

CALL FOR BIDS NO. NS13-1

PART E —SAMPLE FORM OF IRREVOCABLE STANDBY LETTER OF CREDIT

NOTE: The Letter of Credit must be issued by a bank found in Schedule I or II of the Bank Act (S.C. 1991, c. 46).

(DATE OF ISSUE)

IRREVOCABLE STANDBY LETTER OF CREDIT NO. (L/C NO.) FOR (\$ AMOUNT CAD.)

BENEFICIARY

THE CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD
1791 BARRINGTON STREET,
18TH FLOOR, TD CENTRE
HALIFAX, NS, B3J 3K9
ON BEHALF OF THE RECEIVER GENERAL OF CANADA

APPLICANT

(Name & Address)

AMOUNT \$_____ **CAD.**

(amount in words)---00/100 Canadian Dollars

EXPIRY DATE

[1 year from date of issue] and auto renewal clause included in text below

PLACE OF EXPIRY

Canada

At the request of and for the account of our customer **(Applicant - Name and Address)** the "Customer", we hereby establish in the Beneficiary's favour our Irrevocable Standby Letter of Credit **number (L/C NO.)** for a sum not exceeding in the aggregate amount of **(Amount in Words)---00/100 Canadian Dollars (\$_____ CAD.)**.

This Irrevocable Standby Letter of Credit is given in accordance with paragraph 2.7(b) of Call for Bids No. NS13-1 (Parcel #__), made by the Canada-Nova Scotia Offshore Petroleum Board on March 18, 2013 and relates to the terms and conditions in the Exploration Licence dated January 15, 2014, equal in the amount to the sum of this Credit.

Our obligation to pay the Beneficiary under this Irrevocable Standby Letter of Credit is irrevocable, absolute and unconditional and, in furtherance and support thereof and without limiting the irrevocable, absolute and unconditional nature of our obligations to the Beneficiary hereunder, any demand by the Beneficiary shall be honoured without any inquiry as to the Beneficiary's rights to make such demand, without regard to or recognition of any contractual rights, claims or defences (legal or equitable) of the Customer against the Beneficiary and without regard to any other defence to the Beneficiary's demand for payment, arising as a result of any dispute between the Beneficiary and the Customer or between the Customer and ourselves.

Payment under this Irrevocable Standby Letter of Credit shall be available to the Beneficiary on sight against presentation by the Beneficiary to (*issuing Bank, name and address*) of a written demand for payment, purportedly signed by a duly authorized representative of the Beneficiary, which demand we shall honour without inquiring whether the Beneficiary has a right as between the Beneficiary and the Customer to make such a demand, without recognizing any claims of the Customer and without raising any defence arising as between the Customer and ourselves, accompanied by a certification purportedly signed by the Beneficiary or a duly authorized representative of the Beneficiary that the Customer is in default under the terms of the Exploration Licence.

Partial drawings are permitted.

We irrevocably and unconditionally agree to pay you at sight, without protest or notification, or without inquiry into further proof or conditions and without consideration for any objections or protest made by the Customer.

It is understood that the Bank is obligated under this Irrevocable Standby Letter of Credit to the payment of monies only and not the performance of the Exploration Licence.

It is a condition of this Irrevocable Standby Letter of Credit that it **shall be deemed to be automatically renewed** without amendment, for one year from the present or any future expiration date hereof, **unless at least one hundred and twenty (120) days** prior to any such date, we shall notify the Beneficiary in writing at the address noted above, by courier that we elect not to consider this Irrevocable Standby Letter of Credit renewed for any such additional period. Upon receipt by you of such notice, you may draw by means of your written demand.

Notwithstanding the auto-renewal clause mentioned herein above it is a condition of this Irrevocable Standby Letter of Credit that it shall not be auto-renewed beyond July 12, 2021 (the "Final Expiry Date") and shall expire on the Final Expiry Date.

The rights of all parties and any disputes with respect to this Irrevocable Standby Letter of Credit, shall be governed by the laws of the Province of Nova Scotia and shall be dealt with by the courts within that jurisdiction.

This Irrevocable Standby Letter of Credit is issued subject to the International Standby Practices 1998 (ISP98) (International Chamber of Commerce Publication No. 590).

Payments under this Irrevocable Standby Letter of Credit are to be made payable to the Receiver General of Canada.

(Authorized Signature)

Countersigned:

(Authorized Signature)