

October 5, 2007

File No.1150-30/
CA73808007

Nisga'a Nation
PO Box 231
New Aiyansh, BC V0J 1A0

Attention: Nelson Leeson, President

This letter confirms the agreement between Her Majesty the Queen in Right of the Province of British Columbia as represented by the Minister of Energy, Mines and Petroleum Resources, Offshore Oil and Gas Branch (the "Province") and the Nisga'a Nation (the "Organization") in respect of the Project, on the terms set out below (the "Agreement").

1. PROJECT

1.1 The Organization will carry out and complete the project described in Appendix 1 (the "Project") in accordance with the budget set out in Appendix 2 (the "Budget"). The purpose of the Project is to continue to implement section 3.1 and begin discussion on implementation of certain aspects of section 3.2 of the Protocol between the Nisga'a Nation and the Province, dated January 5, 2005 (the "Protocol").

2. REPRESENTATIONS AND WARRANTIES

2.1 The Organization represents and warrants that it has the authority to enter into this Agreement and to carry out and complete the Project. The Organization acknowledges that the Province is relying on these representations and warranties in entering into this Agreement and in paying the Province's Contribution to the Organization.

3. ELIGIBLE COSTS

3.1 "Eligible Costs" are those costs and expenses described in the Budget, and incurred by the Organization in carrying out and completing the Project.

**Ministry of Energy, Mines and
Petroleum Resources**

Titles and Offshore
Division

Mailing Address:
PO Box 9312
Stn Prov Govt
Victoria, British Columbia
V8W 9N1

Location:
8th Floor, 1810 Blanshard Street
Victoria, British Columbia
Phone: (250) 356-0510
Fax: (250) 356-0582

Website Address:
www.offshoreoilandgas.gov.bc.ca

4. PROVINCE'S CONTRIBUTION

- 4.1 The Province will provide \$95,000.00 to the Organization for the Project, (the "Province's Contribution") subject to the terms of this Agreement.
- 4.2 In no circumstances whatsoever is the Province obligated to provide any funding to the Organization in excess of the Province's Contribution.
- 4.3 The Organization will use the Province's Contribution only for the purpose of defraying Eligible Costs.
- 4.4 If the Organization spends more than is budgeted for an Eligible Cost, the Organization is responsible for paying those cost overruns.
- 4.5 For greater certainty, if the Organization spends funds from the Province's Contribution for items that are not Eligible Costs, the Organization
 - a) is responsible for those expenditures; and
 - b) will refund to the Province the amounts spent on those non Eligible Costs within 30 days of receiving notice from the Province to repay those funds.
- 4.6 Subject to s. 4.7, if the Organization spends less than is budgeted for an Eligible Cost, the Organization will return those surplus funds to the Province together with the financial statement referred to in s. 11.1(b).
- 4.7 If the Organization spends less than is budgeted for an Eligible Cost, and the Organization wants to spend those surplus funds on another Eligible Cost, the Organization may do so if it receives the prior written consent of the Province to do so.

5. PAYMENT

- 5.1 The Province will pay the Province's Contribution to the Organization as set out below, within 30 days of receipt from the Organization, of the documents and or actions referred to below:
 - a) \$50,000.00 following receipt of an executed copy of this Agreement;
 - b) \$36,000.00 following receipt of an interim report on the general progress of the project and an interim statement of expenditures to December 21, 2007;
 - c) \$9,000.00, the balance of the Province's Contribution owing to the Organization following receipt of the final report and financial statements referred to in section 11.1(b).

6. TERM OF THE AGREEMENT

- 6.1 This Agreement is for a term commencing on the Effective Date and ending on the Project Completion Date.

6.2 The Effective Date is the date the Organization notifies the Province that it has signed this agreement.

7. PROJECT COMPLETION DATE

7.1 The Organization will complete the Project on or by March 31, 2008 (the "Project Completion Date").

8. INDEPENDENT RELATIONSHIP

8.1 Neither the Organization nor its servants, agents or employees will be the servant, employee, or agent of the Province.

8.2 The Organization will not, in any manner whatsoever, commit or purport to commit the Province:

- (a) to the payment of money to any person, firm, or corporation; or
- (b) to take or refrain from taking any action of any kind whatsoever.

9. REPORTS

9.1 The Organization will:

- (a) inform the Province's Representatives of its work done in accordance with the Project; and
- (b) immediately advise the Province of any expected cost overruns and/or delays in completing the Project, in accordance with section 13.2. This provision will not restrict the Province's entitlement to limit its obligations under, or terminate, this Agreement.

10. INSPECTION

10.1 The Organization will permit the Province's representatives at all reasonable times, including after the expiry of this Agreement, to inspect, examine and review any and all accounting records, findings, data, prints, specifications, drawings, working papers, reports, documents and all audio, visual and print material whether complete or otherwise that have been produced, received or acquired by the Organization as a result of the Project.

10.2 At the request of the Province, the Organization will provide the Province a copy of all of its completed documents and materials used in or in support of the Project.

10.3 If the Organization does not complete the Project, the Organization will permit the Province to copy all accounting records, findings, data, prints, specifications, drawings, working papers, reports, documents and all audio, visual and print material whether complete or otherwise that have been produced, received or acquired by the Organization as a result of the Project.

11. ACCOUNTING/AUDIT

11.1 The Organization will:

- (a) maintain financial records in accordance with generally accepted accounting principles, and
- (b) provide no later than June 30, 2008, either
 - (i) financial statements of the Project audited by an independent auditor who is a member, or a partnership who are members, in good standing of the Canadian Institute of Chartered accountants or the Certified General Accountants of British Columbia, or
 - (ii) financial statements of the Project accompanied by a Certificate of Expenditures signed by a professional with a formal accounting designation recognized in the Province of British Columbia or by a senior official of the Organization who has financial responsibility within the Organization and has the legal authority to sign the Certificate of Expenditures in the form set out in Appendix 3.

11.2 The financial statements referred to in s. 11.1(b) will include a detailed accounting and explanation of all expenditures incurred for each of the Eligible Costs.

11.3 The Organization will retain financial statements and all of the original copies of all documentation supporting expenditures set out in the financial statements for at least three years from the Project Completion Date and it will make all of those documents available for review by any authorized representative of the Province, including a person from the Office of the Auditor General or the Office of the Comptroller General, as well as full details of how those expenditures relate to the deliverables identified in Appendix I.

12. APPROPRIATION

12.1 Notwithstanding any other provision of this Agreement, the payment of money by the Province to the Organization is subject to:

- (a) there being sufficient monies available in an appropriation, as defined in the Financial Administration Act (the Financial Administration Act and every amendment made to that Act being collectively called the "Act"), in any fiscal year or part thereof when any payment of money by the Province to the Organization falls due pursuant to this Agreement, to make that payment; and
- (b) Treasury Board, as defined in the Act, not having controlled or limited expenditure, pursuant to the Act, under any appropriation referred to in the preceding paragraph.

13. DEFAULT AND REMEDIES/REPAYMENT

13.1 The Organization will be in default of this Agreement if:

- (a) it breaches any provision of this Agreement, or fails to fulfill any of its obligations set out in the Project; or
- (b) if the audited statement required above contains a qualified opinion.(e.g., a denial of opinion or an adverse opinion)

- 13.2 If the Organization is in default, or if the Organization believes that there is a reasonable likelihood that it will be in default, it will notify the Province immediately. After the Province receives that notice the Parties will meet as soon as practicable to review the situation.
- 13.3 Notwithstanding the requirement to meet set out in section 13.2, the Province may, at any time, at its discretion do one or more of the following:
- (a) withhold any amounts otherwise payable under this Agreement;
 - (b) require the Organization to take reasonable steps to remedy the default;
 - (c) take other steps the Province deems appropriate; or
 - (d) terminate this Agreement.
- 13.4 Notwithstanding sections 13.1-13.3 or section 4.5, if for any reason, the Project is not completed to the satisfaction of the Province, the Organization will repay to the Province the amount of the Province's Contribution paid to the Organization by the Province under this Agreement within 30 days of receipt by the Organization of a written request for repayment from the Province.
- 13.5 Subject to section 4.7, and in addition to the obligation in section 4.6, if the total Eligible Costs, as determined by the Province, are less than the amount of the Province's Contribution paid by the Province to the Organization under this Agreement, the Organization will repay that difference to the Province within 30 days of receipt by the Organization of a written request for payment of that difference from the Province.

14. PROVINCIAL REPRESENTATIVE

- 14.1 Any person designated by me from time to time as the Provincial Representative, may act for the Province with respect to communications, and all matters arising under this Agreement with respect to the Project. Until you are advised to the contrary, Susan Kelly, attached to the Offshore Oil and Gas Branch, is the Provincial Representative.

15. NOTICES

- 15.1 Where in this Agreement any notice or other communication is required to be given by any of the Parties, it will be made in writing. It will be effectively given:
- (a) by delivery to the address of the Party set out below, on the date of delivery; or,
 - (b) by pre-paid registered mail, to the address of the Party set out below, on the fifth business day after mailing; or
 - (c) by facsimile, to the facsimile number of the Party, mentioned in this agreement, on the date the facsimile is sent.

The address and facsimile numbers of the Parties are:

Province:

Ministry of Energy, Mines and Petroleum Resources
Offshore Oil and Gas Division
8th floor 1810 Blanchard Street
Victoria, BC V8W 9N3
Fax: 250-356-0582

Organization:

Nisga'a Nation
PO Box 231
New Aiyansh, BC V0J 1A0
Fax: 250-633-2367

The address or facsimile number set out above may be changed by notice in the manner set out in this section.

16. AMENDMENTS

16.1 This Agreement may only be amended by the agreement in writing of both Parties.

17. NO IMPLIED WAIVER

17.1 A waiver by the Province of any term of this Agreement or of any breach of this Agreement is effective only if it is in writing and signed by the Province and that signed waiver is not a waiver of any other term of, or any other breach of, this Agreement.

18. ENTIRE AGREEMENT

18.1 This Agreement and any amendment of it constitute the entire agreement between the Parties in respect of the Project.

19. INDEMNITY

19.1 The Organization will indemnify and save harmless the Province and the servants, employees and agents of the Province, including the Provincial Representatives, from and against any and all losses, claims, damages, actions, causes of action, cost and expenses that the Province or the servants, employees and agents of the Province, including the Provincial Representatives, may sustain, incur, suffer or be put to by reason of any act or omission of the Organization, or by any servant, employee, or agent of the Organization carrying out or completing the Project.

20. SURVIVAL

20.1 Sections 4.5, 10, 11, 13 and 19 continue in force indefinitely, even after this Agreement ends.

21. SIGNATURES

21.1 This Agreement maybe signed in counterparts.

22. APPENDICES

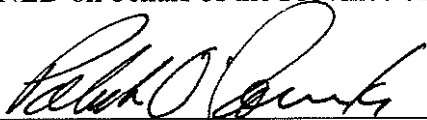
22.1 Appendices 1, 2 and 3 are part of this Agreement.

ACCEPTANCE

Please confirm your acceptance of the terms and conditions of this Agreement, by dating and executing all three copies of this Agreement in the space and manner indicated below and returning two copies to me, free of any conditions, at your earliest convenience. You may retain one copy for your records. Note that in signing or executing below, you are committing to an agreement, which is binding on the Nisga'a Nation.

The Province recognizes that the Project is a positive and valuable contribution to the promotion of economic development in British Columbia. I look forward to receipt of your confirmation.

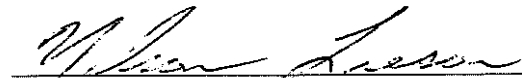
SIGNED on behalf of the Province of British Columbia, this 9th day of October 2007.



Patrick O'Rourke, Assistant Deputy Minister
Titles and Offshore Division
Ministry of Energy, Mines and Petroleum Resources

Agreed to this 9th day of October, 2007

SIGNED on behalf of the Nisga'a Nation



Nelson Leeson, President
Nisga'a Nation

APPENDIX 1

See proposal starting on next page.

PROPOSAL TO BRITISH COLUMBIA

**to continue the Nisga'a Nation Offshore Oil and Gas Information Project and to
take initial steps toward implementing Section 3.2 of the Protocol**

September 12, 2007

A. INTRODUCTION AND BACKGROUND

On January 5, 2005, the Nisga'a Nation and the Province of British Columbia entered into a Protocol Respecting Offshore Oil and Gas which has been extended by agreement of the Parties to December 31, 2007.

In the Protocol, the Parties acknowledge that exploration and development of offshore oil and gas must be done in an environmentally responsible and scientifically sound manner.

Under Section 2.1 of the Protocol, the Parties have acknowledged that they share an interest in:

- “(a) identifying and understanding the potential environmental, economic, social and cultural benefits, risks or opportunities arising from exploration and development of offshore oil and gas;
- (b) identifying the interests and concerns that the Nisga'a Nation may have in relation to exploration and development of offshore oil and gas;
- (c) exploring how the interests and concerns of the Nisga'a Nation could be addressed through their potential involvement in the regulation, environmental assessment and management of the exploration and development of offshore oil and gas; and

- (d) collaborating on the provision of information and education materials to Nisga'a citizens in respect of exploration and development of offshore oil and gas."

Pursuant to the Protocol, the Nisga'a Nation and the Province entered into a Contribution Agreement dated May 10, 2006 which sets out a process for the development of an Offshore Oil and Gas Information Project for the Nisga'a Nation. The purpose of the Information Project was to take initial steps to implement section 3.1 of the Protocol which reads:

"The Parties intend to work collaboratively to provide information about potential exploration and development of offshore oil and gas to Nisga'a citizens by:

- (a) identifying information needs of the Nisga'a Nation in respect of the exploration and development of offshore oil and gas;
- (b) adapting information on exploration and development of offshore oil and gas to address the Nisga'a Nation information needs;
- (c) sharing information and educational materials on exploration and development offshore oil and gas; and
- (d) conducting information events for the Nisga'a Nation."

The intention of the Parties to the Protocol are further set out in sections 3.2 and 3.3 of the Protocol which reads:

"The Parties intend to work collaboratively to examine options in respect of a fiscal and regulatory regime for exploration and development of offshore oil and gas, including options for:

- (a) environmental assessment;
- (b) royalties and taxation;
- (c) issuance of exploration and development rights and obligations;
- (d) the framework of a regulatory agency and the nature of its processes (including project and activity approvals, and regulating operations including health, environmental and safety standards);

- (e) the role of the Nisga'a Nation in the fiscal and regulatory regime; and
- (f) the distribution of economic and other benefits.

The Parties intend to work collaboratively to examine options for identifying:

- (a) exclusion zones and other areas requiring special consideration; and
- (b) the extent to which baseline data is required and the means by which baseline data, including traditional Nisga'a knowledge, could be collected in respect of future exploration and development of offshore oil and gas."

B. PURPOSE

The Purpose of this Project is to continue the Nisga'a Nation's Offshore Oil and Gas Information Project and to take initial steps toward implementing certain aspects of section 3.2 of the Protocol (the "Project"). The objective of the Project will be to:

- continue to inform the Nisga'a Lisims Government Executive, Officers and key employees about potential future offshore oil and gas exploration development;
- continue to provide information to the Nisga'a communities, Nisga'a citizens and Nisga'a Urban Locals through the Nisga'a Lisims Government website and other forms of media as required;
- continue to raise the level of knowledge and awareness of Nisga'a citizens in respect of potential future offshore oil and gas exploration and development and to elicit their views on the issues;

- continue to engage the Nisga'a Nation on issues related to the potential future offshore oil and gas exploration and development through attending workshops, acquiring updated information and participating in a dialogue with the Province and industry;
- communicate with other Coastal First Nations with a view to developing a forum to provide and exchange information on offshore oil and gas exploration and development; and
- engage in preliminary discussions between the Nisga'a Nation and the Province on initial steps to be taken to begin to implement section 3.2 of the Protocol.

The Project will include the following:

1. Hiring an Information Project Coordinator to continue the Offshore Oil and Gas Information Project by:
 - (a) updating that portion of the Nisga'a Lisims Government website entitled "Nisga'a Lisims Government Offshore Oil and Gas Historical Information Site" and continuing to use the website to monitor Nisga'a citizens' responses to the Offshore Oil and Gas Questionnaire;
 - (b) interviewing those Nisga'a citizens who have filled out the Offshore Oil and Gas Questionnaire in order to elicit their views and concerns

relating to offshore oil and gas issues; and

- (c) providing the Nisga'a Lisims Government Executive with updates on the Project necessary and organizing workshops or presentations for Nisga'a Lisims Government Officers, Executive and key employees.
2. Attending and participating in offshore oil and gas workshops and conferences.
 3. Developing, with other Coastal First Nations, a First Nations' forum which is intended to provide an avenue through which information can be obtained and exchanged on offshore oil and gas issues with a view to ensuring a common knowledge base among all Coastal First Nations on offshore oil and gas issues.
 4. Reviewing scientific and technical studies of offshore oil and gas.
 5. Engaging in preliminary discussion between the Nisga'a Nation and the Province on initial steps to implement sections 3.2 of the Protocol.

C. PROJECT IMPLEMENTATION

Implementation of the Project will be overseen by the Nisga'a Lisims Government. The day-to-day implementation of the Project will be the responsibility of the Coordinator who will be retained on contract by the Nisga'a Lisims Government Executive. The Coordinator will report to the CEO of the Nisga'a Lisims Government or his designate. The Coordinator will work with the Nisga'a Lisims Government Offshore Oil and Gas Project Working Group.

The Project will be implemented in six stages as follows:

1. Project Coordinator

- Hire a Project Coordinator by September 24, 2007.

2. Surveys

- A follow-up survey of Nisga'a citizens who responded to the Offshore Oil and Gas Questionnaire will be designed and conducted with a view to identifying concerns raised by Nisga'a citizens. The objective of the follow-up survey is to understand the ongoing information needs of Nisga'a citizens and to elicit the views of Nisga'a citizens in respect of offshore oil and gas exploration and development issues. The survey will

be developed by the Working Group.

- The results of the survey and any follow-up interviews will be compiled by the Working Group. Technical expertise will be obtained to assist in the development, conduct and compilation of the survey.
- A sample survey and a summary of the survey results will be provided to the B.C. Offshore Oil and Gas Branch upon completion.
- The target date for drafting the survey is October 17, 2007.
- The target date for finalizing the survey is October 31, 2007.
- The target date for completion of interviews is February 28, 2008.
- The target date for completing the analysis of the data and submitting the summary results to the B.C. Offshore Oil and Gas Branch is March 31, 2008.

3. Initial Discussion Regarding Implementing Section 3.2 of the Protocol

- The Offshore Oil and Gas Project Working Group and representatives of the B.C. Offshore Oil and Gas Branch (the Parties) will meet to discuss

initial steps to implement certain aspects of 3.2 of the Protocol.

- Out of those discussions, the Parties will jointly identify initial steps that could be taken to implement certain aspects of s. 3.2 of the Protocol in the next fiscal year or that could be the focus of further study in the next fiscal year.
- A list of the potential jointly identified initial steps will be provided to Nisga'a Lisims Government Executive by February 28, 2008 and will be included in the Final Report due March 31, 2008.

4. Project Information

- Any ongoing information obtained by the Working Group will be posted on the NLG website and with other media as determined by the Working Group.
- Additional information will also be distributed with the assistance of the Nisga'a Village Government and Nisga'a Urban Locals.
- A progress report on the Project will be provided to the B.C. Offshore Oil and Gas Branch by December 21, 2007.

- A final report on the Project will be provided to the Offshore Oil and Gas Branch by March 31, 2008.

5. Networking and Conferences

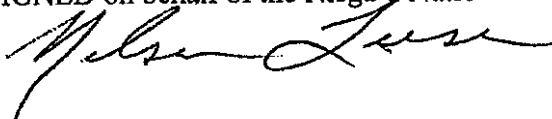
- The Coordinator and Working Group members will continue to attend workshop and conferences held by industry, government or private interests in order to assist in gathering and developing the communication package and in developing an interest statement for the Nisga'a Nation regarding Offshore Oil and Gas Exploration and Development.
- The Working Group will communicate with other Coastal First Nations to develop and participate in a forum regarding offshore oil and gas exploration and development.
- At least one facilitated workshop will be arranged for Working Group members, Nisga'a Lisims Government Executive, Officers and key employees. The facilitated workshop will be delivered by the Coordinator with a representative from the Offshore Oil and Gas Branch in attendance.
- The Working Group will report to the B.C. Offshore Oil and Gas Branch in writing at the conclusion of the Project setting out the workshops and events attended by the Coordinator and Working Group members. The

report will include the names of representatives, the dates of conferences attended and a report on the facilitated workshop.

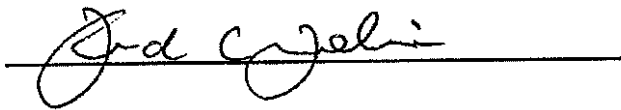
- The target date for completion of the final report is March 31, 2008.

This Proposal is dated the 14th day of September, 2007

SIGNED on behalf of the Nisga'a Nation



In the presence of:



Schedule 1**Summary of Project Deliverables**

Deliverable	Date
Develop survey for Nisga'a citizens	October 31, 2007
Conduct interviews, compile and analyze information from completed surveys.	March 31, 2008
Interim progress report & interim financial report.	December 21, 2007
List of preliminary issues regarding certain aspects of section 3.2 of the Protocol	February 28, 2008
Facilitated workshop for Nisga'a Lisims Government Executive.	By February 28, 2008
Final report on project including financial statement.	March 31, 2008

APPENDIX 2

**PROJECT BUDGET
September 2007 TO MARCH 31, 2008**

Information Project Coordinator	\$35,000
Project Administration	\$ 8,000
Website services and expertise for planning	\$15,000
Travel Expenses	\$16,000
Project Consultants	\$21,000
TOTAL:	\$95,000

APPENDIX 3

CERTIFICATE OF EXPENDITURES
(Section 11.1(b)(ii))

(The following must be provided by a senior official of the Organization who has financial responsibility within the Organization and the authority to sign the Certificate of Expenditures.)

I have examined the attached Financial Statement, including supporting documentation, invoices, receipts and any reports or other materials required to be produced under the agreement entered into between Her Majesty the Queen in Right of British Columbia as represented by the Offshore Oil and Gas Division and the Nisga'a Nation (the "Organization") dated _____, 20__ (the "Contribution Agreement"). I have read the Contribution Agreement, including all supporting Appendices and other related documentation. Having done so, I certify that:

- 1) The Financial Statement is accurate, complete and sets out all expenditures for all Eligible Costs identified in the Budget which is Appendix "2" of the Contribution Agreement.
- 2) All expenditures set out in the Financial Statement are "Eligible Costs" as defined in the Contribution Agreement.
- 3) The "Project" as defined in the Contribution Agreement has been completed.
- 4) Original copies of all documentation supporting expenditures set out in the Financial Statement are on file at _____.
- 5) The Financial Statements and all of the documentation referred to in paragraph 4 will be retained by the Organization for at least three years and made available for review by any authorized representative of the Province, including a person from the Office of the Auditor General or the Office of the Comptroller General on reasonable notice.

Authorized Signatory

Date

(Print Name and Position in the Organization)