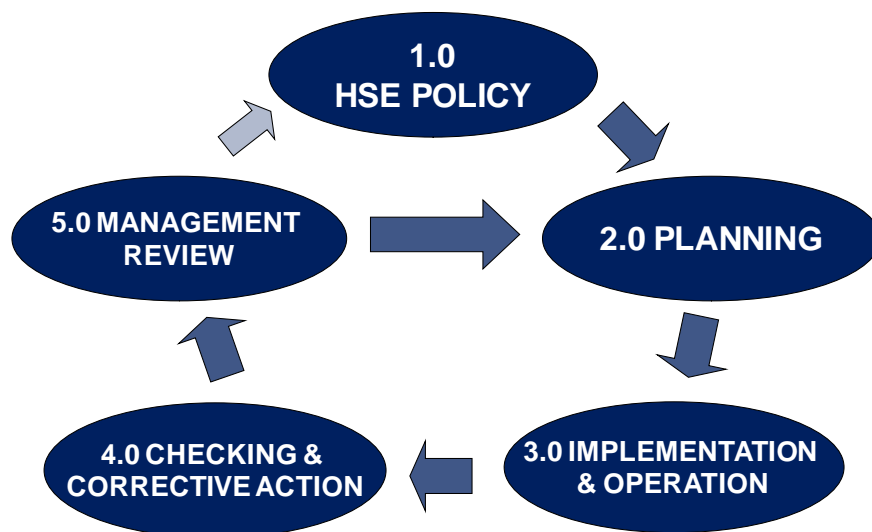


Walter C. Tersmette & Associates Ltd.



HEALTH, SAFETY & ENVIRONMENTAL MANAGEMENT SYSTEM



Revised: November 16, 2013

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INTRODUCTION

WCT & Associates (WCT) is in the business of finding, developing and producing oil and gas resources in Canada's Northwest Territories and Arctic regions. We expect to create value through our core value chain, which consists of five discrete processes:

- Acquisition and Asset Management (Current)
- Exploration (Current)
- *Development (Future)*
- *Production (Future)*
- *Marketing and Transportation (Future)*


Our Mission is expressed through our business plan and objectives, and our Vision is expressed in our WCT Policies. These policies in turn drive our corporate management systems, which embed our values and standards into all aspects of our business.

WCT values the concept of sustainable development¹ and the commitment to a safe working environment for our employees. WCT is committed to the protection of the environment and the health and safety of our employees, contractors and the public.

Safety and environmental stewardship are critical aspects of WCT's business. We will:

1. Build a culture based on safe and environmentally responsible operations. We stand for the proposition that our work can be carried out without harm to individuals or lasting impact to the environment.
2. Use a Health, Safety and Environmental Management System based on best practices.
3. Make Health, Safety and Environment (HSE) a consistent component of the corporate decision making process in all phases of our operations.
4. Commit to continuous improvement by monitoring compliance with regulations and our internal standards and by striving for performance.

¹ Sustainable development has been defined by the United Nations World Commission on Environment and Development as: "Development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

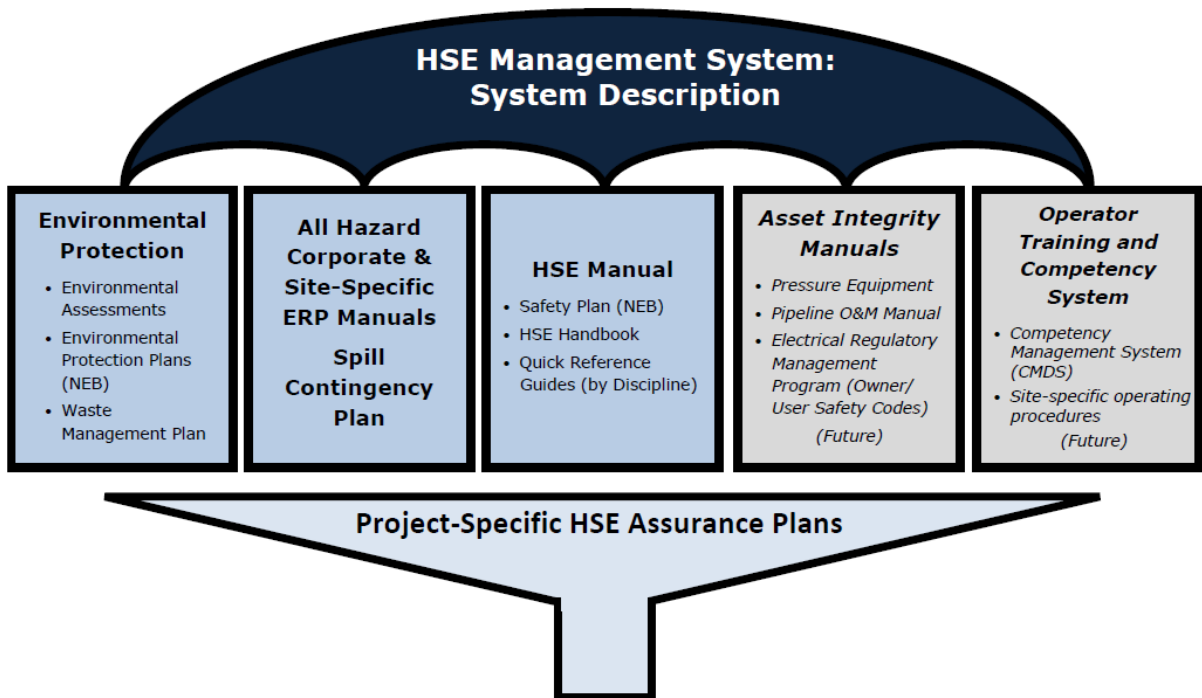
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I HSE POLICY AND PROTECTION PRIORITIES

The Health, Safety and Environment Policies apply to all WCT activities. Together, WCT's policies set the overall HSE expectations of the organization and contain a commitment to continual improvement. The policies are the starting point for setting WCT's HSE objectives and targets. WCT's Management commitment, expectations, and the resulting system requirements, processes and procedures flow from these policies.

WCT's HSE Policies are included in Section 1.0 of this HSE Management System document. Copies of other relevant policies are included in WCT's HSE Manual.


Figure 1.1 below, illustrates the relationship between core company HSE documents.



WCT's HSE protection priorities are to:

- Protect local communities from adverse health effects from our operations.
- Provide a safe workplace for all employees and contractors, by promoting an accident-free workplace, minimizing exposure to hazardous substances and anticipate, evaluate and manage risk.
- Protect the environment from unnecessary impact and degradation.
- Maintain a positive corporate image by communicating openly about our policies, programs and performance.


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WCT believes that our protection priorities can best be achieved by:

- Implementing a comprehensive Health, Safety and Environmental (HSE) Management System (MS) that enables our company to operate with a systematic approach, ensuring continuous improvement.
- Working with our business partners who conduct their activities in a manner consistent with health, safety and environmental considerations and meet or exceed the expectations outlined in WCT's HSE Policy Statements and the WCT HSE Manual.
- Standardizing our contractor selection process and to clearly define how work is to be conducted on WCT's behalf. .
- Conducting our business to meet or exceed the higher of either WCT or local HSE regulatory requirements² in all jurisdictions in which we operate.

² A concordance table is included in Appendix 1 to demonstrate the linkage between the contents of WCT's Health, Safety & Environment Management System document and the requirements specified for the Northwest Territories in accordance with Part 2, Section 5 of the Canada Oil and Gas Drilling and Production Regulations, the primary safety regulations governing WCT's operations.

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II HSE MANAGEMENT SYSTEM FRAMEWORK

Strong HSE performance requires both a sound program, to act as a guide, for activities and a positive culture where HSE is an integral part of the corporate value system. The following criteria³ are important to the continued success of any Management System:

- Senior management is visibly committed.
- Frontline management leads the process and is actively involved.
- Supervision is performance focused.
- Workers are engaged and actively participating.
- HSE system is based on defined values but with flexibility to meet site-specific needs.
- HSE system is positively viewed by the workforce.

WCT has implemented an HSE Management System (HSE MS) to manage health, safety and environmental hazards / aspects associated with the company's operations. The Management System provides the structure for the delivery of the health, safety, and environment policy commitments made by WCT. The following figure illustrates the continuous improvement framework on which WCT's management system is based.

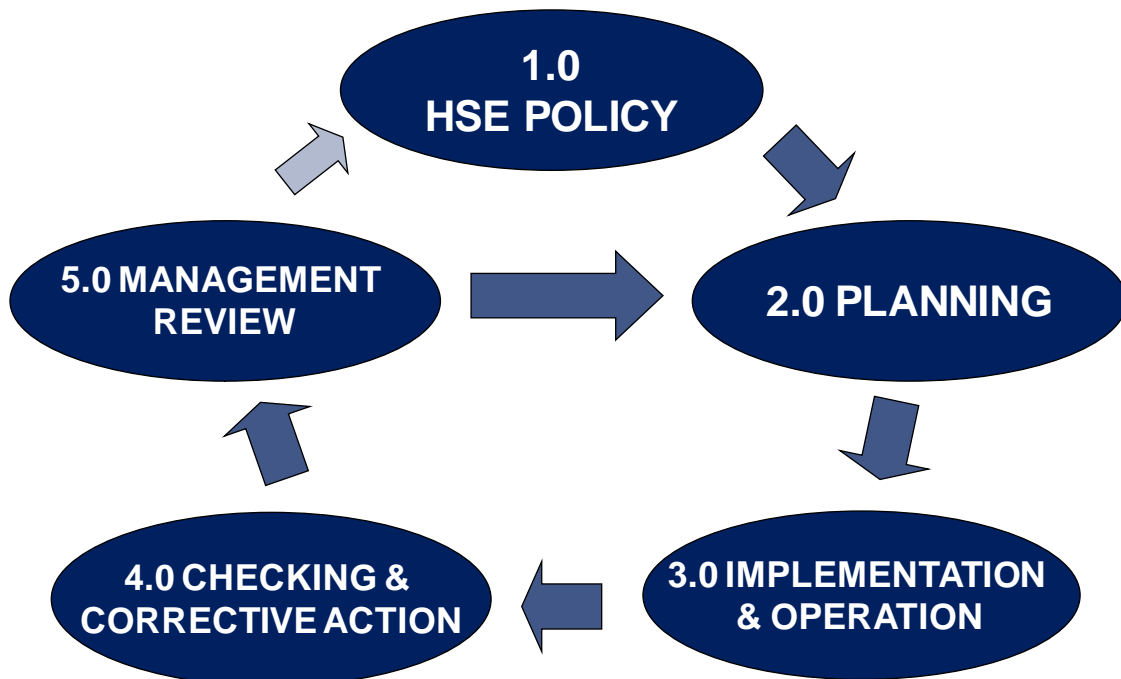



Figure 1.2 – Continual Improvement Framework

³ Based on the work of Dan Petersen, Ph.D.

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WCT's HSE Management System has been structured to:

- Ensure that there is commitment from WCT's Senior Management for the protection of employees, contractors, the public and the environment;
- Ensure that the HSE hazards and the potential effects of those hazards inherent in WCT's operations have been systematically identified and risks associated with the hazards are assessed and are reduced to acceptable levels;
- Monitor the risk management processes to assess their effectiveness, and review and modify risk management processes where necessary to ensure that there is continual improvement in the management of HSE related risks.


The management system⁴ provides a framework to ensure that health, safety and environmental issues are systematically identified, controlled, and monitored. There are several reasons for selecting these standards as models for the framework:

1. The ISO/CSA 14004 Environmental Management Systems is a widely accepted international Standard for Environment Management Systems.
2. The standards incorporate the concept of continual improvement.
3. The standards are consistent with the key elements found in most management system models of industry's leading performers.
4. In addition, development of the HSE Management System and HSE Manual has been influenced by the following documents:
 - Canada Oil and Gas Drilling and Production Regulations
 - Canada Oil and Gas Operational Safety and Health Regulations
 - NWT Safety Act and General Safety Regulations

Every person in the organization has a personal responsibility for HSE. Therefore, if activities are to proceed safely and in an environmentally responsible way, roles and responsibilities must be clearly defined by management, clearly communicated and rigorously followed within the WCT organization. This means:

- Those who are planning, designing, and managing the work must be aware of hazards and ensure appropriate plans and controls are developed and implemented. They are also responsible for providing resources to implement and manage developed plans and controls.
- Those who are supervising activities must be aware of the plans, and are capable of implementing them. They must be able to recognize and respond to changing conditions.

⁴ The system is based on CSA 14004:04, CSA Z1000-06: Occupational Health and Safety Management Systems, Enform Guideline: Introduction to Safety Management Systems, and OHSAS 19001

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- Those who are doing the work must understand work plans, be able to recognize hazards and have the knowledge and training of the equipment and procedures to complete the work safely and in an environmentally responsible way.

III MANAGEMENT SYSTEM “ROADMAP”

The WCT HSEMS consists of 5 main components: establishing Policy, Planning, Implementing, Monitoring and Checking and finally, Review. These describe the process of continual improvement shown in Figure 2 on page 10.

The overall system consists of 16 elements, each of which is described in detail in this document. Each program element consists of the following subsections:

- a. **Objectives:** Includes the Objective(s) established for the element.
- b. **Expectations:** There are clear expectations established for each WCT HSE Management System element. The expectations describe what is required to achieve the element’s objective. The specific details and requirements for each expectation are included within this HSE Management System and supported by its associated HSE Manual.
- c. **Key Actions:** Specific Key Actions are provided for each set of expectations. The Key Actions detail the specific actions that are required to achieve the expectations for each element. The Key Actions are used to generate annual WCT HSE Work Plans.
- d. **Program Documents:** The specific programs and references that support each element are provided in this section. These documents detail the requirements needed to manage hazards and risks in line with the HSE policy. The majority of these programs are located in the WCT HSE Manual.
- e. **External Documents and References:** Any external codes, standards or regulatory references that the element is developed to adhere to are referenced in this section.

An overview of WCT’s HSE Management System Roadmap is included for reference on page 9 of this Introduction. The Road Map illustrates the management system graphically, and shows the programs and content which is included within each of the elements described above.

The majority of the content specific to the company’s HSE systems is documented in the WCT HSE Manual and Handbook. The cover pages for these documents are also included on this website.