

CONFIDENTIALITY AGREEMENT

The Confidentiality Agreement on the following pages should be removed (do not retype) and completed. Please deliver two (2) executed originals to:

MEC Operating Company ULC
c/o RBC Rundle
Suite 3900 Bankers Hall West
888 – 3rd Street SW
Calgary, AB T2P 5C5

Attention: Tom Caldwell
Direct: 403.299.8453
Fax: 403.299.8440
Email: tom.r.caldwell@rbccm.com

The information contained in this Information Memorandum (“IM”) is non-confidential and has been provided to enable Interested Parties to determine their interest in proceeding with a detailed analysis of MEC Operating Company ULC (“MEC”).

Any modifications to the body of the Confidentiality Agreement require an initial beside each amendment made and must be reviewed and approved by MEC prior to the acceptance of the amendment and before release of data.

Qualified Interested Parties requesting access to the Confidential Information will be required to execute and deliver two (2) copies of the Confidentiality Agreement in the manner and form included in this IM to RBC Rundle. Following the receipt of the executed Confidentiality Agreement, RBC Rundle will grant the Interested Party access to the Virtual Data Room (“VDR”) at www.rundleenergy.com. Interested Parties should then make arrangements to access the physical Data Room and attend management presentations. MEC and RBC Rundle reserve the right to qualify any Interested Party by requesting references and/or demonstration of financial capability. Interested Parties who are not known to RBC Rundle or MEC are, therefore, advised to supply information as to financial capability prior to, or concurrent with, delivery to RBC Rundle of an executed Confidentiality Agreement. RBC Rundle will not accept Confidentiality Agreements from agents acting for other parties.

The Confidential data remains the property of MEC and upon request must be returned to MEC.

Unless specifically approved, potential purchasers are asked not to make direct contact with MEC staff. Direct questions only to RBC Rundle.

Confidentiality Agreements can be faxed or emailed to Tom Caldwell at (403) 299-8440, but must be followed by two (2) executed original copies.

CONFIDENTIALITY AGREEMENT

Date: _____, 2011

Attention: _____

RE: CONFIDENTIALITY AGREEMENT WITH RESPECT TO THE MEC 2011 OIL AND GAS PROPERTIES OFFERING (THE “AGREEMENT”)

In connection with the analysis by the undersigned (the “**Recipient**”) of a possible transaction with MEC Operating Company ULC or any of its partners or affiliates, subsidiaries or associates of its partners (as defined in Paragraph 14) (collectively, “**MEC**”), the Recipient will be furnished with certain information that is proprietary, non-public or confidential concerning MEC from Representatives (as defined in paragraph 14) of MEC (collectively, and together with MEC, the “**Disclosing Parties**”). In consideration of the Disclosing Parties furnishing the Recipient with, or providing the Recipient access to, such information to assist the Recipient in such regard, the Recipient hereby agrees to the following (it being understood that the Recipient is also agreeing to cause its Representatives to comply with the applicable provisions hereof):

1. **Use of Evaluation Material.** The Recipient agrees that during the Term (as defined in Paragraph 6): (i) the Evaluation Material (as defined in Paragraph 3) will be used solely for the purpose of evaluating a possible negotiated corporate, asset or share acquisition, or other business or asset combination or acquisition transaction (a “**Transaction**”) between the Recipient and MEC; (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; and (iv) not copy or reproduce any written materials comprising a part of the Evaluation Material. Unless and until the Recipient has completed a Transaction with MEC, all the Evaluation Material will be kept confidential by the Recipient and will not be disclosed to any other persons in any manner; provided that the Recipient may disclose the Evaluation Material or portions thereof to those of its Representatives who need to know such information for the purpose of evaluating a possible Transaction (it being understood that such Representatives shall be informed by the Recipient of the confidential nature of such information and that the Recipient shall require such Representatives to be bound by the terms of this Agreement to the same extent as if they were

parties hereto). The Recipient agrees to be responsible for any breach of this Agreement by any of its Representatives.

2. **Legally Required Disclosures.** In the event that the Recipient or any of its Representatives is requested or required (by deposition, interrogatory, request for information or documents in legal proceedings, subpoena, civil investigative demand or similar process, in connection with any proceeding) to disclose any of the Evaluation Material, the Recipient shall provide MEC with prompt prior written notice of such request or requirement so that MEC may seek an appropriate protective order or other remedy and/or waive compliance with the provisions of this Agreement and the Recipient shall cooperate with MEC so that MEC may obtain such protective order. In the event that such protective order or other remedy is not obtained, or MEC waives compliance with the relevant provisions hereof, the Recipient or its Representatives, as the case may be, may disclose only that portion of the Evaluation Material that, in the written opinion of its outside counsel, is legally required to be disclosed and shall exercise its reasonable efforts to obtain assurances that confidential treatment will be accorded such Evaluation Material.
3. **Definition of Evaluation Material.** The term “**Evaluation Material**”, as used in this Agreement, shall mean all information (including, but not limited to, financial results, budgets, forecasts, corporate information, marketing materials, budget information, geological, geophysical, geochemical, well, prospect, land, lease, environmental, staff, management and engineering information, seismic data and logs, core samples, land schedules and other documentation furnished or made available to the Recipient in data books or data rooms or in the confidential, secure or restricted access areas of the website www.rundleenergy.com hosted by RBC Rundle (“**RBC**”) on the World Wide Web, or otherwise in written, oral or electronic form, established with respect to the offering that any Disclosing Party furnishes or otherwise discloses to the Recipient or any of its Representatives in the course of its evaluation of a possible Transaction (in whatever form communicated or maintained, whether documentary, computer storage or otherwise)), which contains or otherwise reflects information concerning MEC or its or their respective business, assets, liabilities, operations, prospects, activities, affairs, financial or other condition. The term “**Evaluation Material**” shall also include all reports, analyses, notes, studies, forecasts, compilations or other information (including that prepared by the Recipient or its Representatives) that are based on, contain or reflect any Evaluation Material and regardless of the identity of the person preparing the same and in whatever form (“**Notes**”). The term “**Evaluation Material**” does not include any information: (i) that at the time of disclosure to the Recipient or thereafter is generally available to and known by the public (other than as a result of a disclosure by the Recipient or any of its Representatives or a disclosure pursuant Paragraph 2), (ii) that is or was received by the Recipient on a non-confidential basis from a source other than the Disclosing Parties who is not prohibited from transmitting the information to the Recipient by a confidentiality agreement with or other contractual, legal or fiduciary obligation to MEC or others to keep such information confidential, (iii) heretofore disclosed to the Recipient by MEC on a non-confidential basis pursuant to a written agreement with MEC, or (iv) that was known by the Recipient prior to disclosure hereunder and is not subject to a confidentiality obligation.
4. **Return of Materials.** The Recipient will not copy or reproduce any of the Evaluation Material and the Recipient will keep a record of all Evaluation Material provided to the Recipient and the location thereof. If the Recipient decides that it does not wish to proceed with a Transaction, the Recipient will promptly notify MEC and RBC of that decision. In that case, or if MEC shall elect at any time to terminate further access by the Recipient to the Evaluation Material for any reason, the Recipient will: (i) return promptly to MEC all copies of the Evaluation Material then in the Recipient’s possession or in the possession of any of the Representatives; (ii) destroy all Notes in a manner that ensures the same may not be retrieved or undeleted by the Recipient or any

Representative; and (iii) upon written request deliver to MEC a certificate executed by one of the Recipient's duly authorized senior officers indicating that the requirements of this paragraph have been satisfied in full. Notwithstanding the return or destruction of Evaluation Material and Notes, the Recipient and its Representatives will continue to be bound by the Recipient's obligations of confidentiality and all other obligations hereunder.

5. ***Nondisclosure of Possible Transaction.*** Without the prior written consent of MEC, the Recipient will not, and will direct and cause its Representatives not to, disclose to any person: (i) that Evaluation Material has been made available to the Recipient; (ii) that discussions or negotiations are or were taking place concerning a possible Transaction; (iii) any opinion or comment with respect to the Evaluation Material; (iv) the terms, conditions or other facts with respect to any such possible Transaction or actions, including the status thereof; provided, however, that the Recipient may make such disclosure if the Recipient has received the written opinion of outside counsel that such disclosure must be made by the Recipient in order that the Recipient not commit a violation of law, regulation or rule of any stock exchange and, prior to such disclosure, the Recipient promptly advises and consults with MEC and its legal counsel concerning the information the Recipient proposes to disclose. It is understood that neither this Agreement nor the disclosure of any Evaluation Material to the Recipient shall be construed as granting to the Recipient or any of its Representatives any license or rights in respect of any part of the Evaluation Material.
6. ***Contacts with MEC Customers.*** Until the expiration of **twelve (12)** months from the date hereof (the "**Term**"), neither the Recipient nor any of its affiliates nor any of its Representatives will, as a result of knowledge or information obtained from the Evaluation Material or otherwise in connection with a possible Transaction involving the Recipient or any of its affiliates and MEC, directly or indirectly, divert or attempt to divert any business or customer of MEC or its affiliates.
7. ***Contacts with MEC Personnel.*** Until the earliest of: (i) the execution by the Recipient of a Definitive Agreement (as defined in Paragraph 9), or (ii) until the expiration of the Term, the Recipient agrees not to initiate or maintain contact (except for those contacts made in the ordinary course of business) with any officer, director or employee of MEC regarding its business, assets, operations, prospects or finances, except with the express permission of a duly authorized executive officer of MEC. Except as provided in a Definitive Agreement, the Recipient agrees that for a period of one year from the date hereof, the Recipient will not solicit for employment any officer, director or employee of MEC; *provided*, that this prohibition shall not apply to solicitations made by the Recipient to the public or the industry generally, and the Recipient shall not be prohibited from employing any such person who contacts the Recipient on his or her own initiative without any prohibited solicitation.
8. ***No Representation or Warranty.*** Although MEC has endeavoured to include in the Evaluation Material information known to it which it believes to be relevant for the purpose of the Recipient's investigation, the Recipient understands and agrees that neither MEC nor any of its Representatives have made or make any representation or warranty, express or implied, as to the accuracy or completeness of the Evaluation Material. The Recipient agrees that neither MEC nor its Representatives shall have any liability to the Recipient or any of its Representatives relating to, or resulting from, the use of the Evaluation Material or any errors therein or omissions therefrom and MEC disclaims all liability or responsibility therefor. The Recipient shall rely on its own appraisal, interpretations and estimates as to the value and condition of the assets of MEC. Only those representations or warranties that are made in a Definitive Agreement when, as and if it is executed, and subject to such limitations and restrictions as may be specified in such Definitive Agreement, will have any legal effect as representations or warranties.

9. **Definitive Agreement.** The Recipient agrees that no contract or agreement providing for a Transaction shall be deemed to exist unless and until a definitive agreement with respect thereto has been executed and delivered by the Recipient and each of the other parties thereto (“**Definitive Agreement**”), and the Recipient and MEC hereby waive, in advance, any claims (including, without limitation, breach of contract) in connection with such Transaction unless and until a Definitive Agreement has been executed and delivered by the Recipient and each of the other parties thereto. It is also agreed that unless and until a Definitive Agreement has been executed by MEC and the Recipient with respect to a Transaction, none of MEC, its shareholders, or its Representatives has any legal obligation of any kind whatsoever with respect to any such Transaction or the process for a possible Transaction. Unless and until a Definitive Agreement between MEC, the Recipient and each of the other parties thereto has been executed and delivered, the Recipient understands that: (i) MEC shall conduct the process for a possible Transaction as it, in its sole discretion, shall determine (including, without limitation, providing information to and/or negotiating with any prospective buyer and entering into definitive agreements without prior notice to the Recipient); (ii) any procedures relating to such Transaction may be changed at any time without notice to the Recipient; (iii) MEC shall have the right to reject or accept any potential buyer, proposal or offer, for any reason whatsoever, in its sole discretion; and (iv) to terminate discussions and negotiations with any person at any time. For purposes of this paragraph, the term “**Definitive Agreement**” does not include an executed letter of intent or any other preliminary written agreement, nor does it include any written or oral offer or bid on the Recipient’s part or any written or oral acceptance thereof. The Recipient further agrees that the entering into of this Agreement by MEC does not constitute the agreement of MEC to agree to or to recommend to its shareholders, management or board of directors any Transaction.

10. **Liability and Indemnity.** In addition to any other rights that MEC and its Representatives may have against the Recipient arising by reason of any breach of this Agreement, the Recipient shall:

- (i) be liable to each of MEC and its Representatives for all claims, liabilities, damages, costs, losses and expenses (including legal, accounting and other professional and advisory costs, expenses, fees and disbursements, with legal fees on a complete indemnity basis) whatsoever which they may suffer, sustain, pay or incur; and
- (ii) indemnify and hold harmless MEC and its Representatives and their respective directors, officers, employees and agents from and against any and all claims, liabilities, damages, costs, losses and expenses whatsoever which may be brought against or suffered by them or which they may suffer, sustain, pay or incur;

in respect of all matters or anything, which may arise out of any act or omission, directly or indirectly, related to any breach by the Recipient or its Representatives of this Agreement or arising out of or resulting from any unauthorized use or disclosure by the Recipient or its Representatives of the Evaluation Material. The Recipient acknowledges that MEC is constituted as trustee of the Recipient’s covenants under this Paragraph 10 for the benefit of MEC's Representatives and their respective directors, officers, employees and agents and that MEC or its Representatives shall be entitled to enforce such covenants on behalf of such persons.

11. **Remedies.** The Recipient agrees that: (i) money damages would not be a sufficient remedy for any breach of this Agreement by the Recipient or its Representatives; (ii) that, in addition to any other remedies at law or in equity that MEC may have, MEC shall be entitled to equitable relief, including injunction and specific performance, in the event of any breach of the provisions of this Agreement, in addition to all other remedies available to MEC at law or in equity; and (iii) the

- Recipient shall waive, and use its reasonable efforts to cause its Representatives to waive, any requirement for the securing or posting of any bond in connection with such remedy. The Recipient consents to any preliminary applications for such relief to any court of competent jurisdiction. The prevailing party shall be reimbursed for all costs and expenses, including reasonable attorneys' fees (on a solicitor-client basis), incurred in enforcing the other party's obligations hereunder. Such remedies shall not be deemed to be exclusive remedies for the breach of this Agreement but shall be in addition to all other remedies at law or in equity.
12. **No Waiver – Entire Agreement.** It is further understood and agreed that no failure or delay in exercising any right, power or privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder. This Agreement represents the entire understanding of the parties with respect to the matters referred to herein and supersedes all prior understandings, written or oral, between the parties with respect thereto.
 13. **Amendments.** All modifications of and amendments to this Agreement or any part hereof must be in writing signed on behalf of the Recipient and MEC. Waivers of any terms and provisions of this Agreement shall be in writing and shall specifically refer to the paragraphs or provisions that are waived.
 14. **Person; Representatives.** As used in this Agreement, (i) the term “**person**” will be interpreted broadly to include, without limitation, any corporation, company, group, partnership, limited liability company, unincorporated association, trust, other entity or individual; (ii) the term “**Representatives**”, used with respect to a person, shall include the directors, officers, employees, representatives, affiliates, subsidiaries, associates, agents, lawyers, consultants, accountants, financial and other advisors (specifically, in the case of MEC, includes RBC) and banks and other financing sources of or to such person; and (iii) the terms “**affiliates**”, “**subsidiaries**”, “**associates**” and derivations thereof shall have the respective meanings ascribed thereto in the Canada Business Corporations Act, as amended from time to time provided that a partnership which is comprised solely of corporations which are “affiliates”, “subsidiaries” or “associates” shall be deemed to be an “affiliate”, “subsidiary” or “associate” of each such corporation and its other “affiliates”, “subsidiaries” or “associates”.
 15. **Notices.** All notices to be given to a party hereunder shall be in writing and delivered personally, by overnight courier or by facsimile, addressed, in the case of MEC, to 250 – 6th Avenue SW, Suite 1700, Bow Valley Square 4, Calgary, Alberta, T2P 3H7, attn: Gayden Carr and, in the case of the Recipient, to the addressee at the address set forth on the execution page hereof.
 16. **Severability.** In the event that any provision or portion of this Agreement is determined to be invalid or unenforceable for any reason, in whole or in part, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by applicable law.
 17. **Assignment.** MEC reserves the right to assign all or any of the benefits under this Agreement including, without limitation, the right to enforce any or all of the terms of this Agreement with respect to the unauthorized use or disclosure by the Recipient or its Representatives of the Evaluation Material to such parties as it deems appropriate including joint venture partners and the acquiror of any shares or assets of MEC pursuant to a Transaction.
 18. **Governing Law and Attornment.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta. The Recipient also hereby irrevocably and

unconditionally consents to submit to the jurisdiction of the courts of the Province of Alberta for any actions, suits or proceedings arising out of or relating to this Agreement and the transactions contemplated hereby (and the Recipient agrees not to commence any action, suit or proceeding relating thereto except in such courts), and further agrees that service of any process, summons, notice or document by registered mail to its address specified in Paragraph 15 shall be effective service of process for any action, suit or proceeding brought against the Recipient in any such court. The Recipient hereby irrevocably and unconditionally waives any objection to the laying of venue of action, suit or proceeding arising out of this Agreement or the transaction contemplated hereby in the courts of the Province of Alberta and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

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This Agreement shall be binding upon and inure to the benefit of the parties hereto and to their respective successors and permitted assigns. This Agreement may be executed in any number of counterparts and each such counterpart shall be deemed to be an original instrument but all of which taken together shall constitute one and the same agreement. Delivery of counterparts may be effected by means of facsimile transmission or other electronic means.

Please confirm that the foregoing correctly sets forth our agreement by signing this Agreement in the space provided and returning one copy to us for our files. Please retain the second copy for your files.

Yours truly,

MEC OPERATING COMPANY ULC

Per: _____

Title: _____

Accepted this ____ day of _____, 2011

Full Company Name

Officer's Signature

Officer's Printed Name

Officer's Title

Address

Address (continued)

Fax Number

