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3. DEVELOPER

3.1 INTRODUCTION

The Taltson Hydroelectric Expansion Project (the Project) is proposed by the Dezé Energy Corporation Ltd. (Dezé). Dezé consists of the Akaitcho Energy Corporation (AEC); the Métis Energy Company Ltd (MEC); and the NWT Energy Corporation (03) Ltd. (NTEC 03); each with an equal share of ownership in the company. The same parties are creating the Taltson Energy Limited Partnership (Taltson LP) to develop the Project. Dezé is the general partner responsible for the day-to-day operations of the Taltson LP.

A 2003 Memorandum of Understanding (MOU) between the Akaitcho, Métis, and NTEC 03 progressed to a Memorandum of Intent (MOI), and in 2006, this process led to the development of the Dezé Energy Corporation.

Dezé is the result of a “made in the north” approach to doing business in the NWT. Dezé is the first of its kind in the NWT and includes Aboriginal ownership. This business model is intended to become a template to enhance the viability of similar undertakings in the future, both in the South Slave region and elsewhere in the NWT.

3.2 OWNERSHIP GROUP

Dezé Energy Corporation Ltd.’s ownership group consists of three parties, each with an equal share of ownership in the company. Dezé is the general partner of the Taltson Energy LP, and the limited partners include the Akaitcho Energy Corporation (AEC); the Métis Energy Company Ltd. (MEC); and the NWT Energy Corporation (03) Ltd. (NTEC 03).

3.2.1 Akaitcho Energy Corporation (AEC)

Originally a part of the Akaitcho Regional Investment Corporation, the Akaitcho Energy Corporation is an energy development body that is wholly owned by the Akaitcho Territory Government. As such, it represents the treaty status members of the five Dene First Nations (the Deninu Kue, Salt River, Smith’s Landing, Detah, and N’dilo) from which the Akaitcho Territorial Government derives its governing authority.

AEC’s interest in the Project is a function of its desire to generate economic opportunity for the Akaitcho people beyond short-term employment opportunities. As owners of the new facility through AEC, the Akaitcho people would receive a long-term revenue stream and are in a position to ensure that its development and operation respect the goals and objectives of Aboriginal groups, particularly the protection of traditional lands and ways of life.

3.2.2 Métis Energy Company Ltd. (MEC)

Developed specifically for the purpose of promoting sustainable energy development in the South Slave, MEC was split off from the South Slave Métis Economic Corporation. Wholly owned by the Northwest Territory Métis Nation, MEC acts on behalf of its membership to promote their interests in the area of energy development.

Similar to the AEC, the Métis Energy Company's interest in the Project is one of ownership. As an owner, MEC brings the support of the Northwest Territory Métis Nation to the Project and is positioned to optimize the sustainable long-term benefit that the Project brings to the Métis people. Their overarching goals are to ensure that the Project does not violate the sacred principles obtained from the traditional way of life, to have respect for the land and to participate in a sustainable economic project.

3.2.3 NWT Energy Corporation (03) Ltd. (NTEC 03)

The NWT Energy Corporation (03) Ltd. (NTEC 03) is a 100% wholly-owned subsidiary of the Northwest Territories Hydro Corporation (NTHC) and a sister company of the Northwest Territories Power Corporation (NTPC). NTPC and NTHC are managed by the same Board of Directors.

NTEC 03's focus is on development opportunities that lie outside the regulated activity of NTHC and NTPC. Specifically, its mission is to position itself as a leader in the facilitation and development of Aboriginal partnerships related to the development of renewable energy business opportunities throughout the territory.

NTEC 03's primary interest in the Taltson Hydro Expansion Project is to leverage current industrial development in the NWT to secure profitable business opportunities – for itself and the Aboriginal people of the South Slave – that are commensurate with levels of risk exposure entailed.

As a wholly owned subsidiary of NTHC, NTEC 03 is interested in adding infrastructure that would play an important role in the Northwest Territories' energy future and serve as a catalyst for future economic development in the Slave Geological Province.

3.2.4 Dezé Energy Corporation Ltd. — Business Structure

Dezé is the general partner and as such is fully liable for the obligations of the Taltson Energy LP and is responsible for managing the business affairs of the entity. The Dezé Board of Directors provides overall strategic direction for the Project and comprises equal representation from each of the three limited partners. Day-to-day operations and overall Project management are outsourced, and primarily contracted to NTEC 03. NTEC 03 in turn supplements in-house expertise with technical, legal and financial professionals as required. It should be noted that the present operational and governance structures are subject to change by the limited partnership. Changes may occur in response to engineering, economic, legal, environmental, regulatory or other factors that emerge as the Project advances towards construction and operation.

The Dezé Energy Corporation contact information is as follows:

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The Dezé Energy Corporation Board of Directors is listed below:

Akaiitcho Energy Corporation

- Don Balsillie, Chairman
- Robert Sayine, Board Director
- Gloria Villebrun, Board Director

Métis Energy Company Ltd.

- Ken Hudson, Vice Chairman
- Paul Harrington, Board Director
- Gary Bailey, Board Director

NWT Energy Corporation (03) Ltd.

- Lew Voytilla, Board Director
- Louis Sebert, Board Director
- Dan Grabke, Board Director

3.3 OBLIGATORY AND VOLUNTARY REPORTING

3.3.1 Obligatory Reporting

Financial statements of Dezé, MEC and AEC would be prepared on an annual basis in accordance with the territorial and federal requirements of a Canadian controlled private corporation.

In the case of Dezé, audited financial statements would be prepared as part of an annual report to shareholders of the Dezé Energy Corporation within three months after the end of the fiscal year.

As a wholly-owned subsidiary of the NTHC, NTEC 03's financial statements are prepared in accordance with the *Financial Administration Act*. The one-third ownership position in Dezé would be reflected in these financial statements. The Minister responsible for NTHC tables a copy of NTHC's annual report before the Legislative Assembly of the NWT, which includes financial reporting of subsidiary activities. The Auditor General of Canada audits the financial statements of NTHC on an annual basis. Therefore, NTEC 03's financial position would be subject to the scrutiny of the Auditor General of Canada and the Legislative Assembly of the NWT on an annual basis.

3.3.2 Voluntary Reporting

Dezé is committed to providing current, factual, and relevant information about the Expansion Project as the Project advances through the regulatory approval, pre-development, construction, and operational phases. Dezé believes that the significant economic and environmental values presented by the Project are underpinned by organizational values that are respectful of and relevant to northerners, and would work to ensure that communications reflect these values. Dezé would continue community engagement and information exchanges through open houses and meetings with local government throughout the Project area, similar to the engagement that has occurred to date, as described in Chapter 4 – Community Engagement. The timing and instruments used for information exchanges would be

dependent on the status and advancements of the Project. Information would also be communicated via media releases, plain language materials, financial reporting, and the Dezé website (www.dezeenergy.com). Press releases would be issued when major milestones are achieved and Project information would be made available to the public through the website and upon request. Updates of web content would occur on a bi-weekly basis.

3.4 DEZÉ PROJECT PROCUREMENT POLICY

A Dezé Project procurement policy is under development at the time of writing, in accordance with the 2006 Memorandum of Intent and the drafted Project Development Agreement.

The Project procurement policy would seek to maximize the recruitment and employment of Northern Aboriginals and provide Northern Aboriginals with the first opportunity to fill any positions as they become available. For the purposes of this policy, Northern Aboriginals would be defined as status Indians, Métis, non-status Indians and Inuit, each of whom normally reside in the Northwest Territories. The Akaitcho Territory Government and its members and the Northwest Territory Métis Nation and its members would be considered on a first preference basis under this policy. Dezé's Project procurement policy would also:

- provide training and apprentice opportunities to as many Northern Aboriginals as is commercially viable, and
- provide for a management succession plan through which Northern Aboriginals would be given the opportunity and training to attain supervisory and managerial positions in the Project.

Secondary employment objectives would be for other Aboriginals and Northwest Territories residents in affected communities, followed by Northwest Territories residents in general.

The Project procurement policy would also provide for and establish a committee of the Dezé board of directors with the authority to assess, implement and monitor business employment and training opportunities offered to Northern Aboriginals and preferred parties as it relates to:

- contract and employment targets in the pre-construction, construction and operational phases of the Project, and
- training and other mechanisms to meet contracting and employment targets.

This committee would also guide the approach to procurement and the expectations placed upon contractors and sub-contractors. For example, any preferred party that is qualified and capable of completing the work would be approached either through direct negotiation or closed competitive tendering for Project contracts. Dezé would also consider the splitting of contract packages into smaller work packages that enhance opportunities for preferred parties to secure contracts. The waiving of bonding requirements for certain contracts would also be considered on a case by case basis.

Dezé is committed to implementing the Project procurement policy but recognizes that construction, operation, maintenance and related goods and services must be conducted on a commercially reasonable basis and must satisfy all requirements that may be imposed by Project lenders or regulatory authorities.

Dezé would at all times require contractors and subcontractors to adhere to the principles, policies and guidelines of the organization and would commit to:

- providing cultural awareness training for all workers and managers,
- clearly communicating expectations to contractors and sub-contractors,
- respecting and protecting the environment, traditional sites and activities of Aboriginal peoples of the NWT,
- seeking ways to encourage, foster and optimize Aboriginal participation and benefits to Aboriginal communities and members,
- requiring bidders on major contracts to submit a Northern content plan that describes how Aboriginal and Northern business participation would be maximized,
- maintaining open communication with Aboriginal and Northern businesses about Project requirements, including timelines and specifications of goods and services required, and
- where possible, supporting the transfer of technology and knowledge to Aboriginal and Northern businesses.

In addition, Dézé is committed to supplying information about Aboriginal and Northern businesses to prospective contractors, as appropriate, in order to facilitate Northern participation in all phases of the Project.

3.5 DEZÉ ENVIRONMENTAL MANAGEMENT PLAN

The environmental policies established by the GNWT, MEC, AEC, and NTEC 03's sister and parent companies (NTPC and NTHC) guided the establishment of a comprehensive environmental policy framework and draft environmental management plan. As the Project advances, Dézé would tailor its approach to continually reflect the beliefs and values of the diverse group of northerners it represents. For example, NTPC and the GNWT have a number of environmental principles consistent with Dézé's approach:

NTPC Environmental Management - Guiding Principles

- Comply with all applicable environmental legislation and other environmental commitments made by NTPC.
- Use natural resources as efficiently as possible, within economic constraints, and promote the efficient use of energy to customers.
- Manage hazardous waste materials in a manner that minimizes the potential risk to the environment.
- Continually improve environmental performance and the way we conduct our activities by maintaining an environmental management system.
- Provide employees with appropriate training and education to help them achieve their environmental responsibilities.

2007 GNWT Energy Plan

- Energy development and management decisions should maintain the integrity of the natural environment and recognize the absolute importance of the long-term protection of these natural systems to the economic, social and cultural well-being of NWT residents.

These guiding principles have been incorporated into the development of a comprehensive draft environmental management plan that includes sections addressing:

- materials and waste management,
- erosion and sediment control management,
- vegetation management,
- human-wildlife conflict management, and
- emergency management plan and incident command system.

Worker training and qualifications relating to the Environmental Management Plan would include:

- a review of the overall construction plan and site specific logistical and mitigation activities,
- Occupational Health and Safety training,
- Workplace Hazardous Materials Information System (WHMIS),
- construction traffic safety training,
- Transport of Dangerous Goods, and
- Task-specific training (ATV skills, chainsaw safety, etc.).

The planning components of the management plan also consider overall Project scheduling such as:

- the mobilization of materials and equipment to each worksite camp,
- construction of material waste storage areas,
- installation, routine maintenance and use of waste management systems,
- material inventory assessments and transport protocols, and
- demobilization of materials, waste and equipment from each site.