



CONFIDENTIALITY AGREEMENT EXECUTION INSTRUCTIONS

- The Confidentiality Agreement is to be photocopied on your Company letterhead.
DO NOT RETYPE.
- Any modifications to the body of the Confidentiality Agreement require an initial beside each amendment made and must be reviewed and approved by Progress Energy Resources Corp. prior to the acceptance of the amendment and before release of data.
- After receipt of the acceptable Confidentiality Agreement, RBC Rundle shall provide you with access to Confidential Data. Access to the Confidential Data will be made available via RBC Rundle's online data room at www.rundleenergy.com.
- An executed copy of the Confidentiality Agreement will be returned to you after the bid date.
- The Confidential Data remains the property of Progress Energy Resources Corp. and upon request must be returned to Progress Energy Resources Corp.
- Confidentiality Agreements from undisclosed parties will not be accepted.
- **Unless specifically approved, potential purchasers are asked not to make direct contact with Progress Energy Resources Corp staff. Direct questions only to RBC Rundle.**
- Please sign two (2) originals, returning both to RBC Rundle at the address listed below:

Mail to this address before December 10, 2010

Progress Energy Resources Corp.
c/o RBC Rundle
Suite 1950, 140 – 4th Avenue S.W.
Calgary, Alberta T2P 3N3

Attention: Mr. Tom Caldwell
Direct: 403.298.9729
Fax: 403.263.1506
Email: tom.r.caldwell@rbccm.com

Mail to this address after December 10, 2010

Progress Energy Resources Corp.
c/o RBC Rundle
Suite 3900, 888 – 3rd Street SW
Calgary, Alberta T2P 5C5

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

_____, 2010

Progress Energy Resources Corp.
c/o RBC Rundle

Dear Sirs / Mesdames:

**Re: PROGRESS ENERGY RESOURCES CORP. – WINTER 2010/2011 ASSET SALE
 CONFIDENTIALITY AGREEMENT**

In connection with our interest in considering the proposed acquisition from Progress Energy Resources Corp. (“the Company”), of certain oil and gas assets as set out in **Schedule A** (the “Assets”) which are owned by the Company; the Company have, at our request, agreed to provide us with certain “Confidential Information” which is herein defined to include, but is not limited to, geological, geophysical, engineering, environmental, land, accounting, fiscal and production data, expertise and knowledge concerning the Assets.

We understand that the Confidential Information being provided to us concerning the Assets is proprietary and confidential to the Company and will be so treated by us. In this regard, we agree as follows:

1. The Confidential Information shall be kept in strict confidence and shall not be used for any purpose whatsoever other than evaluating a possible transaction between the undersigned and the Company. The Confidential Information shall not be disclosed to any person other than the undersigned and to such of its employees, consultants, advisors, agents and representatives (collectively, the “Representatives”) who have a need to know.
2. Without limitation and in addition to any rights the Company may have against the undersigned arising by reason of any breach hereof, the undersigned shall:
 - (a) be liable to the Company and RBC Rundle for all loss, cost, damages and expenses whatsoever which it may suffer, sustain, pay or incur; and in addition,
 - (b) indemnify the Company and RBC Rundle against all actions, proceedings, claims, demands, loss, costs, damages and expenses whatsoever which may be brought against or suffered by the Company or which the Company may sustain, pay or incur;resulting from disclosure by the undersigned, or its Representatives, of all or any part or parts of the Confidential Information.
3. The restrictions set forth in Paragraph 1:
 - (a) shall not apply to any part of the Confidential Information which is, at the time of disclosure by the Company, a part of the public domain or, as confirmed by written records, was in the lawful possession of the undersigned without obligations of confidentiality attached prior to its disclosure by the Company; and
 - (b) shall no longer apply to any part of the Confidential Information at such time as it becomes a part of the public domain through no violation of this Confidentiality Agreement or is hereafter lawfully acquired by the undersigned through a third party under no obligation of confidence to the Company,

provided however; that any combination of information which includes part of the Confidential Information shall not be included in the foregoing exceptions merely because individual parts of the combination were within the public domain or were within the prior possession of the undersigned, unless the combination itself was in the public domain or in the prior possession of the undersigned.

4. At any time, at the request of the Company, the undersigned shall immediately return or cause to be returned to the Company any of the Confidential Information which may have been released to the undersigned and shall not retain any copies or other reproductions or extracts thereof. The

- undersigned shall at any time, at the request of the Company, destroy or have destroyed all memoranda, notes, reports and documents prepared by or in the possession of the undersigned or its Representatives in connection with its review of the Confidential Information. Furthermore, the undersigned shall provide to the Company a certificate certifying that it and its Representatives have complied with the terms and conditions of this paragraph.
5. The undersigned shall ensure that each of its Representatives are aware of its and their obligations under the provisions of this Confidentiality Agreement before disclosing any Confidential Information to such Representative and the undersigned shall take all such other steps as are necessary to ensure that its Representatives comply with the terms and conditions of this Confidentiality Agreement.
 6. The undersigned shall be directly responsible to the Company for the compliance of its Representatives hereunder and shall be liable to the Company for damages caused to the Company as a result of the breach of any of the terms or conditions hereof by such Representatives and, upon written request of the Company, shall provide the Company with a list of Representatives who have received the Confidential Information.
 7. The undersigned hereby acknowledges that it is aware, and that it will ensure that its Representatives to whom any Confidential Information is disclosed are also aware, of the general nature of applicable security laws, including, without limitation, all applicable security laws which may prohibit any person, firm or corporation who has material, non-public information concerning the matters which are the subject of this Confidentiality Agreement, from trading in securities of a company which may be party to a transaction of the type contemplated herein or from communicating such information to other persons under circumstances in which it is reasonably foreseeable that such other person is likely to purchase or sell such securities.
 8. The undersigned acknowledges and agrees that the Company and RBC Rundle will be irreparably injured by a breach of this Confidentiality Agreement which could not be adequately compensated for by damages. The Company and RBC Rundle shall be entitled to equitable relief, including injunctive relief and specific performance, in the event of any breach of the provisions of this Confidentiality Agreement. Such remedies shall not be deemed to be exclusive remedies but shall be in addition to all other remedies available at law or at equity.
 9. The undersigned shall be entitled to disclose Confidential Information to the extent required by an order issued by a court, or regulatory body of competent jurisdiction, or required by a stock exchange on which its shares or those of an affiliate are traded, provided that the undersigned shall:
 - (a) provide to the Company immediate advance written notice of any such requirement for disclosure so that the Company may seek a protective order or other appropriate remedy;
 - (b) consult with the Company on the advisability of taking legally available steps to resist or narrow such order; and
 - (c) take such steps as are reasonably necessary and available to maintain confidentiality with the court, stock or regulatory body.
 10. This Confidentiality Agreement shall remain in force until the earlier of twelve months from the date hereof or such time as all of the Confidential Information becomes a part of the public domain through no violation of this Confidentiality Agreement.
 11. It is understood by the undersigned that in providing access to the Confidential Information, the Company make no representation or warranty as to the accuracy or completeness of the Confidential Information. The undersigned agrees that neither the Company, nor anyone representing the Company, shall have any liability to the undersigned or any of its Representatives as a result of any errors or omissions in the Confidential Information or as a result of the use of the Confidential Information by it or its Representatives. It is specifically understood that only those particular representations and warranties which may be made by the Company to the acquirer of the Assets in a definitive formal agreement of purchase and sale, when and if it is executed (and subject to such limitations and restrictions as may be specified in such definitive formal agreement), shall have any legal effect. It is also specifically understood that the undersigned shall rely solely on its own estimates as to the value and condition of the Assets and shall rely solely on its own corporate, geological,

- geophysical, engineering, environmental, accounting and financial analyses and interpretations related thereto.
12. The undersigned and its Representatives shall not visit any of the business sites of the Company without the prior written consent of the Company. Any such visits as may be authorized shall be at the sole cost and risk of the undersigned and the undersigned shall indemnify the Company against any loss, cost, damages and expenses whatsoever which the Company may suffer, sustain, pay or incur as a result of such visits.
 13. The Company reserves the right, at its sole discretion, to:
 - (a) modify the bidding process;
 - (b) negotiate with any third party on any issue; and
 - (c) accept or reject any offer,in respect to the sale of the Assets of the Company.
 14. No failure or delay by the Company in the exercise of any of their rights, powers or privileges under this Confidentiality Agreement shall operate as a waiver thereof.
 15. If any provision of this Confidentiality Agreement is wholly or partially unenforceable for any reason, such unenforceability shall not affect the enforceability of the balance of this Confidentiality Agreement.
 16. This Confidentiality Agreement shall be governed by and interpreted in accordance with the laws of the Province of Alberta and the undersigned agrees that the courts of the Province of Alberta shall have exclusive jurisdiction in relation to the enforcement of the provisions of this Confidentiality Agreement.
 17. This Confidentiality Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns.
 18. Except as provided in a definitive written agreement with respect to the purchase and sale of the Assets, the undersigned will not solicit for employment any officer, director or employee of the Company provided that this prohibition shall not apply to solicitations made by the undersigned to the public or industry generally, and the undersigned shall not be prohibited from employing any such person who contacts them on his or her own initiative without any prohibited solicitation.

We accept the Confidential Information furnished and to be furnished concerning the Company subject to the conditions set forth in this Confidentiality Agreement.

Yours truly,

ACCEPTED this ____ day of _____, 2011

Full Company Name

Progress Energy Resources Corp.

Per: _____
Officer's Signature

Per: _____

Officer's Name and Title, Printed

Officer's Email Address

Please check the box below to acknowledge:

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

SCHEDULE A TO CONFIDENTIALITY AGREEMENT

REQUESTED PROPERTY PACKAGES

(Please Check)

- | | |
|---------------------------------|---------------------|
| 1.) _____ Fort St. John – North | 4.) _____ Copton |
| 2.) _____ Fort St. John – South | 5.) _____ Two Creek |
| 3.) _____ Ojay | |

Forward the VDR access information for the Confidential Information to:
(Please fill in the following and attach a business card of at least 1 contact listed below)



CONTACT #1

Name: _____
Title: _____
Company: _____
Telephone: _____ Fax: _____
Email Address: _____

CONTACT #2

Name: _____
Title: _____
Company: _____
Telephone: _____ Fax: _____
Email Address: _____

CONTACT #3

Name: _____
Title: _____
Company: _____
Telephone: _____ Fax: _____
Email Address: _____