

## Sample Letter of Credit

(DATE OF ISSUE)

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

### BENEFICIARY

The Receiver General for Canada  
as represented by the Director,  
Oil and Gas Management Directorate,  
Northern Oil and Gas Branch  
Department of Indian Affairs and  
Northern Development  
6th floor, 10 Wellington Street  
Hull, Quebec  
K1A 0H4

### APPLICANT

AMOUNT \$.....Cad.  
(amount in words)---00/100 Canadian Dollars

### EXPIRY DATE

at our counters in OTTAWA, Ontario

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 Credit is given in support of the Customer's agreement with the Oil and Gas Management Directorate, Northern Oil and Gas Branch, Northern Affairs Sector, Department of Indian Affairs and Northern Development, and Exploration Licence No #..... (the "Licence") and relates to the Terms and Conditions in the Licence dated (**Date of Licence**), equal in the amount to the sum of this Credit.

**(In the event that the Exploration Licence has not yet been issued, then refer to the Parcel No..... and Call for Bids name, date, and indicate that an Exploration Licence will be issued for this Parcel).**

Our obligation to pay 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, 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 signed by the Beneficiary or an authorized representative that the Customer is in default under the terms of the Licence.

Partial drawings are permitted.

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

It is a condition of this Letter of Credit that it **shall be deemed to be automatically extended** without amendment, for one year from the present or any future expiration date hereof, **unless one hundred and twenty (120) days** prior to any such date, we shall notify the Beneficiary in writing at the address noted above, by Certified Mail that we elect not to consider this 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 accompanied by your above written certificate.

This Irrevocable Standby Letter of Credit is subject to the Uniform Customs and Practices for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500. Notwithstanding Article 17 of said Publication, if this Documentary Credit expires during an interruption of business as described in Article 17, we agree to effect payment if this Documentary Credit is drawn on us within fifteen (15) days after resumption of business.

Countersigned:

\_\_\_\_\_  
(Authorized Signature)

\_\_\_\_\_  
(Authorized Signature)