

September 11, 2007

5120(1)
Elmworth Energy Corporation
1250 3rd Ave. Sw Ave
SUITE 521
Calgary, AB
T2P 3T3

Dear [5120(1)

**RE: Approval to Withdrawal Water- Kennetcook River Approval No. 2007-058835,
Authorization Number 4032**

Enclosed please find Approval # 2007-058835, Authorization # 4032 to Withdrawal Water on Kennetcook River at Kennetcook, Hants County, Nova Scotia.

This approval or a copy is to be kept on-site at all times. All personnel involved in the project must be made fully aware of the terms and conditions of this approval. The terms and conditions are shown as attached and it is the Approval Holder's responsibility to ensure that they are followed. Failure to comply with the terms and conditions is an offence under the *Environment Act*.

It is the Approval Holder's duty to advise the Department of any new and relevant information respecting any adverse effect that results or may result from the approved activity, which comes to the Approval Holder's attention after the issuance of the approval. This is required under Section 60 of the *Environment Act*.

If the activity is altered, extended or modified beyond the description given in this Notification, please reapply as a new Notification may be required.

Please provide the undersigned with three days notice prior to the commencement of the work.

This Approval does not constitute an Authorization to harmfully alter, disrupt or destroy fish habitat as regulated under 35(1) of the Fisheries Act. The Department of Fisheries and Oceans (DFO) may assess whether a harmful alteration, disruption or destruction of fish habitat (HADD) will occur as a result of the work and its interaction with fish including species protected under the Species at Risk Act (SARA). To aid in the review of some low risk activities a series of Operational Statements (OS) have been developed by DFO outlining conditions for avoiding HADD. You can access the OS's from the Canada Waters Internet site:

B21

APPROVAL

Province of Nova Scotia
Environment Act, S.N.S. 1994-95, c.1

APPROVAL HOLDER: Elmworth Energy Corporation

APPROVAL NO: 2007-058835

AUTHORIZATION NO: 4032

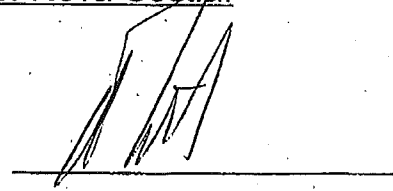
EFFECTIVE DATE: September 11, 2007

EXPIRY DATE: September 11, 2008

Pursuant to Part V of the *Environment Act*, S.N.S. 1994-95, c.1 as amended from time to time, approval is granted to the Approval Holder subject to the Terms and Conditions attached to and forming part of this Approval, for the following activity:

Water Withdrawal from Kennetcook River at 443256E and 5002738N in Kennetcook, East Hants County in the Province of Nova Scotia.

Administrator



Effective Date

Sept 29/07

B24

TERMS AND CONDITIONS OF APPROVAL

Nova Scotia Environment and Labour

Approval Holder: Elmworth Energy Corporation

Project: Withdrawal Water

Site: Kennetcook River
Kennetcook, Hants County

Approval No: 2007-058835

Authorization No: 4032

File No: 95100-30BED-058835

Map Series: 11E/4

Grid Reference: E - 443256 N - 5002738

Reference Documents:

- Application dated September 14, 2007 and attachments.
- DFO Freshwater Intake End-of-Pipe Fish Screen Guideline

1.0 Definitions:

- a) "Act" means the *Environment Act* S.N.S. 1994-1995, c.1 and includes all regulations made pursuant to the Act.
- b) "Department" means the Central Region, Bedford Office, of Nova Scotia Environment and Labour located at the following address:

Nova Scotia Environment and Labour
Environmental Monitoring and Compliance Division
Central Region, Bedford Office,
Suite 224, 1595 Bedford Highway,
Bedford, Nova Scotia, B4A 3Y4.

Phone: (902) 424-7773

B05

Fax: (902) 424-0597

- c) "Minister" means the Minister of Nova Scotia Environment and Labour.
- d) "Watercourse" means
 - (i) the bed banks and shore of every river, stream, lake, creek, pond, spring, lagoon or other natural body of water, and the water therein, within the jurisdiction of the Province, whether it contains water or not, and
 - (ii) all groundwater;
- e) "Wetland" means lands commonly referred to as marches, swamps, fens, bogs, and shallow water areas that are saturated with water long enough to promote wetland of aquatic processes which are indicated by poorly drained soil, vegetation and various kinds of activity which are adapted to a wet environment.

2.0 Scope of Approval

- a) This Approval (the "Approval") relates to the Approval Holder and their application and supporting documentation, as listed in the reference documents above, to construct the Withdrawal Water on Kennetcook River situated at or near Kennetcook, Hants County.
- b) Under authority of this approval, the watercourse alterations specified in 2 a) shall be conducted between June 1st and September 30th (inclusive) of the same calendar year unless otherwise stated in the site specific terms and conditions.
- c) This Approval supercedes previous approval number (s) which is/are now null and void.

3.0 General Terms and Conditions

- a) The Approval Holder shall construct the watercourse alterations in accordance with provisions of the:
 - i) *Environment Act* S.N.S. 1994-1995, c.1;
 - ii) Regulations pursuant to the above Act;
 - iii) Nova Scotia Watercourse Alteration Specifications, n/a current edition.
- b) Nothing in this Approval relieves the Approval Holder of the responsibility for obtaining and paying for all licences, permits, approvals or authorizations necessary for carrying out the work authorized to be performed by this Approval which may be required by municipal by-laws or provincial or federal legislation.

B216

The Minister does not warrant that such licences, permits, approvals or other authorizations will be issued.

- c) No authority is granted by this Approval to enable the Approval Holder to construct the watercourse alterations on lands which are not in the control or ownership of the Approval Holder. It is the responsibility of the Approval Holder to ensure that such a contravention does not occur.
- d) If there is a discrepancy between the reference documents and the terms and conditions of this Approval, the terms and conditions of this Approval shall apply.
- e) The Minister or Administrator may modify, amend or add conditions to this Approval at anytime pursuant to Section 58 of the Act.
- f) This Approval is not transferable without the consent of the Minister or Administrator.
- g) (i) If the Minister or Administrator determines that there has been non-compliance with any or all of the terms and conditions contained in this Approval, the Minister or Administrator may cancel or suspend the Approval pursuant to subsections 58(2)(b) and 58(4) of the Act, until such time as the Minister or Administrator is satisfied that all terms and conditions have been met.

(ii) Despite a cancellation or suspension of this Approval, the Approval Holder remains subject to the penalty provisions of the Act and regulations.
- h) The Approval Holder shall notify the Department prior to any proposed extensions or modifications of the activities outlined in the original Application for Approval.
- i) Pursuant to Section 60 of the Act, the Approval Holder shall submit to the Administrator any new and relevant information respecting any adverse effect that actually results, or may potentially result, from any activity to which the Approval relates and that comes to the attention of the Approval Holder after the issuance of the Approval.
- j) The Approval Holder shall immediately notify the Department of any incidents of non-compliance with this Approval.
- k) The Approval Holder shall bear all expenses incurred in carrying out the environmental monitoring required under the terms and conditions of this Approval.