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February 11, 2010

RE: February 3rd Note to File

In correspondence posted to the public registry on February 3rd, 2010, Dezé Energy Corporation (Dezé) was asked to respond to specific questions concerned with the potential re-routing of the transmission line.

Questions directed towards the “Reliance Adjustment” were as follows:

- A. Feasibility and rough overall cost of running the line underwater for the length of Maufelly Point and Fairchild Point.**
- B. The height and general features of the towers required on either side of the aerial crossing spanning the two points.**

Dezé has conducted a preliminary analysis of the routing options as they relate to the “Reliance Adjustment” to investigate aerial and underwater options for this routing. These findings are summarized to address the above questions with additional consideration given to a short marine cable span and other routing options that were investigated. Please recognize that further field study and analysis of specific routing would be required to validate this analysis, which is summarized below.

1. Marine Cable – Across McLeod Bay

- A marine cable span of approximately 20 kilometres would be required;
- There would need to be significant substation structures at each end of the marine cable sections - *Figure A - Marine Cable Terminal Structure Example*;
- Reliability concerns with marine cable options as outlined in the DAR remain and cannot be reasonably mitigated; and
- Additional capital costs to the preferred route in the range of \$25 Million would be required for this section of line and associated infrastructure.

2. Aerial Span – Maufelly Point to Fairchild Point

- Reasonable tower foundation placements would require a span of approximately 1100 metres;
- A large deadend tower at least 70 metres high on each of Fairchild and Maufelly Points would be required to span 1100 metres;
- The span wires would need to be marked with red balls and the towers would be painted red and white in accordance with NavCanada guidelines; and
- Additional capital costs to the preferred route in the range of up to \$2 million would be required for this section of line and associated infrastructure



3. Marine Cable – Maufelly Point to Fairchild Point

- Reasonable termination structure placements would require a total marine cable span of approximately 1 kilometre;
- There would need to be 8 x 15 metre fenced cable termination structures less than 15 metres high near each of Fairchild and Maufelly Points;
- Reliability concerns with marine cable options as outlined in the Developer's Assessment Report remain but reliability for a relatively short section of marine cable could be mitigated by building in redundancy (ie. install extra cables and purchase spare parts inventories) at added cost;
- It is believed that water depths are technically feasible for marine cable but a bathymetric survey would be needed to prove this out;
- Typical marine structures have a reduced life expectancy of 25-30 years, far less than overhead structures; and
- Additional capital costs to the preferred route in the range of up to \$5 million would be required for this section of line and associated infrastructure.

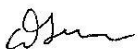
Other Routing Options

- a) An alternative routing which would eliminate the need for large towers was also recently identified by the engineering team that would require an approximately 400 metre aerial span near Old Fort Reliance. Although this option was clearly a more attractive technical and line of sight option (for Great Slave Lake), Dezé eliminated this possibility due to the high concentration of archeological sites and general proximity (~ 2km) to the mouth of the Lockhart River. Dezé would appreciate input from the community of Lutsel K'e if this routing option could in fact be a viable alternative to consider.
- b) Options that entail more than one continuous section of marine cable were also considered. However we were reminded of the fact that every splice and terminal end point that is added to a system adds to the potential for system failure (and cost) so island hopping with multiple sections of marine cable is not considered a viable option.

In summary, these recent findings, provided by a third party transmission engineering firm, re-enforce the analysis presented in the Teshmont Transmission Alternatives Study and the findings outlined in detail in the Developers' Assessment report (DAR). On the basis of the significant body of work already completed, and the more recent desktop analysis, Dezé has no choice but to exclude the possibility of any long distance marine cable options in the project design. We are willing to consider more in depth evaluation of the aerial and short marine cable span from Maufelly Point to Fairchild Point (or Old Fort Reliance for that matter). Dezé would also work with affected residents in the area to try and minimize aesthetic impacts. For example, we would be pleased to support the establishment of a local routing committee that could assist with refining the pole configurations, *Figure B – Single Steel Pole Example*, and tower locations of the selected route, to minimize impacts of final design and construction, during the permitting phase of the project.

We trust this information is satisfactory to address the questions posed in your correspondence. We remain committed to working with affected groups and exploring effective solutions to optimize the design of this 100% Northern and two thirds Aboriginal owned, renewable energy project.

Regards,



Dan Grabke,
Managing Director



Figure A - Marine Cable Terminal Structure Example

Marine Cable Terminal Structure Example

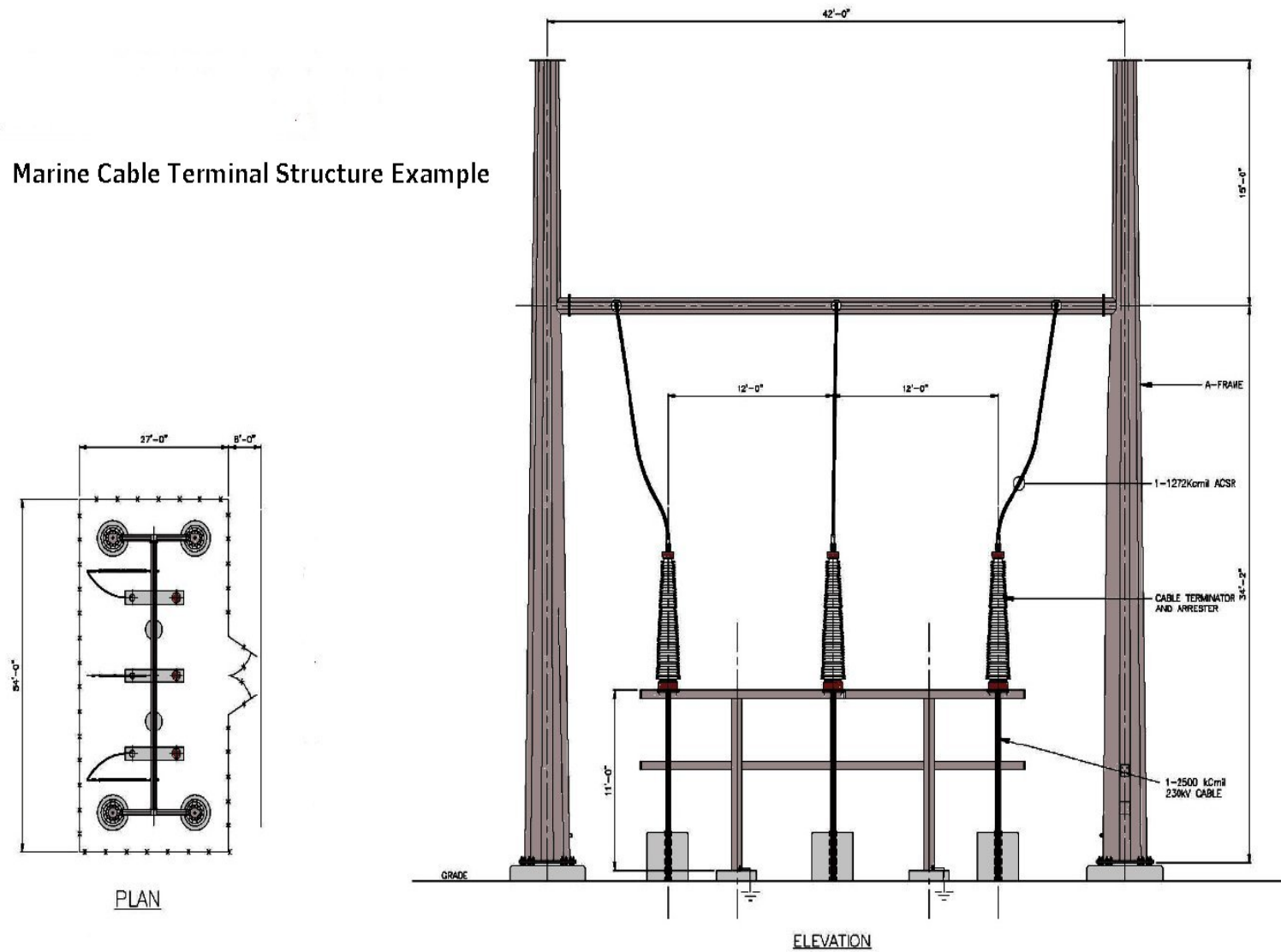


Figure B – Single Steel Pole Example

