

Taylor Hill Exploration Ltd.

274130 128 Street West
Foothills, Alberta, T1S0X2
Ph: (403) 554-5653

**Re: Confidentiality Agreement
Various Prospects owned by
Taylor Hill Exploration Ltd., & Partners**

_____ (hereinafter referred to as "Company") has expressed an interest in entering into an agreement with respect to acquisition of oil and gas interests owned by Taylor Hill Exploration Ltd. and its partners (hereinafter referred to as "Farmor"). Farmor is agreeable to supplying data and information to Company, which Company may utilize to decide whether or not to acquire such interests, subject to the terms and conditions of this Agreement.

In consideration of mutual covenants and agreements herein contained and other good and valuable consideration (the receipt and adequacy of which is hereby acknowledged), the parties hereto covenant and agree as follows:

1. DEFINITIONS

1.1 In this Agreement, including the premises hereto, the following words and phrases shall have the meanings given to them in this Clause 1.1:

"Confidential Information" means and includes any and all information provided to Company or its Representatives by Farmor;

"Properties" means petroleum, natural gas and related petroleum substances lying within, upon or under the lands indicated as "Properties" in Schedule "A" attached hereto; and

"Representatives" means directors, officers, employees, agents, investors or representatives, including without limitation, counsel, accountants, consultants and fiscal advisors.

"Farmor" means Taylor Hill Exploration Ltd. and its partners.

2. CONFIDENTIALITY

- 2.1 The Confidential Information consists entirely of information, which is to be supplied by Farmor to Company pursuant to this Agreement. Company shall keep confidential and shall not disclose or permit its Representatives to disclose the Confidential Information to any third party, except as hereinafter provided, and shall protect such Confidential Information from disclosure by exercising a standard of care sufficient to preserve its secret and confidential nature.
- 2.2 Except as may be expressly permitted by this or any other written agreement, neither Company nor its Representatives shall, in any manner whatsoever, without the prior written consent of Farmor:
- (a) use the Confidential Information for the benefit of Company, its Representatives or any third party, nor charge or receive, either by direct or indirect payment or by trade of service, compensation or fees from any third party for the use of the Confidential Information; or
 - (b) copy, modify or part with possession of the Confidential Information or any part thereof; or
 - (c) alter, remove or destroy any proprietary markings or confidentiality legends or notices placed upon or contained within the Confidential Information.
- 2.3 Company shall be permitted to disclose the Confidential Information to its Representatives necessarily required to have access to the Confidential Information only for the evaluation thereof; Provided That:
- (a) Company shall notify its Representatives of the obligations contained herein with respect to confidentiality and restrictions on use; and
 - (b) Company shall obligate its Representatives to a level of care sufficient to preserve the secret and confidential nature of the Confidential Information.
- 2.4 Company agrees to be responsible for any unauthorized use or disclosure of the Confidential Information by Company or any of its Representatives. In this regard Company agrees to indemnify and save Farmor harmless in respect of costs, expenses or damages resulting from any such unauthorized use or disclosure.
- 2.5 If Company or any of its Representatives shall attempt to use, disclose or dispose of any Confidential Information in any manner contrary to the terms of this Agreement, Farmor shall have the right, in addition to other

rights and/or remedies that may be available to it by law and in this Agreement, to injunctive relief, enjoining such acts or attempts, it being acknowledged by Company that legal remedies are inadequate.

- 2.6 If Company acquires any interest in the Properties, Company shall immediately notify Farmor of all details of such acquisition and Farmor shall have the right, within thirty (30) days of receipt of all such details, to take an assignment of such interest from Company at cost to Company.

3. NON-APPLICABILITY OF THE AGREEMENT

- 3.1 The confidentiality obligations herein contained shall not apply to any information which:
- (a) was in the possession of Company prior to its receipt or acquisition from Farmor; or
 - (b) at the time of disclosure, is in the public domain, through no act or omission on the part of Company or its Representatives; or
 - (c) after disclosure, becomes part of the public domain by publication or otherwise, through no act or omission on the part Company or its Representatives.

4. RETURN OF INFORMATION

- 4.1 If Company determines that it does not wish to acquire an interest in the Properties, or if Farmor withdraws this offer, Company shall forthwith upon the request of Farmor:
- (a) return all documents furnished by Farmor to Company constituting the Confidential Information, without retaining copies thereof; and
 - (b) destroy all other documents that constitute Confidential Information.

5. TERMINATION

- 5.1 Subject to Clause 5.2 hereof, the confidentiality obligations shall terminate at midnight on _____ (*after one year*).
- 5.2 The confidentiality obligations and the other obligations set forth in this Agreement, in respect of which the parties hereto agree on terms of another type of agreement, shall be changed or modified insofar as they are superseded by the terms and conditions of any such agreement.

- 5.3 The termination provisions of Clauses 5.1 and 5.2 shall not limit or impair any rights and/or remedies of Farmor with respect to any breach or breaches of the confidentiality obligations or other obligations hereunder that relate to any period prior to change, modification or termination pursuant to either Clause 5.1 or 5.2.

6. NATURE OF THE PROPERTIES AND INFORMATION SUPPLIED BY FARMOR

- 6.1 The Properties consist of existing petroleum and/or natural gas leases and licences plus adjacent lands, (contained within the outlines set forth in Schedule "A").
- 6.2 Farmor makes no representation or warranty as to the quality or accuracy of the Confidential Information provided or to be provided to Company pursuant to this Agreement and Company agrees that any expenditure it may make in examining or as a result of examining the Confidential Information supplied to it pursuant to this Agreement, shall be made at Company's sole cost, risk and expense and Farmor shall not be liable in any way for any error or inaccuracy in the Confidential Information which may have induced the making of any such expenditure. Company shall utilize its own independent evaluations of the Confidential Information in order to decide whether or not to proceed with a farmin and/or acquisition of area of mutual interest lands.

7. COMPANY'S ELECTION

- 7.1 Company shall in writing to Farmor, after having been given a show & tell by Farmor, indicate in writing to Farmor, whether or not Company wishes to enter into an agreement with Farmor to acquire interest in the Properties. If Company chooses not to enter into such an agreement, Company agrees not to acquire any interests in the Properties from the date of this Agreement until and including _____ *(for a one year term)* but shall nevertheless be bound by the confidentiality provisions of this Agreement. Failure of Company to elect as aforesaid shall be deemed an election by Company not to pursue acquisition of the Properties.
- 7.2 Company understands that Farmor's offer as stated in this Agreement is a non-exclusive offer to Company, subject to withdrawal at any time by Farmor.

9. GENERAL

- 9.1 This Agreement states and comprises the entire agreement between the parties hereto.

- 9.2 This Agreement shall enure to the benefit of and shall bind the parties, their respective successors and assigns and the heirs, executors, administrators and assigns of natural persons who are or become parties.
- 9.3 If any term, covenant or condition of this Agreement or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement, or the application of such term, covenant or condition to the persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant or condition of this Agreement shall be valid and enforced to the fullest extent permitted by law.
- 9.4 This Agreement herein shall, in all respects, be subject to and interpreted, construed and enforced in accordance with the laws of the Province of Alberta. The parties hereto irrevocably attorn to the jurisdiction of the Courts of the Province of Alberta and all courts of appeal therefrom.
- 9.5 Paragraph headings and any other heading or captions shall not be used in any way in construing or interpreting any provision hereof.
- 9.6 This Agreement supersedes all other agreements, documents, writings, and verbal understandings between the parties with respect to the Properties, and expresses all terms and conditions agreed upon by the parties with respect thereto.
- 9.7 Time shall be of the essence in this Agreement

If you are in agreement with the terms and conditions of this Agreement, please sign it and return one copy to us.

Yours truly;
Taylor Hill Exploration Ltd.

Stephan Benediktson, P. Geol.
President

ACCEPTED AND AGREED TO
THIS ____ DAY OF
200_

Per: _____

SCHEDULE "A"

Attached to and forming part of a Confidentiality Agreement dated the ____ day of ____, 200_ between Taylor Hill Exploration Ltd. & Partners and _____.

On the attached plats- Shaded Lands indicate lands currently held by Taylor Hill Exploration Ltd. and it's partners that are available. The dashed lines indicate the prospect boundaries, which become the Properties upon execution of this agreement.