letter to the undersigned, at the address set forth above.

Yours truly,

**Red River Oil Inc.**

Per: \_\_\_\_\_

Name: Ken Frankiw

Title: President & CEO

ACCEPTED AND AGREED TO this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

**Schedule "A" To The  
Red River Oil Inc. - Confidentiality Agreement**

**Key Contact for the Confidential Information:**  
(Please fill in the following or attach a business card)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Company: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

Email Address:

**Please list all users requiring access to the online data room:**  
(Required for individual users)

Name: \_\_\_\_\_ Email: \_\_\_\_\_ Phone: \_\_\_\_\_

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