

June 26, 2013

File # 11-616

By Email – jlewis@tributeresources.com

Jennifer Lewis, CFO
Tribute Resources Inc.
309 Commissioners Road West
Unit E
London, Ontario
N6J 1Y4

Dear Ms. Lewis,

**Re: McKinley Farms Limited, 2195002 Ontario Inc. and Tribute Resources Inc.
Ontario Energy Board ("OEB") Decision with Reasons**

We acknowledge receipt of, and thank you for, your letter of January 21st, 2013 expressing thanks for my support of the Designation Order and indicating Tribute's openness to further settlement discussions (enclosed herewith).

I respond as follows:

1. You are welcome. My clients believe that the Stanley Reef should be designated, and are indeed happy that it has now been designated.
2. My clients remain ready, willing and able to enter settlement discussions, and invite you to arrange a suitable date, time and venue for a meeting. My clients would be happy to avoid the costs and aggravation of further OEB attendances if a fair resolution can be reached.
3. As you know, we act for two separate clients with two separate interests to be fairly compensated.
4. The owner of the Lands is entitled to compensation pursuant to s.38(2)(b) of the Ontario Energy Board Act ("OEBA") which requires the party authorized to inject, store and remove gas for a DSA ("Tribute") to make the owner of any land just and equitable compensation for any damage necessarily resulting from the exercise of the authority given by the Order.

We would be pleased to receive your offer of compensation to the owner of the Lands pursuant to OEBA s.38(2)(b) for review and consideration together with full copies of the complete agreements signed by other landowners over the Stanley Reef.

5. 2195002 Ontario Inc. ("**Ontario 219**") is the owner of the storage, and as such is entitled to compensation pursuant to s.38(2)(a) of the OEBA which requires the party authorized to inject, store and remove gas ("**Tribute**") to make to the owner of the right to store gas ("**Ontario 219**") just and equitable compensation.

6. Ontario 219's rights are very different from the rights of the owner of the Lands.

7. Ontario 219 owns the right to store gas under the McKinley Lands. That Tribute has no such right was made clear by the Court of Appeal when it declared Tribute's Gas Storage Lease void, and by the Superior Court of Justice which found that Tribute has no right to store under its petroleum and natural gas lease.

8. We would be pleased to receive your offer to Ontario 219 of just and equitable compensation for the expropriation of its storage rights.

9. For your assistance, we expect to receive separate offers for:

- (a) the owner of the Lands and
- (b) the owner of the storage,

that are just and equitable compensation for the rights that have been expropriated from each.

10. For the owner of the Lands, the offer should be for damages resulting from the exercise of the authority given by the OEB Order in accordance with OEBA s. 38(2)(b).

11. For the owner of the storage, the offer should be for the loss of the right to store gas that was expropriated by Tribute in accordance with OEBA s. 38(2)(a).

12. Tribute has now effectively expropriated Ontario 219's right to store and to profit from that storage by virtue of the OEB Order authorizing Tribute to inject, store and remove gas from the Stanley Reef.

13. Tribute's offer to Ontario 219 should take into account the following in proposing just and equitable compensation:

- (i) Tribute itself calculates it will generate net revenues after expenses of \$1,143,000/BCF/year from the Stanley Reef in perpetuity.^a That cash flow has now been expropriated by Tribute, and Ontario 219 ought to have a fair share of these net revenues in perpetuity.
- (ii) Tribute has acquired options to purchase 100% of natural gas storage rights for other prospects for \$2,000,000/BCF of working storage.^b

^a Tribute Resources Inc. Management Discussion and Analysis for the year ended December 31, 2008, page 7, attached hereto as Schedule A.

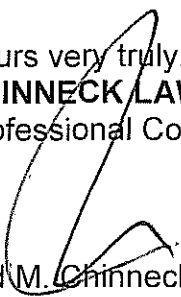
^b Neal, Pallett & Townsend Auditor's Report to Shareholders of Tribute Resources Inc. dated March 24, 2009, page 43, para. 10, attached hereto as Schedule B.

- (iii) In 2008, Tribute purchased the Chatham C Pool, a .863 BCF undeveloped storage reservoir for \$1.37 million in cash in what Tribute states is a fair and reasonable transaction. This equates to \$2,000,000/BCF.^c
- (iv) The Stanley Reef has 2.3 BCF of storage capacity.
- (v) The McKinley Lands overly 76.441% of the Stanley Reef and Ontario 219's Gas Storage Lease is over the McKinley Lands.^d
- (vi) A 2.3 BCF undeveloped storage reef valued at \$2,000,000 per BCF is worth \$4,600,000 and 76.441% of \$4,600,000 is equal to \$3,516,286.

14. Our clients would prefer that the settlements with each of them be consummated at the same time.

15. We look forward to receiving your two separate offers, and to sitting with you to attempt to arrive at a fair settlement of the compensation issues. The ball is in your court.

Yours very truly,
CHINNECK LAW
 Professional Corporation


 Jed M. Chinneck
 LLB and B.Sc. (Honours Geology)
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cc: Clients
 cc: Ontario Energy Board

P.S.

I note that your offer to settle dated October 5th, 2009 was revoked on November 4th, 2009, one month later.^e

I am not aware of any other outstanding offers from you, although you no doubt are aware of our clients' offers to settle dated October 19th, 2012 which remain outstanding.^f

^c Tribute Resources Inc. FSC Press Release Announcing Acquisition of the Chatham C Pool, attached hereto as Schedule C.

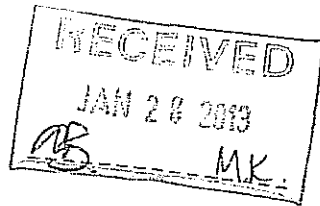
^d Amended Factum of McKinley Farms Limited in Superior Court of Justice File #60819 between McKinley Farms Limited and Tribute Resources Inc., page 30, para. 137.

^e July 30th, 2010 letter from Chinneck to Lewis, attached as Schedule E.

^f October 19, 2012 Chinneck letter to Lewis offering to settle claims by McKinley Farms Limited and Ontario 219, attached as Schedule F.



Chinneck Law
c/o Jed Chinneck
37 Ridout Street South
London ON N6C 3W7



January 21, 2013

Dear Sirs/Mesdames:

Re: McKinley Farms and Ontario Energy Board ("OEB") Decision with Reasons

We thank you for your client's support in your final argument in respect of the Designation Order for the Stanley pool, in which your client remains an important landowner. We presume you are now in receipt of the abovementioned Decision and may have had an opportunity to review it.

As a result of the Decision being rendered, we now have a much better understanding of the OEB's perspective on many of the issues affecting the development. Of course, the compensation issue has yet to be convened.

Tribute remains open to further settlement discussions with your clients if there is a fresh basis for so doing, based in part on the OEB's Decisions. Please contact us if you wish to engage in a further meeting. Perhaps it is now possible to reach a settlement so that we might consider your clients to also be signatories to the Comprehensive Settlement Agreement executed by all the other Bayfield and Stanley pool participants, and provide compensation to them, thus averting the need for a further OEB proceeding. All our other landowners have received their landowner compensation payments for the 2012 and 2013 by mail.

Thank you in advance for your interest.

Yours truly,

Jennifer Lewis, CFO