



September 19, 2016

Board of Directors
Cowichan Valley Regional District
175 Ingram Street
Duncan, BC V9L 1N8

Dear Chair Lefebure

Re: Steelhead LNG and Seven Generations Energy Strategic Partnership

We are writing to provide you with an update on Steelhead LNG's proposed liquefied natural gas ("LNG") production and export facilities on Vancouver Island.

We are pleased to announce that Steelhead LNG and Alberta-based Seven Generations Energy Ltd. (TSX:VII) have entered into a strategic partnership. Under the arrangement, Seven Generations has acquired a stake in Steelhead LNG and entered into a development agreement to explore new midstream infrastructure to provide export markets for Seven Generations' production and to support Steelhead LNG's proposed natural gas liquefaction and export projects on Vancouver Island. The arrangement also provides increased certainty of Canadian gas supply for Steelhead LNG.

As you are likely aware, Steelhead LNG is proposing to develop the Malahat LNG and Sarita LNG projects on Vancouver Island. Steelhead LNG and Seven Generations are both Canadian companies with the shared values of developing projects with low emissions, minimizing environmental impacts and working collaboratively with Aboriginal groups and communities.

Enabling countries to shift away from GHG-intensive energy sources such as coal and oil to reduce global greenhouse gas and particulate emissions, which impact Canada and other parts of the world, is a global priority. Steelhead LNG and Seven Generations are uniquely poised to support this effort by providing low-cost delivery of cleaner-burning natural gas produced through sustainable practices that limit emissions throughout the Canadian supply chain. The proximity of Steelhead LNG's proposed projects to market also reduces emissions during shipping.

Steelhead LNG is currently continuing to refine its At-Shore LNG (ASLNG) concept design, which makes use of floating LNG production and storage units permanently moored to marine jetties. The concept will contribute to the low impact, low cost development of Steelhead LNG's proposed Malahat LNG and Sarita LNG projects.

The ASLNG concept requires a limited land-based footprint at each site, significantly reducing potential local impacts and potentially allowing for remediation of existing brownfield land and an efficient decommissioning process at the end of the facility lifespan.



Once we have furthered the concept design, considering and incorporating feedback we have received from Aboriginal groups and the community, we will be in a position to initiate the regulatory process.

If you would like to discuss further, please do not hesitate to contact Carol Greaves, Community Lead at Steelhead LNG at (250) 896 0342 or via email at carol.greaves@steelheadlng.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Nigel Kuzemko".

Nigel Kuzemko
CEO
Steelhead LNG

cc Board