

WHEREAS the Board is empowered pursuant to the Act to issue an Exploration Licence (hereinafter called the "Licence") relating to the Lands described in Schedules I and II;

AND WHEREAS the Board has selected the bid submitted by Ptarmigan Energy Inc. as the winning bid in respect of the Call for Bids No.NL09-03, Parcel No.1;

AND WHEREAS Ptarmigan Energy Inc., in submitting such a bid, has agreed to the terms and conditions of this Licence;

NOW THEREFORE this Licence is issued upon the following **terms and conditions**:

1. INTERPRETATION

In this Licence, including all Schedules annexed hereto, unless the context requires otherwise:

- (1) "Act" means the *Canada-Newfoundland Atlantic Accord Implementation Act* and the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Newfoundland and Labrador Act* and regulations thereto and any Acts or regulations made in substitution therefor;
- (2) Any words or phrases defined in the Act shall have the same meanings in this Licence unless the context otherwise requires.

2. RIGHTS

- (1) This Licence confers the rights attaching to an Exploration Licence pursuant to the Act with respect to those Lands described in Schedules I and II;
- (2) Where Lands or a portion of the Lands described in Schedules I and II become subject to a declaration of significant discovery, a significant discovery licence as described in Schedule IV shall be granted upon application by the Interest Owner.

3. AGREEMENT

The submission of a bid by the interest owner in response to the Call for Bids No. NL09-03 and its selection by the Board as the winning bid constitutes an agreement between the interest owner and the Board as to the terms and conditions contained herein.

4. WORK COMMITMENT

The Interest Owner has successfully bid and committed to expend **\$1,200,000.00** on exploration of the Lands and on research and development and education and training within Period I.

5. **TERM**

- (1) The effective date to commence the term of this Licence is **January 15, 2010**.
- (2) This Licence shall have a term of nine (9) years, consisting of two periods referred to as Period I and Period II. Period I shall commence as of the effective date. Period II shall immediately follow Period I and consists of the balance of the term of this Licence.
- (3) Period I is a period of five (5) years commencing on the effective date of this Licence. Period I may be extended by one year if a Drilling Deposit, as described herein, is posted before the end of the fifth year.
- (4) In order to validate this Licence for Period II, the drilling of a well must be commenced within Period I and diligently pursued to termination in accordance with good oilfield practice. Failure to fulfil this drilling requirement will result in the termination of this Licence at the end of Period I.
- (5) The validation well must adequately test a valid geological target to be declared to the Board by the interest owner prior to the commencement of the well.
- (6) Upon the expiration of Period II, this Licence shall terminate and all Lands shall revert to the Crown except those which have been converted to a Significant Discovery Licence or a Production Licence.

6. **SECURITY DEPOSIT**

- (1) As a condition of the issuance of this Licence, the interest owner has posted a security deposit with the Board in the amount of **\$300,000.00** (25% of its Work Commitment). The Security Deposit will be refunded to the extent of the 25% of allowable expenditures expended in Period I. Such expenditures must be submitted to the Board no later than thirty days after the end of Period I. Allowable expenditures which are expended in Period II shall not be credited against the Security Deposit. No interest will be paid on the Security Deposit.
- (2) The interest owner is not obligated to perform work under this Licence. However, if the interest owner does not meet its Work Commitment, the non-credited remaining balance of the Security Deposit will be forfeited to the Receiver General for Canada upon the termination of Period I.

7. **DRILLING DEPOSIT**

- (1) The interest owner may at its option extend Period I from five (5) years to six (6) years by posting a Drilling Deposit with the Board before the end of the fifth year of Period I. This Drilling Deposit shall be in the amount of **two hundred and fifty thousand dollars** and shall be in a form acceptable to the Board. If a Drilling Deposit is posted, it will be refunded in full if the Licence is validated for Period II by the drilling of a well on that licence. No interest will be paid on the Drilling Deposit.

- (2) If a validation well is not drilled, the Drilling Deposit will be forfeited to the Receiver General for Canada upon the termination of the Licence at the end of Period I. Allowable Expenditures cannot be applied against the Drilling Deposit.

8. ALLOWABLE EXPENDITURES

- (1) The Allowable Expenditures for any given year shall be the total calculated expenditures for that year (i.e. monies actually spent) based upon the following rates:
- (i) Drilling costs shall be claimed "at cost" when carried out by a party at arm's length from the operator. Drilling costs are subject to Board approval subject to the following conditions:
 - (a) each claim must be accompanied by a cost statement prepared and certified by an external auditor satisfactory to the Board;
 - (b) the Board shall approve the Terms of Reference/Scope of Work in relation to any audit to be performed in accordance with 8(1)(i)(a) above; and,
 - (c) the Board reserves the right to conduct its own audit if for any reasons it deems it necessary to do so.
 - (ii) Drilling costs in a non-arm's length transaction shall be the lesser of cost or fair market value as established by an independent third party expert consistent with:
 - (a) each claim must be accompanied by a cost statement prepared and certified by an external auditor satisfactory to the Board;
 - (b) the Board shall approve the Terms of Reference/Scope of Work in relation to any audit to be performed in accordance with 8(1)(ii)(a) above; and,
 - (c) the Board reserves the right to conduct its own audit if for any reasons it deems it necessary to do so.
 - (iii) Seismic, Well-Site or Electromagnetic Survey costs shall be claimed "at cost" when carried out by a party at arm's length from the operator. Seismic, Well-Site or Electromagnetic Survey costs are subject to Board approval subject to the following conditions:
 - (a) each claim must be accompanied by a cost statement prepared and certified by an external auditor satisfactory to the Board;
 - (b) the Board shall approve the Terms of Reference/Scope of Work in relation to any audit to be performed in accordance with 8(1)(iii)(a) above, and
 - (c) the Board reserves the right to conduct its own audit if for any reasons it deems it necessary to do so.
 - (iv) Seismic, Well-Site or Electromagnetic Survey costs in a non-arm's length transaction shall be the lesser of cost or fair market value as established by an independent third party expert consistent with:
 - (a) each claim must be accompanied by a cost statement prepared and certified by an external auditor satisfactory to the Board;

- (b) the Board shall approve the Terms of Reference/Scope of Work in relation to any audit to be performed in accordance with 8(1)(iv)(a) above; and,
 - (c) the Board reserves the right to conduct its own audit if for any reasons it deems it necessary to do so.
- (v) For the purposes of subsections 8(1)(i), 8(1)(ii), 8(1)(iii) and 8(1)(iv), persons are not dealing at arm's length if they are not dealing at arm's length for the purposes of the *Income Tax Act*, section 251.
- (vi) Seabed & Other Surveys/Studies
- (a) Environmental field studies when they are required to obtain an authorization for work or activity. At cost.
 - (b) Any other survey/study at a rate agreed to by the Board prior to the program commencement.
- (vii) Research & Development/Education & Training
- (a) An interest owner will be permitted to apply for an maximum of 5% of the Expenditure Bid as an Allowable Expenditure during Period I for these purposes;
 - (b) Any Allowable Expenditure made in relation to research and development/education and training and applied for as a credit against the Security Deposit, must be approved by the Board;
- (2) The interest owner may submit an application for credit against the Security Deposit or rentals, as the case may be, in the form and manner required by the Board. The following conditions will apply:
- (i) An application for credit against the Security Deposit must be received by the Board no later than thirty (30) days following the expiry of the relevant event referred to in subsection 5(4) herein. Any expense which would otherwise be considered as an Allowable Expenditure, but was made prior to the effective date of the Licence and after the date upon which the Board selected the interest owner's bid, shall be considered for inclusion as an Allowable Expenditure for Period I;
 - (ii) Applications for credit against rentals must be received by the Board no later than thirty (30) days following the anniversary date in Period II following the year in which the Allowable Expenditures were incurred;
 - (iii) Failure to submit such applications within the appropriate time referred to above, shall be deemed to mean that no Allowable Expenditures were incurred.

The above rates of Allowable Expenditures will have application throughout Period I of the Exploration Licence. However, the rates of Allowable Expenditures will be reviewed, and may be amended at the expiration of Period I.

9. RENTALS

- (1) Rentals will be applicable only in Period II at the following rates:

Western Newfoundland and Labrador Offshore Region

1 st year	\$2.50 per hectare
2 nd year	\$5.00 per hectare
3 rd year	\$7.50 per hectare
4 th year	\$7.50 per hectare

- (2) If this Licence continues in force beyond Period II, rentals will be payable at the rates applicable during the last year of Period II.
- (3) Rentals shall be due on the anniversary date of this Licence and shall be paid annually in advance, no later than 30 days following the anniversary date of the Licence, and are to be submitted by bank draft or certified cheque payable to the **Receiver General**, except for rentals under subsection 9(2), which will be payable monthly, in advance, at the rate of one-twelfth (1/12) of the applicable annual rates.
- (4) For greater certainty, rentals shall be calculated on the basis of the total hectarage of Lands held as part of this Licence, as of the anniversary date.
- (5) Rentals will be refunded annually, to a maximum of one hundred percent (100%) of the rentals paid in that year, on the basis of a dollar refund for each dollar of Allowable Expenditures for that year, excepting Allowable Expenditures related to a well commenced and being pursued diligently but not terminated within Period I.
- (6) To the extent that Allowable Expenditures for a given year are greater than the amount of the applicable refund, the excess shall be carried forward to reduce the rentals otherwise payable in ensuing rental years.
- (7) Rentals will apply to lands subject to a declaration of significant discovery during the term of the Licence at the rates and levels of refundability specified above.

10. INDEMNITY

- (1) It is a condition of this Licence that the interest holders shall, in respect of that portion of the Lands to which each such interest holder's share relates, at all times, jointly and severally, indemnify and save harmless the Board as well as Her Majesty the Queen in right of Canada or in right of the Province of Newfoundland and Labrador from and against all claims, demands, losses, costs, damages, actions, suits or other proceedings by whomsoever made, sustained, brought or prosecuted, in any manner based upon, occasioned by, or attributable to, anything done or omitted to be done by, through, or under, or with the consent of the interest owner, or an interest holder, notwithstanding any agreement or arrangement entered into by an interest owner or interest holder which does or may result in the transfer, assignment or other disposition of the interest or share

therein, in the fulfilment of the terms and conditions made herein or in the exercise of the rights or obligations contained herein.

- (2) For greater certainty, interest holders in this Licence who do not hold shares with respect to that portion of the Lands in relation to which a claim, demand, loss, cost, damage, action, suit or other proceeding arises are not liable to indemnify the Board, Her Majesty the Queen in right of Canada or in right of the Province of Newfoundland and Labrador under subsection 10 (1) above.
- (3) For the purposes of subsections 10 (1) and 10 (2), "Her Majesty the Queen in right of Canada or in right of the Province of Newfoundland and Labrador" shall not include a Crown corporation.
- (4) This section shall survive this Licence and will be incorporated into any significant discovery licence and production licence that arises therefrom.

11. EXPLORATION PLAN

The interest owner must file an exploration plan within six months of the effective date of this Licence outlining the anticipated activities for the Lands. The plan shall be updated annually and filed by the anniversary date of the initial plan.

12. JOINT OPERATING AGREEMENT

In any instance where the interest owner is comprised of more than one interest holder, the interest owner must acknowledge in writing within six months of the effective date of this Licence that all interest holders have entered into an agreement in the nature of a joint operating agreement addressing voting procedures and a procedure to allow less than all participants to proceed with a program which is not approved pursuant to the voting procedures with provisions for maintenance of participant ownership and sharing of results within non-participant interest holders where a program proceeds and is successful.

13. LIABILITY

- (1) An interest holder shall be liable under the provisions of this Licence, the Act, and the Regulations for all claims, demands, losses, costs, damages, actions, suits or other proceedings, in respect of any work or activity conducted, or caused to be conducted, by, through, or under, or with the consent of such interest holder. Any transfer, assignment, or other disposition of the interest, or of a share therein, shall not have the effect of discontinuing such liability in respect of such work or activity, related to the interest, or share therein, so disposed, that was conducted before that transfer, assignment, or other disposition was registered pursuant to the Act and Regulations. For greater certainty, liability, as aforesaid, does not relate to any work or activity conducted after such party ceases to be an interest holder in this Licence.
- (2) This section shall survive this Licence and will be incorporated into any significant discovery licence and production licence that arises therefrom.

14. **TIME LIMITATIONS**

- (1) In the event any interest holder wishes to submit an application for a significant discovery declaration pursuant to the Act ("Application"), unless the Board otherwise agrees in writing, such Application shall be submitted within six (6) months following rig release of the drilling unit respecting the prospective discovery well, or six (6) months prior to the scheduled expiry date of this Licence, whichever occurs later.
- (2) Where any judicial review is explicitly stated to be available under any provision of the Act respecting any order, decision, or action by the Board, any application for such judicial review shall be made no later than thirty (30) days following the date upon which such order, decision or action is effective pursuant to the Act.

15. **SUCCESSORS AND ASSIGNS**

Subject to sections 10 and 13, the Licence enures to the benefit of and is binding on the Board and the interest owner and their respective heirs, administrators, successors and assigns.


16. **NOTICE**

Any notice, communication or statement required under the Act shall be served on the Board or the interest owner, as the case may be, by personal delivery, facsimile or e-mail at that address specified in Schedule III hereof, or such other addresses as may be designated from time to time by the Board or the interest owner, as the case may be.

17. **REPRESENTATIVE**

The interest owner shall appoint a representative who shall be more particularly described in Schedule III. The representative may be changed from time to time during the term of the Licence.

ISSUED at St. John's, Newfoundland and Labrador this 15th day of January 2010.


CHAIRMAN AND CEO
THE CANADA-NEWFOUNDLAND
OFFSHORE PETROLEUM BOARD/
CANADA-NEWFOUNDLAND AND LABRADOR
OFFSHORE PETROLEUM BOARD

SCHEDULE I - LANDS

<u>Latitude*</u>	<u>Longitude*</u>	<u>Sections</u>	<u>Hectares</u>
49°00'N	58°45'W	1-100	33 940
49°00'N	58°30'W	17-20, 24-30, 32-100 and all portions of sections 6-10, 13-16, 21-23 and 31 in the offshore area	29 810
49°10'N	58°45'W	1-100	33 820
49°10'N	58°30'W	3-100 and all portions of sections 1 and 2 in the offshore area	33 810
49°10'N	58°15'W	70, 78-80, 86-90,93-100 and all portions of sections 59, 60, 67-69, 75-77, 82-85, 92 in the offshore area	8 830
		Total Hectares	140 210

*North American Datum 1927

SCHEDULE II - OWNERSHIP

<u>Latitude*</u>	<u>Longitude*</u>	<u>Sections</u>	<u>Interest Holder</u>	<u>% Shares</u>
49° 00' N	58° 45' W	1-100	Ptarmigan Energy Inc.	100%
49° 00' N	58° 30' W	17-20, 24-30, 32-100 and all portions of sections 6-10, 13-16, 21-23 and 31 in the offshore area		
49° 10' N	58° 45' W	1-100		
49° 10' N	58° 30' W	3-100 and all portions of sections 1 and 2 in the offshore area		
49° 10' N	58° 15' W	70, 78-80, 86-90, 93-100 and all portions of sections 59, 60, 67-69, 75-77, 82-85, 92 in the offshore area		

*North American Datum 1927

SCHEDULE III - REPRESENTATIVE(S) AND ADDRESSES FOR SERVICE

Representative: Ptarmigan Energy Inc.

**Address: Ptarmigan Energy Inc.
6 O'Brien's Hill
St. John's, NL
A1B 4G4**

Attention: President

Canada-Newfoundland Offshore Petroleum Board/
Canada-Newfoundland and Labrador Offshore Petroleum Board
Suite 500, TD Place
140 Water Street
St. John's, NL
A1C 6H6

Attention: The Chairman

**SCHEDULE IV – RESULTING SIGNIFICANT DISCOVERY LICENCE WHERE A
SIGNIFICANT DISCOVERY IS DECLARED WITHIN THE LANDS**

SIGNIFICANT DISCOVERY LICENCE No.

THIS LICENCE is effective as of the _____ day of _____, 201____.

ISSUED BY

The Canada-Newfoundland Offshore Petroleum Board/
Canada-Newfoundland and Labrador Offshore Petroleum Board.

TO THE INTEREST OWNER
(Individually, the “Interest Holders”)

WHEREAS the Board is empowered pursuant to the Act to issue a Significant Discovery Licence (Hereinafter called the "Licence") relating to the Lands described in Schedules I and II of this Licence;

AND WHEREAS the Board selected the bid submitted by _____ as the winning bid in respect of the Call for Bids No. ____, Parcel No. ____;

AND WHEREAS _____, in submitting such a bid agreed to the terms and conditions of this Licence;

NOW THEREFORE this Licence is issued upon the following **terms and conditions**:

1. INTERPRETATION

In this Licence, including all Schedules annexed hereto, unless the context requires otherwise;

- (1) "Act" means the *Canada-Newfoundland Atlantic Accord Implementation Act* and the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Newfoundland and Labrador Act* and regulations thereto and any Acts or regulations made in substitution therefor;
- (2) Any words or phrases defined in the Act shall have the same meanings in this Licence unless the context otherwise requires.

2. RIGHTS

This Licence confers the rights attaching to a Significant Discovery Licence pursuant to the Act with respect to those Lands described in Schedules I and II.

3. AGREEMENT

The submission of a bid by the interest owner in response to Call for Bids No. __ and its selection by the Board as the winning bid constitutes an agreement between the interest owner and the Board as to the terms and conditions contained herein relating to the portion of the Newfoundland and Labrador Offshore Area described in Call for Bids No. ____, Parcel No. _____ that becomes subject to a Declaration of Significant Discovery and this Licence.

4. ALLOWABLE EXPENDITURES

- (1) The Allowable Expenditures for any given year shall be the total calculated expenditures for that year (i.e. monies actually spent) based upon the following rates:
 - (i) Drilling costs shall be claimed "at cost" when carried out by a party at arm's length from the operator. Drilling costs are subject to Board approval subject to the following conditions:
 - (a) each claim must be accompanied by a cost statement prepared and certified by an external auditor satisfactory to the Board;
 - (b) the Board shall approve the Terms of Reference/Scope of Work in relation to any audit to be performed in accordance with 4(1)(i)(a) above; and,

- (c) the Board reserves the right to conduct its own audit if for any reasons it deems it necessary to do so.
- (ii) Drilling costs in a non-arm's length transaction shall be the lesser of cost or fair market value as established by an independent third party expert consistent with:
 - (a) each claim must be accompanied by a cost statement prepared and certified by an external auditor satisfactory to the Board;
 - (b) the Board shall approve the Terms of Reference/Scope of Work in relation to any audit to be performed in accordance with 4(1)(ii)(a) above; and,
 - (c) the Board reserves the right to conduct its own audit if for any reasons it deems it necessary to do so.
 - (iii) Seismic, Well-Site or Electromagnetic Survey costs shall be claimed "at cost" when carried out by a party at arm's length from the operator. Seismic, Well-Site or Electromagnetic Survey costs are subject to Board approval subject to the following conditions:
 - (a) each claim must be accompanied by a cost statement prepared and certified by an external auditor satisfactory to the Board;
 - (b) the Board shall approve the Terms of Reference/Scope of Work in relation to any audit to be performed in accordance with 4(1)(iii)(a) above, and
 - (c) the Board reserves the right to conduct its own audit if for any reasons it deems it necessary to do so.
 - (iv) Seismic, Well-Site or Electromagnetic Survey costs in a non-arm's length transaction shall be the lesser of cost or fair market value as established by an independent third party expert consistent with:
 - (a) each claim must be accompanied by a cost statement prepared and certified by an external auditor satisfactory to the Board;
 - (b) the Board shall approve the Terms of Reference/Scope of Work in relation to any audit to be performed in accordance with 4(1)(iv)(a) above; and,
 - (c) the Board reserves the right to conduct its own audit if for any reasons it deems it necessary to do so.
 - (v) For the purposes of subsections 4(1)(i), 4(1)(ii), 4(1)(iii) and 4(1)(iv), persons are not dealing at arm's length if they are not dealing at arm's length for the purposes of the *Income Tax Act*, section 251.
 - (vi) Seabed & Other Surveys/Studies
 - (i) Environmental field studies when they are required to obtain an authorization for work or activity. At cost.
 - (ii) Any other survey/study at a rate agreed to by the Board prior to the program commencement.

5. **RENTALS – EXPLORATION LICENCE TERM**

A Significant Discovery Licence issued during Period I or II of an Exploration Licence shall be subject to the rental rates applicable to that Exploration Licence until the natural expiry of the Exploration Licence.

6. **RENTALS – POST EXPLORATION LICENCE TERM**

Each Significant Discovery Licence shall be subject to the following rental regime after the expiration of the term of the Exploration Licence of origin:

- (a) Rentals on Significant Discovery Licences, following the expiry date of the Exploration Licence, shall be at the following base rates:

Year 1 to 5	\$0.00 per hectare
Year 6 to 10	\$40.00 per hectare
Year 11 to 15	\$100.00 per hectare
Year 16 to 20	\$800.00 per hectare

The rental rates applicable to any Significant Discovery Licence resulting from Call for Bids NL09-03 will be payable in constant (inflation adjusted) 2010 dollars.

Commencing on December 31, 2010, the rental rates in the above-noted table will be adjusted by applying the annual change in the Consumer Price Index for Canada. The rental rates will be adjusted in the same manner on each December 31 thereafter. Pro-rated rental rates for year one of a Significant Discovery Licence shall be paid prior to the issuance of the Significant Discovery Licence with the applicable adjusted annual rental rate payable on or before January 15 of each year thereafter.

- (b) Rental rates of \$800.00 will increase by \$100.00 for each year beyond year 20, and will be payable in constant (inflation adjusted) 2010 dollars until the Significant Discovery Licence is relinquished or converted to a Production Licence. For greater certainty, the interest owner may relinquish lands to reduce future rental payments.
- (c) There shall be no carry forward of excess allowable expenditures from Exploration Licences.
- (d) Rentals are to be submitted by bank draft or certified cheque payable to the **Receiver General**.
- (e) For greater certainty, rentals shall be calculated on the basis of the total hectareage of lands held as part of the Significant Discovery Licence, as of the anniversary date.
- (f) Rentals will be refunded annually, to a maximum of one hundred percent (100%) of the rentals paid in that year, on the basis of a dollar refund for each dollar of allowable expenditures for that year.

To the extent that allowable expenditures for a given year are greater than the amount of the applicable refund, the excess shall be carried forward to reduce the rentals otherwise payable in ensuing rental years.

7. **ANNUAL REPORT**

The interest owner shall provide to the Board in writing an annual report describing activities undertaken to advance development of the Licence. The annual report shall be filed each year on the anniversary of the issuance of this Licence.

8. **NON-COMPLIANCE**

Failure to comply with any term or condition of this Licence may result in cancellation of the Licence.

9. **INDEMNITY**

(1) It is a condition of this Licence that the interest holders shall, in respect of that portion of the Lands to which each such interest holder's share relates, at all times, jointly and severally, indemnify and save harmless the Board as well as Her Majesty the Queen in right of Canada or in right of the Province of Newfoundland and Labrador from and against all claims, demands, losses, costs, damages, actions, suits or other proceedings by whomsoever made, sustained, brought or prosecuted, in any manner based upon, occasioned by, or attributable to, anything done or omitted to be done by, through, or under, or with the consent of the interest owner, or an interest holder, notwithstanding any agreement or arrangement entered into by an interest owner or interest holder which does or may result in the transfer, assignment or other disposition of the interest or share therein, in the fulfilment of the terms and conditions made herein or in the exercise of the rights or obligations contained herein.

(2) For greater certainty, interest holders in this Licence who do not hold shares with respect to that portion of the Lands in relation to which a claim, demand, loss, cost, damage, action, suit or other proceeding arises are not liable to indemnify the Board, Her Majesty the Queen in right of Canada or in right of the Province of Newfoundland and Labrador under subparagraph (1).

(3) For the purposes of subparagraphs (1) and (2), "Her Majesty the Queen in right of Canada or in right of the Province of Newfoundland and Labrador" shall not include a Crown corporation.

(4) This section shall survive this Licence and will be incorporated into any production licence that arises therefrom.

10. **LIABILITY**

(1) An interest holder shall be liable under the provisions of this Licence, the Act, and the Regulations for all claims, demands, losses, costs, damages, actions, suits or other proceedings, in respect of any work or activity conducted, or caused to be conducted, by, through, or under, or with the consent of such interest holder. Any transfer, assignment, or other disposition of the interest, or of a share therein, shall not have the effect of discontinuing such liability in respect of such work or activity, related to the interest, or share therein, so disposed, that was conducted before that transfer, assignment, or other disposition was registered pursuant to the Act and Regulations. For greater certainty, liability, as aforesaid,

does not relate to any work or activity conducted after such party ceases to be an interest holder in this Licence.

- (2) This section shall survive this Licence and will be incorporated into any production licence that arises therefrom.

11. **SUCECCESSORS AND ASSIGNS**

Subject to sections 9 and 10, the Licence enures to the benefit of and is binding on the Board and the interest owner and their respective heirs, administrators, successors and assigns.

12. **NOTICE**

Any notice, communication or statement required under the Act shall be served on the Board or the interest owner, as the case may be, by personal delivery, facsimile or e-mail at that address specified in Schedule III hereof, or such other addresses as may be designated from time to time by the Board or the interest owner, as the case may be.

13. **REPRESENTATIVE**

Unless otherwise designated in the prescribed manner, for the purpose of this Licence the representative or representatives, as the case may be, of the interest owner shall be as specified in Schedule III.

ISSUED at St. John's, Newfoundland and Labrador this ____ day of _____, 201__.

**CHAIRMAN AND CEO
THE CANADA-NEWFOUNDLAND/OFFSHORE PETROLEUM BOARD/
CANADA-NEWFOUNDLAND AND LABRADOR/OFFSHORE PETROLEUM BOARD**

SCHEDULE I - LANDS

LATITUDE/LONGITUDE*

SECTIONS

HECTARES

TOTAL: _____ HECTARES

*North American Datum 1927

SCHEDULE II - OWNERSHIP

<u>LATITUDE/LONGITUDE*</u>	<u>SECTIONS</u>	<u>INTEREST HOLDER</u>	<u>% SHARE</u>
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*North American Datum 1927

SCHEDULE III - REPRESENTATIVE(S) AND ADDRESSES FOR SERVICE

Representative:

Address:

Canada-Newfoundland Offshore Petroleum Board/
Canada-Newfoundland and Labrador Offshore Petroleum Board
Suite 500, TD Place
140 Water Street
St. John's, NL
A1C 6H6

Attention: The Chairman