

May 17, 2022

Calgary Head Office
Suite 1000, 250 – 5 Street SW
Calgary, Alberta T2P 0R4
Canada

BY EMAIL ONLY

www.aer.ca

Christopher Doornbos
E3 Metals Corp. (BA CODE A8KW)

Eligibility for E3 Metals Corp. under *Directive 067*

Dear Christopher Doornbos,

On August 3, 2021, the Alberta Energy Regulator (AER) granted General Eligibility (attached) under *Directive 067: Eligibility Requirements for Acquiring and Holding Energy Licences and Approvals (Directive 067)* to E3 Metals Corp. (E3 Metals), to hold AER energy licences and approvals.

Under *Directive 067*, the AER may condition licence eligibility in certain circumstances. As E3 Metals proposes to apply for well licences, and for the following reasons, the AER has decided to reassess E3 Metals' eligibility:

- The AER understands E3 Metals intends to submit applications for three new, stand-alone, brine water production wells to sample water for mineral concentrations and test aquifer properties. The AER has determined that these wells will be licensed under the *Oil and Gas Conservation Act (OGCA)*, prior to the proclamation of Bill 82: the *Minerals Resource Development Act (MRDA)*.
- Well licences issued under the *OGCA*, including those for stand-alone brine water production wells, are subject to the requirements of the *OGCR* and the directives thereunder regardless of whether those directives indicate they apply to upstream petroleum, oil and gas operations, or oil and gas reservoirs.
- The proposed wells will not be subject to the orphan fund levy and, therefore, will not be eligible for designation as orphan wells under Part 11 of the *OGCA*. Should E3 Metals fail to provide reasonable care and measures to prevent impairment or damage in respect of the wells or fail to meet its end-of-life obligations, the costs associated with those liabilities will not be covered by the orphan fund.
- Once the *MRDA* is proclaimed, wells such as those proposed by E3 Metals will be under the *MRDA* and will then be regulated by that Act and the rules and directives under it. Under

the *MRDA*, wells such as those proposed by E3 Metals will be subject to a comprehensive liability program and may be subject to additional regulation and conditions.

- The AER may apply discretion to require a licensee to conduct a site-specific liability assessment in accordance with *Directive 001: Requirements for Site-Specific Liability Assessments in Support of the ERCB's Liability Management Programs* or as otherwise directed. Additional security deposits may be required for any new activities E3 Metals proposes under the *OGCA*.
- Section 1.100 of the *OGCR* gives the AER broad authority to require a licensee to provide a security deposit.
- Under section 1.300(2) of the *OGCR*, the AER may grant licence or approval eligibility subject to any restrictions, terms or conditions the AER considers appropriate.

Considering the circumstances with respect to E3 Metal's proposed development, the AER has determined that E3 Metals must, as a condition of eligibility, pay security in the amount of \$<original amount redacted> prior to applying for licences for its proposed wells. There is no change to E3 Metal's eligibility status.

This security amount was calculated using well information provided by E3 Metals and liability risk assessment calculation methods outlined in *Directive 006* and *Directive 011*. Both of which considered the unique circumstances of the proposed development.

The amount of security that has been calculated as a condition of this eligibility assessment is non-negotiable. Information regarding security deposits, including the methods of payment the AER accepts, can be found in *Directive 068: ERCB Security Deposits (Directive 068)*. Please address your security deposit to the attention of **Finance Department**.

Guidance on how to apply within the AER's OneStop system will follow in separate correspondence.

Please sign and date the below, accepting the condition of E3 Metals' eligibility within 5 business days of receipt of this decision and return a copy of the signed letter to Directive067@aer.ca. If and once the condition is accepted, E3 Metals will have 30 calendar days to submit the deposit in accordance with *Directive 068*.

You may file a request for regulatory appeal against an AER decision if you meet the criteria within section 36 of the *Responsible Energy Development Act*. Filing instructions and forms are located at <https://www.aer.ca/regulating-development/project-application/regulatory-appeal-process>.

If you have questions or concerns, please contact Directive067@aer.ca.

Sincerely,

<original signed by>

Trevor Gosselin
Director, Transfers, SOC & Support
Regulatory Applications

/lb

Attachment (1): **D067 General Eligibility - E3 Metals**

cc: Lane Peterson, AER
Steve Thomas, AER
Shaunna Cartwright, AER
Alana Hall, AER
Naren Makwana, AER
Dave Hardie, AER

Accepted and agreed to on 05/18/2022.
Month, Day, Year

<original signed by>

Signature

Chris Doornbos
Print Name

CEO
Title

E3 METALS CORP.