STEELHEAD LNG AND HUU-AY-AHT FIRST NATIONS SIGN OPPORTUNITY DEVELOPMENT AGREEMENT FOR LNG PROJECT ON HUU-AY-AHT FIRST NATIONS LAND AT SARITA BAY

VANCOUVER, BC (July 8, 2014) – Steelhead LNG Corp. and the Huu-ay-aht First Nations (HFN) today announced they have signed an Opportunity Development Agreement that will see them work together to explore developing a liquefied natural gas (LNG) project on HFN-owned land at Sarita Bay, approximately 10 kms north of Anacla at the southern end of Alberni Inlet on Vancouver Island.

The project, which would include a land-based liquefaction facility, could ultimately represent an investment of US$30 billion and create hundreds of direct jobs from design through construction, and hundreds of additional full-time operational jobs should the project go ahead. If the project goes ahead, the facility would run for at least 25 years.

On July 8, Steelhead LNG applied to the National Energy Board for a license to export up to 30.0 million tonnes of LNG per year for 25 years. The development of the Sarita Bay site would be split into four 6 mtpa (million tonnes per annum) LNG production trains, which is reflected in the application. Steelhead LNG is currently working with pipeline companies to explore infrastructure options to deliver the gas from northern British Columbia to western Vancouver Island, and options for an additional 6.0 mtpa LNG export facility along a pipeline route.

Steelhead and HFN were introduced by the Port Alberni Port Authority (PAPA), which developed strong relationships with both parties as part of its mandate to foster economic development in the region. In 2013 the Port Alberni Port Authority entered into a Protocol Agreement with HFN to collaborate towards achieving initiatives such as this proposed project.

The project, which is being overseen by a joint Steelhead LNG/ Huu-ay-aht First Nations Project Development Panel (PDP), represents a unique approach and an increased level of First Nations input and direction in an LNG project. The project will be subject to several comprehensive regulatory, environmental and technical assessments and will only proceed after extensive consultation with Huu-ay-aht citizens, including a vote on a possible land lease to the project at the Huu-ay-aht First Nations People's Assembly in November, 2014. PAPA would continue to be involved with the port development, marine and shipping related aspects of the project.

In order to collect ongoing input and feedback from Huu-ay-aht First Nations citizens, as well as from other stakeholders, the PDP will put in place a number of community engagement initiatives including a community office in the Bamfield/Anacla and Port Alberni areas, a project website, Community Rounds (meetings) for HFN citizens, community meetings, and regular project updates. These consultations will begin before, and continue after, the 2014 HFN People's Assembly.

“We look forward to working closely with Huu-ay-aht First Nations to explore LNG opportunities,” said Nigel Kuzemko, CEO, Steelhead LNG. “While the site is a significant distance from upstream gas production, it does offer numerous advantages, including direct access to the Pacific Ocean. This agreement at the earliest stage of the project reflects our commitment to the Huu-ay-aht First Nations and our respect for their principles of iisaak (greater respect), hishuk tsa-walk (everything is connected) and uu–a-thluk (taking care of). We were also very impressed by the level of collaboration between Huu-ay-aht First Nations and the Port Alberni Port Authority. We see this kind of collaboration as an enabler for projects of this magnitude.

“It’s important to note that this agreement represents only the first step in our journey together. We recognize that between now and the time the first shipment of LNG might leave our proposed facility, thousands of decisions will have to be made and we have to get every one of them right, or that shipment doesn’t leave. In addition, the decisions we make together will be measured against our joint responsibility to ensure the lands on which we hope to operate are safeguarded for generations to come.”

For Huu-ay-aht First Nations Chief Councillor Jeff Cook, the Opportunity Development Agreement is a reflection of HFN Executive Council’s long term economic development strategy that provides sustainable wealth for the Huu-ay-aht people, while respecting their value of conservation.

“We look forward to working with Steelhead LNG to explore economic development opportunities for our people,” said Cook. “LNG represents a unique opportunity for our citizens, our region and the province, and this agreement will provide us with an opportunity to see how potential LNG projects might fit with the priorities and initiatives identified in our strategic plan.”

The Huu-ay-aht First Nations is a 750-citizen, self-governing nation based in Barkley Sound, on the southwestern coast of Vancouver Island. Fifteen per cent of its citizens live in the community of Anacla (near Bamfield), with the remaining citizens living in Port Alberni, greater Vancouver, northwest Washington State and elsewhere. HFN is part of the Nuu-chah-nulth Tribal Group and is a signatory to the Maa-nulth First Nations Final Agreement that came into effect on April 1, 2011.

In late 2013, following extensive consultation with community citizens, the Nation unveiled its 2014-2017 Strategic Plan, which identified short and long term goals related to children and families, culture and values, infrastructure and natural resources and trade. In November 2013, Huu-ay-aht Councillor John Alan Jack joined a PAPA delegation with Premier Christy Clark and BC business leaders on a trade mission to China to promote economic development opportunities in the Alberni area.

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As part of the Opportunity Development Agreement, Steelhead LNG will provide HFN with capacity funding so the Nation can secure the technical, environmental and negotiating expertise it needs to protect its land and its interests. Steelhead LNG and Huu-ay-aht First Nations will also work together on a social benefit and community engagement program that includes, among other things:

- archaeological, environmental, structural and technical engineering work to support the preservation and protection of the Kiix?in National Historic Site;
- development of a bike and walking path along the heavily used road between Anacla and Bamfield, which is currently only one and a half lanes-wide; and
- a socio-economic analysis of the conditions, needs, and capacities of Anacla, Bamfield and Port Alberni, and the broad impact of any LNG project on those communities.

Additional possible components of the program include:

- a salmonoid enhancement program
- trades and other education for HFN citizens

“Today’s announcement showcases our unique approach to developing LNG projects,” said Kuzemko. “By operating as a flexible and focused BC-based company that isn’t constrained by commitments to worldwide projects, or non-LNG energy sectors, we hope to create a project and partnerships that for many years to come will generate opportunities for the Huu-ay-aht people as well as BC-based businesses providing engineering, construction, accommodation, marine, transportation and other LNG sector-related services.

“We also believe that Canada has the entrepreneurial, educational and natural resources to become a world leader in the responsible development of LNG. To that end, we are committed to helping develop Canada’s financial, organizational and technical capacity to achieve that goal and ensure the benefits of LNG extend to all Canadians.”

For more information about Steelhead LNG, visit www.SteelheadLNG.com.
For more information about Huu-ay-aht First Nations, visit www.huuayaht.org.

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HUU-AY-AHT FIRST NATIONS
A Rich History, A Bright Future

BACKGROUNDER: HUU-AY-AHT FIRST NATIONS

The Huu-ay-aht First Nations (HFN) is a self-governing, modern treaty Nation whose lands are located in the Barclay Sound region on the west coast of Vancouver Island at the entrance to the Port Alberni inlet. The lands and waters making up the traditional territories (Ha-houlthee) of the Huu-ay-aht have been occupied by them since time immemorial. Today, Huu-ay-aht citizens number close to 750 and primarily reside around the village of Anacla, the Nation's principal community close to Bamfield, as well as Port Alberni, the closest population center. The balance of citizens live across Vancouver Island, in the Vancouver area, and beyond.

Huu-ay-aht First Nations is a member of the Nuu-chah-nulth Tribal Council and one of the five First Nations signatories to the Maa-nulth Final Agreement, the first modern-day treaty to be concluded on Vancouver Island. The treaty came into effect on April 1st, 2011, when the five Maa-nulth First Nations' laws came into effect, marking a new era of ownership and self-government. Today, HFN operates under a "made in Huu-ay-aht" Constitution, which supports the laws and policies that establish how the Huu-ay-aht government makes decisions on behalf of its citizens. As a result of the Treaty, the Huu-ay-aht First Nations has full ownership and jurisdiction over more than 8,200 hectares of land within their territories and continue to have rights throughout their Ha-houlthee (traditional territories).

With full control over these undisputed lands owned in fee simple, the Nation is able to govern the lands under their own laws. Seeking to leverage this strength, HFN Council and Hereditary Chiefs (Ha'wiih) have been actively seeking opportunities to engage in responsible and sustainable economic development in order to forward the HFN vision of working together to establish a healthy, prosperous, and self-sustaining community. Maintaining their historic role as caretakers of the lands, waters, and resources of their Ha-houlthee, the Huu-ay-aht Ha'wiih work closely with Elected Council to ensure that all development considerations are informed and guided by the long-held principles of *iisaak* (respect), *uu-a-thluk* (taking care of), and *hishuk tsa'wak* (everything is connected). Furthermore, Huu-ay-aht citizens themselves contribute to the governance of their Nation through regular People's Assemblies, which employ a "direct democracy" model.

Building on a rich history, Huu-ay-aht First Nations is working to build a bright future for generations to come. To learn more about Huu-ay-aht First Nations governance, culture, as well as upcoming projects and initiatives, please visit our website at www.huuayaht.org.

BACKGROUNDER: STEELHEAD LNG

Steelhead LNG is a Vancouver-based liquefied natural gas project development company, whose principals have created and led some of the world's largest, most successful and environmentally responsible natural gas and LNG projects.

EXECUTIVE TEAM:

Nigel Kuzemko, CEO

Nigel Kuzemko's experience in the energy sector began as a geophysicist working on upstream exploration and production in the North Sea in 1986. His 22 years of senior executive experience in the energy sector includes extensive work on commercial arrangements in the natural gas industry for everything from upstream exploration through the value chain to retail energy, and gas and power trading. In South America, Australia, Asia and across Europe, Kuzemko has played a key role in developing and growing the LNG divisions of global energy companies such as Shell, Santos, Qatargas and Gazprom. His experience includes negotiating numerous multi-billion dollar energy agreements, conceptualizing Gladstone LNG (Australia), governmental agreements, joint ventures, LNG sales agreements, as well as operating agreements and price reviews.

Ian Hill, Vice President, Technical

Ian Hill has more than 40 years' experience in the oil and gas industry, including 37 with the Royal Dutch Shell Group of companies. Over his distinguished career, his technical development, engineering management and project leadership roles have covered the full project development cycle, including identification, feasibility and concept selection, integration of subsurface and surface disciplines, FEED (front end engineering design), EPC&C (engineering, procurement, construction and commissioning) and engagement with national ministerial or regulatory bodies. His experience spans offshore and onshore oil and gas exploration and production, and the gas midstream sector, primarily LNG. Among his many industry achievements is leading the development of Shell's original floating LNG concept.

Blaine Mersereau, Vice President, Commercial

On the upstream and commercial side, Steelhead LNG has nearly thirty years' experience in the gas, power, oil, NGLs and LNG sectors across North America through Blaine Mersereau, (VP, Commercial). Commercially skilled and technically trained in geology, Mersereau has worked for corporations such as Shell Canada Energy (LNG Canada), EnCana, Anadarko Canada, Florida Power & Light, Lectrix Canada, Berkley Petroleum and TransAlta Energy. His extensive corporate, regulatory and technical expertise includes successfully managing grass roots business opportunities from inception through to commercial operations, establishing governance and risk management systems with new venture start-ups, and brokering deals. His industry achievements include developing the business plan for North America's first electronic trading system for natural gas (Energy Exchange Inc.), founding North America's first international, merchant power transmission line (Montana Alberta Transmission Line), and established energy trading departments for several multi-national energy marketing companies.

Ryan Patryluk, Vice President, Corporate Affairs

Overseeing Steelhead LNG's financial structuring and negotiations is Ryan Patryluk, a former partner of a national law firm and a founding partner at MEP Business Counsel. Patryluk is a proven leader in structuring domestic and international projects with a diverse legal and commercial background. As a lawyer qualified in Canada, England and Wales and New York, Patryluk has represented some of the world's largest institutional and investment banks and asset managers, and has led negotiations to establish international joint ventures and other business relationships in Canada and abroad. In legal and business roles with major international firms in Canada, the United States and Europe, Patryluk has focused on strategic business mandates, infrastructure and energy projects, mergers/acquisitions and major debt and equity financings.

Steelhead LNG's investors include KERN Partners, a Calgary-based energy sector private equity firm, which is funded by a group of leading Canadian pension funds, North American university endowments, foundations, institutions and family offices. KERN's team has significant experience in the upstream oil and gas, energy infrastructure, energy technology and oil and gas service sectors and has more than $2.3 billion under management.

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