



April 8, 2013

0948090 BC Ltd.
#1100, 1055 West Georgia Street
Vancouver, British Columbia, V6E 3R5

Attention: Rodney Locke

Re: Geotechnical Investigation - Section 14 over Crown Land, Caribou District
within blocks b, c and d-46-G, 93-O-05

Date of Issuance: April 8, 2013
Commission File No: 9637658
Applicant File No: LNG Investigative Use

PERMISSIONS

The Oil and Gas Commission ("Commission") has been delegated the authority by the Minister of Forests, Lands and Natural Resource Operations, to issue the this permit under Section 14 of the *Land Act* to allow 0948090 BC Ltd. (the "permit holder") to occupy Crown land within the areas described as "PROPOSED 15 x 15m BOREHOLE LOCATION AND WORKSPACE" in the attached sketch plan FOCUS FILE: 010038362SK20R0, Revision (0), dated January 11, 2013, as submitted to the Commission in the permit application dated January 31, 2013 (hereinafter referenced together as the "Site"), to conduct appraisals, inspections, analyses, inventories, surveys or other investigations under Authorization Number 940257, subject to conditions set out below.

CONDITIONS

1. The permit holder may use and occupy the Site only for the purposes of determining the site of potential oil and gas activities and related activities as those terms are defined in the *Oil and Gas Activities Act*.
2. The total disturbance within the Site must not exceed 0.069Ha.
3. The permit holder will indemnify the Province of British Columbia (the Province) and the Oil and Gas Commission against all losses, damages, costs and liabilities arising out of any breach or non-performance of any condition or agreement set out in this Permit and any personal injury, death or property damage occurring within the Site, or happening by virtue of its occupation of the Site, and the amount of such losses, damages and costs shall be payable to the Province or the Oil and Gas Commission immediately.
4. The permit holder will immediately effect, and keep in force while this Permit is in effect, insurance of an amount not less than \$1,000,000 protecting the Province, the Commission and the permit holder (without any rights of cross-claim or subrogation) against claims for personal injury, death, property damage, or third party or public liability claims arising from any accident or occurrence on the Site.
5. The authorization to occupy and use Crown land does not entitle the permit holder to exclusive possession of the Site. The permit holder will not interfere with any person found on the Site who has a public right of access over the Site or is using the Site pursuant to a prior or subsequent Land Act disposition.

6. The rights granted by this permit are subject to all subsisting grants to or rights of any person made or acquired under the Coal Act, Forest Act, Mineral Tenure Act, Petroleum and Natural Gas Act, Range Act, Water Act or Wildlife Act, or any extension or renewal of the same, any prior dispositions made under the Land Act, and the exceptions and reservations of rights and interests under Section 50 of the Land Act.
7. The permit holder will acknowledge and agree that any interference with rights granted under this permit by virtue of the exercise or operation of the rights or interests set out in the Sections (5) or (6) above shall not constitute a breach of the Province's or the Commission's obligations under this permit and the permit holder will release and discharge the Province and/or the Commission from any claim for loss or damage arising directly or indirectly out of any such interference. The permit holder will also agree to pay all costs and expenses that arise out of the permit holder's interference with the rights or interests set out in Sections (5) or (6) and that the permit holder will not commence or maintain proceedings under Section 65 of the Land Act with respect to interference with the permit holder's rights arising out of exercise or operation of the rights set out in Sections (5) or (6).
8. The permit holder must pay to the Province, when due, the Fees to the address and in accordance with the Instructions set out in the attached covering letter.
9. The permit holder will restore the site to the satisfaction of the Oil and Gas Commission following expiration or cancellation of this Permit.
10. The permit holder must not assign or sub-tenure this Permit. The permit holder must not transfer this permit without the Commission's written consent, which consent may be granted or withheld at the Commission's sole discretion.
11. The permit holder must notify the Commission 48 hours prior to commencing activities under this permit.
12. This permit expires on the day two years from the date of issuance.
13. An Archaeological Impact Assessment ("AIA") must be conducted for the proposed development area prior to conducting activities under this Permit.
14. If an archaeological site is recorded as a result of the AIA referenced in condition 13, above: an AIA report must be submitted immediately to the Oil and Gas Commission and all mitigation measures must be approved by the Commission's archaeology staff prior to conducting activities under this Permit; and all activities conducted under this Permit must be completed in accordance with the approved mitigation measures.
15. If no archaeological site is recorded during the AIA referenced in condition 14, above, an AIA report must be submitted to the Commission as soon as possible as per the Archaeology Process Guidelines.
16. In the event that:
 - a. a heritage site, heritage object or any other feature, place or material that may contain historical or archaeological value as defined by the Heritage Conservation Act [RSBC 1996] Chapter 187; or
 - b. any other cultural heritage material or feature

is encountered while conducting activities under this Permit, the permit holder must cease immediately disturbance activities and immediately notify the Commission.

17. The permit holder must not damage or destroy any culturally-modified trees that are identified prior to or during activities conducted under this Permit.
18. Upon completion of the activities the permit holder must submit a post-construction plan accurately identifying the locations of the Sites and overall disturbance.
19. The permit holder must abide by and comply with all applicable laws, bylaws, orders, directions, ordinances, and regulations of any government authority having jurisdiction in any way affecting its use or occupation of the Site, including, without limitation, the provisions of the *Land Act* and the provisions of this Permit.
20. Soil disturbance is restricted to borehole drilling. Ditching, grading or stripping activities are not permitted.
21. In consideration of the West Moberly First Nations is recommended the permit holder notify West Moberly First Nations Land Use Office (250-788-7259) prior to commencement of construction.
22. The Commission recommends the permit holder notify the McLeod Lake Indian Band prior to project commencement.
23. The Commission recommends the permit holder to notify the Halfway River First Nation prior to project commencement.

ADDITIONAL AUTHORIZATIONS ASSOCIATED WITH THE PERMIT

An Occupant License to Cut (OLTC) L49523 providing for the cutting but no removal of timber is attached to this permit.

The attached construction plan and supplemental map form an integral part of this Permit.



Ken Paulson
Chief Operating Officer

pc: FLNRO -- Mackenzie

pc: Halfway River First Nation, McLeod Lake Indian Band, and West Moberly First Nation



OCCUPANT LICENCE TO CUT L49523

THIS LICENCE, (licence # L49523), dated April 8, 2013

BETWEEN:

THE BC OIL AND GAS COMMISSION, on behalf of
HER MAJESTY THE QUEEN IN RIGHT
OF THE PROVINCE OF BRITISH COLUMBIA,

AND:

0948090 BC Ltd.
1100, 1055 West Georgia Street
Vancouver, British Columbia, V6E 3R5
(the "Licencee")

WHEREAS:

- A. The Licencee will be the lawful occupier of land pursuant to an authorization or permit issued under the authority of the *Lands Act* for the purposes of determining a site of potential oil and gas activities and related activities as those terms defined in the *Oil and Gas Activities Act*.
- B. The Licensee and Licensor are entering into this Licence pursuant to section 47.4 of the Forest Act to cut, but not remove Crown timber.
- C. The Licensee must observe, abide and comply with the forestry legislation as defined in paragraph 9.02.

THE PARTIES agree as follows:

1.00 GRANT OF RIGHTS AND TERM

- 1.01 The term of this Licence begins on April 8, 2013, and ends on the earlier of:
 - (a) the day upon which the Licencee's right of occupation expires or is surrendered, cancelled or otherwise terminated;
 - (b) April 8th, 2015 or
 - (c) at the Licensee's request, the Licensor gives notice to the Licensee that all contractual and legislative obligations associated with the Licence have been completed.
- 1.02 The Licensee is authorized to only cut Crown timber that is necessary to cut to facilitate the operations or the use of the Crown land within the Licence area as described in the right of occupation.
- 1.03 The Licensee's rights under this Licence are of no force or effect when the right of occupation is suspended or terminated.
- 1.04 This Licence does not grant the Licensee the exclusive right to harvest timber from the Licence area, and the Licensor reserves the right to grant rights to other persons to harvest timber from the Licence area.

2.00 TIMBER HARVEST LIMITATIONS

- 2.01 The Licensee must comply with the forestry legislation and the conditions and requirements set out in Schedule "A" to this Licence.
- 2.02 In addition to timber specified in the forestry legislation as reserved, the Licensee must not cut, damage, or destroy reserved timber specified in Schedule "B" of this Licence.

3.00 COURT DETERMINED ABORIGINAL RIGHTS AND/OR TITLE

3.01 Notwithstanding any other provision of this Licence, if a court of competent jurisdiction:

- (a) determines that activities or operations under or associated with this Licence will unjustifiably infringe an aboriginal right and/or title, or treaty right;
- (b) grants an injunction further to a determination referred to in subparagraph 3.01 (a); or
- (c) grants an injunction pending a determination of whether activities or operations under or associated with this Licence will unjustifiably infringe an aboriginal right and/or title, or treaty right;

the Commission may vary or suspend this Licence in whole or in part, so as to be consistent with the court determination.

4.00 LIABILITY & INDEMNITY

4.01 Subject to paragraph 4.03, the Licensee will indemnify the Commission against and save it harmless from all claims, demands, suits, actions, causes of action, costs, expenses and losses faced, incurred or suffered by the Commission as a result, directly or indirectly, of any act or omission of:

- (a) the Licensee;
- (b) an employee or agent of the Licensee;
- (c) a contractor of the Licensee who engages in any activity or carries out any operation, including but not restricted to the Licensee's operations, under or associated with this Licence; or
- (d) any other person who on behalf of or with the consent of the Licensee engages in any activity or carries out any operation under or associated with this Licence.

4.02 For greater certainty, the Licensee has no obligation to indemnify the Commission under paragraph 4.01 in respect of any act or omission of:

- (a) an employee, agent or contractor of the Commission, in the course of carrying out his or her duties as employee, agent or contractor of the Commission; or
- (b) a person, other than the Licensee, to whom the Commission has granted the right to use or occupy Crown land, in the course of exercising those rights.

4.03 The Commission is not liable to the Licensee for injuries, losses, expenses, or costs incurred or suffered by the Licensee as a result, directly or indirectly, of an act or omission of a person who is not a party to this Licence, including but not restricted to an act or omission of a person disrupting, stopping or otherwise interfering with the Licensee's operations under this Licence by road blocks or other means.

5.00 TERMINATION

5.01 If this Licence expires or is cancelled or is otherwise terminated:

- (a) title to all improvements, including roads and bridges, fixed on Crown land in the Licence area; and
- (b) all timber, including logs and special forest products, located on the Licence area, will vest in the Crown, without right of compensation to the Licensee.

5.02 If the Licensee commits an act of bankruptcy, makes a general assignment for the benefit of its creditors or otherwise acknowledges its insolvency, the Licensee is deemed to have failed to perform an obligation under this Licence.

6.00 WAIVER

- 7.01 No waiver by the Crown of any default or non-compliance by the Licensee in the strict and literal performance of or compliance with any provision of the Licence will be deemed to be a waiver of the strict and literal performance of or compliance with any other provision, condition or requirement of the Licence or to be a waiver of, or in any manner release the Licensee from compliance with any provision, condition or requirement in the future, nor will any delay or omission by the Crown in the exercising of any right hereunder in any manner with respect to non-compliance impair the exercise of any such rights in the future.

7.00 NOTICE

- 7.01 A notice given under this Licence must be in writing.
- 7.02 A notice given under this Licence may be:
- (a) delivered by hand;
 - (b) sent by mail;
 - (c) sent by facsimile transmission; or
 - (d) electronic mail ("commonly referred as Email");
- to the address, facsimile or email number, as applicable, specified on the first page of this Licence, or to such other address or facsimile number as is specified in a notice given in accordance with this part.
- 7.03 If a notice is given under this Licence, it is deemed to have been given:
- (a) if it is given in accordance with subparagraph 8.02 (a) on the date it is delivered by hand;
 - (b) if it is given in accordance with subparagraph 8.01 (b), subject to paragraph 8.04, on the eighth day after its deposit in a Canada Post Office at any place in Canada; and
 - (c) if it is given in accordance with subparagraph 8.01 (c) & (d), subject to paragraph 8.05, on the date it is sent by facsimile or email transmission.
- 7.04 If, between the time a notice is mailed in accordance with subparagraph 8.02 (b) and the time it is actually received, there occurs a postal strike, lockout or slowdown that might reasonably affect delivery of the notice, the notice is not deemed to be given until the party actually receives it.
- 7.05 If a notice is sent by facsimile transmission, the party sending the notice must take reasonable steps to ensure that the transmission has been successfully completed.
- 7.06 Either party may, from time to time, advise the other party by notice in writing, of any change of address of the party giving such notice and, from and after the giving of such notice, the address specified will, for purposes of this Licence, be considered to be the address of the party giving such notice.

8.00 MISCELLANEOUS

- 8.01 This Licence will enure to the benefit of, and be binding on, the parties and their respective heirs, executors, successors and permitted assigns.
- 8.02 The laws of British Columbia will govern the interpretation of this Licence and the performance of the Licensee's obligations under this Licence.
- 8.03 Any non-statutory power conferred or duty imposed on the Regional Executive Director or District Manager under this Licence may be exercised or fulfilled by any person authorized to do so by the Regional Executive Director or District Manager.

Occupant Licence to Cut L49523

- 8.04 Any Schedules, map(s) or attachments referenced in, or attached to this Licence are an integral part of this agreement as if set out in the body of this agreement, and the Licensee will comply with all the terms in the Schedules.
- 8.05 If there is a conflict between the *Workers Compensation Act* or a regulation under that Act, and a provision of this Licence, the *Workers Compensation Act*, or the regulations made under that Act, prevails, and the Licensee must immediately notify the District Manager of the conflict and follow any direction given by the District Manager with respect to the conflict, provided such direction is consistent with the *Workers Compensation Act* and the regulations under that Act.
- 8.06 Nothing in this Licence authorizes the Licensee to in any way restrict the Commission's right of access to the Licence areas or a road permit or the right of any other authorized entrant, user or occupier of these areas.
- 8.07 This Licence is the entire agreement between the parties as to the matters set out in this Licence, and all previous promises, representations or agreements between the parties, whether oral or written, are deemed to have been replaced by this Licence.
- 8.08 Unless otherwise defined in this Licence, if a word or phrase used in this Licence is defined in the legislation described in paragraph 10.02, the definition in the legislation applies to this Licence, and where the word or phrase in the legislation is replaced by a new word or phrase, this Licence is deemed to have been amended accordingly.
- 8.09 If any provision in this Licence is found to be invalid or unenforceable by a court of law, the remainder of this Licence is separately valid and enforceable to the fullest extent permitted by law.
- 8.10 The Licensee acknowledges that any information released to the Licensee by the Regional Executive Director, District Manager or the Commission about the nature of the Licence area or the quality or quantity of timber, is not to be relied upon. Execution of this Licence by the Licensee is an absolute release by the Licensee of the Regional Executive Director or District Manager and the Crown from any claim that the Licensee may have in respect of the nature of the Licence area or the quality or quantity of timber.

9.00 INTERPRETATION & DEFINITIONS

- 9.01 This Licence is divided into parts, paragraphs, subparagraphs, clauses and subparagraphs, illustrated as follows:
- 1.00 part;
1.01 paragraph;
 (a) subparagraph;
 (i) clause;
 (A) subparagraph;
- and a reference to a subparagraph, clause or subparagraph is to be construed as a reference to a subparagraph, clause or subclause of the paragraph, subparagraph or clause, as the case may be, in which the reference occurs.
- 9.02 In this Licence, unless the context otherwise requires,
- “forestry legislation” means the statutes and regulations, to which the Licence is subject including: the *Forest Act*, *Forest and Range Practices Act* and the *Wildfire Act*.
- “Licence area” means the area allocated for the Licensee’s operations pursuant to this Licence and for which greater detail is outlined on maps and application forms found in supporting application documents.
- “right of occupation” means the rights described in Whereas clause A that give the Licensee the right to occupy the land described in Schedule “A”.
- “merchantable timber” means as that term is defined in the Provincial Logging and Waste Measurements Procedures Manual as amended or replaced from time to time.

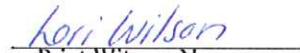
Occupant Licence to Cut L49523

IN WITNESS WHEREOF the Licence has been executed by the Licensor and the Licensee on the date set out below.

SIGNED by the Licensor
on behalf of Her Majesty
the Queen in Right of the
Province of
British Columbia in the
presence of:



Signature



Print Witness Name

Ken Paulson, COO, OBC
(Name and title of the Licensor)
(name of Region or District)

08 April 2013
Dated

THE COMMON SEAL of
the Licensee was affixed
in the presence of:

Signature

c/s

Dated

Print Name Witness

(or)

SIGNED by the Licensee)
in the presence of:

Signature

Licensee

Print Name Witness)

Printed Name and Title

Dated

SCHEDULE A
OTHER CONDITIONS AND REQUIREMENTS

1.01 The Licensee must dispose of Crown timber cut under the authority of this Licence in the following manner:

☐ Bury all merchantable Crown timber.

☐ Pile and burn all Crown timber.

☒ Buck into pieces to lengths that are no longer than 3 meters and lay flat on the ground.

**SCHEDULE B
RESERVE TIMBER**

- 1.01 This OLTC is restricted to a total maximum area of 0.046 hectares of new cut.