

Presentation – Husky’s Chedabucto Silica Project

Draft Meeting Notes

Date: Tuesday March 31st, 2015

Time: 10:00-12:00

Location: Yellowknife Inn

In attendance:

GNWT

Angela Norris – Industry Tourism and Investment
Lillith Brook – Conservation Planning, Environment and Natural Resources
Monica Wendt – Environment and Natural Resources
Gillian Webster – Department of Aboriginal Affairs and Intergovernmental Relations
Charlotte Henry – Department of Lands
Melissa Pink – Department of Lands
Paul Mercredi – Department of Lands
Alexis Campbell – Department of Transportation
Kris Johnson – North Slave Region, Industry Tourism and Investment
Tom Andrews – Education, Culture and Employment
John Ketchum – NWT Geoscience Office
Scott Cairns – NWT Geoscience Office
Catherine Brown Rodriguez - Industry Tourism and Investment
Andy Young - Industry Tourism and Investment
Valarie Gordon - Industry Tourism and Investment
Jessica Norris – Department of Lands (transcriber)

HUSKY

Jenica von Kuster – Husky Energy
Ken Hansen – Husky Energy
Eric Christensen – Husky Energy Consultant

On Phone:

Ian Butters – Industry Tourism and Investment – Inuvik
Ravi Annavarapu – Industry Tourism and Investment – Hay River
Tejas Kashyap – Industry Tourism and Investment – Hay River

Meeting commenced at 10:32

Meeting Overview:

Introductions

GNWT – Intro in regards to the ongoing Environmental Assessment and how we are obligated to be public with any meetings with meeting minutes.

Introduction to Presentation – Ken Hansen

Presentation

Slide 3 – Chedabucto Silica Deposit

- Summary of the deposit of high quality Silica and what it is used for. Husky's claim located on the North Arm of Great Slave Lake.

Slide 4- Location Map with Past Activity

- Map with past activity, description on recreational use, industrial activity and Protected Area Strategy.

Slide 5 – Chedabucto Silica Deposit Exploration Program

- Description on Husky's activity summary.

Slide 6 – Chedabucto Silica Deposit Exploration Program

- Yellowknife on the right hand side of the map and highway 3 running up. Distance is about 50-60 km to Yellowknife which is the closest community.
- Proposing 5 Year Exploration program (29 Mineral Claims and covering around 300 sq. km)
- Phase I will be drilling up to 200 shallow exploratory holes with additional geophysics
- Phase II is a proposed mini bulk sampling.

Slide 7 – Environmental Assessment Proposed Timetable

- A copy of schedule from the proposed scoping document that is currently on MVEIRB website.
- Currently in March 17- April 10th period, leading to the "Final Scoping document" in May, a community hearing in mid-June and by August possibly having all documents and go ahead for a Land Use Permit.

Slide 8 – Chedabucto Proposed Year-one of Phase I

- Purpose is to determine the thickness and lithology of the sand and rock along with measuring distribution of permafrost and measuring the ground water level.
- Proposed Drilling program/Mini Bulk sampling would be done under frozen ground conditions in March/April. This was to minimize the Environmental impact.
- Husky is looking to drilling of around 70 reverse circulation drill holes and 10 to 25 diamond drill holes.
- Intend to use existing DOT quarry for fuel cache, core storage, emergency shelter etc. will be stored, rather and disturbing a new area.

Slide 9 – Chedabucto Area – Surficial Geology (pictures)

- The description of the area is sandy plane from the shoreline to an escarpment - area is mostly sand dunes with beach ridges.

Slide 10 – Chedabucto Geological Model

- Husky's explanation of layers of rock/sand. Unconsolidated sand and underlying bedrock sandstone is what Husky would like evaluated.

Question: *What is the depth of the unconsolidated sand?*

Answer: *Unknown. That is what Husky would like to know, this project will hopefully tell us that. Hand Auger holes have sampled down to 3-4 metres of unconsolidated sand, which we believe is about a 1/3 of what is actually there. The proposed drilling program will determine the actual thickness of both the unconsolidated sand and underlying bedrock sandstone and how much it varies across the property.*

Slide 11 – Heliportable Drilling Rigs

- Two heliportable drilling rigs will be used for the exploration program: a reverse circulation drilling rig; and, a diamond drilling rig. There will be two or three men to operate each of the rigs. All of the equipment, supplies and people will be moved by helicopter. No one will stay at the site; they will be transported to and from Yellowknife. The program will be conducted in March/April under frozen ground conditions to keep the environmental footprint to a minimal.

Slide 12 – Mini Bulk Sampling Program

- Phase II of the proposed 5-year exploration program is mini-bulk sampling of up to ten locations. The mini-bulk sampling program is contingent on the results of the drilling program; the location and number of test pits is unknown at this time. Using a mini-excavator (similar to the little orange Kubota's that you may see working around Yellowknife), a ten ton sample (5 ore bags) will be taken at each test pit. A rubber tracked snowcat and sled, hauling a mini-excavator, will be used to access to the program area using snow-covered trails along the existing route from Highway 3 to the DOT quarry, then on pioneered trails to the test pit sites. Using this equipment means that no winter roads or ice bridges will be need to be constructed.

Question: *What will be the excavation method?*

Answer: *Probably a small bobcat or small excavator. This will be done in March or April under frozen ground conditions to minimize the impact on the environment.*

Slide 13 – AANDC – CARD Site

- An old commercial fishing camp located on mineral claim CHE 6 (Wrigley Point) is the site of an active federal government contaminated area remediation (CARD) initiative.
- Husky's proposed exploration program will not impact this CARD site at all.

Slide 14 – Husky Mineral Claims Adjacent to PAS Area

- Husky showed their awareness of the North Arm Protected Area Strategy that was sponsored by Environment Canada (at the request of the Tłı̨ch̨ Government) in large part to protect the Important Bird Area (prime habitat for migratory waterfowl) that extends along the northern shore of the North Arm. Fifteen of Husky's mineral claims that are staked were staked 2011 that were exempt from the 2013 Interim Land Withdrawal. Three of the fourteen claims that were staked in 2014 were clipped to respect the PAS Interim Land Withdrawal area.

Comment [CH1]: While these meeting notes are a verbatim record of the Husky/GNWT meeting, the GNWT wishes to provide reviewers with the following points of clarification:

- The 'PAS Area' and 'North Arm Projected Area Strategy' should properly be referred to as the Dinàgà Wek'èhodi Candidate Protected Area;
- Fourteen claims were staked 2014 after the Interim Land Withdrawal was established.
- Environment Canada, on behalf of the Tłı̨ch̨ Government and the multi-stakeholder Working Group, is expected to request an extension to the Interim Land Withdrawal.
- The current Order-in-Council includes a land description that encompasses the total 593 km² of the original Dinàgà Wek'èhodi candidate protected area, while recognizing pre-existing land tenure. This includes any existing mineral claims that may fall within the withdrawal that are part of the proposed Husky drilling program. The review of the Dinàgà Wek'èhodi candidate protected area guided by the principles of the NWT Protected Areas Strategy, which recognizes the need to honor existing third party rights and ensure areas recommended for permanent protection avoid areas of high economic value.

Note: It was noted that the Interim Land Withdrawal expires in September 2015 and that the PAS working group may be requesting an extension.

Note: There may have been some confusion in the application regarding a perceived overlap of the proposed exploration program and the PAS area. Existing third party rights are respected under the PAS, so while the Husky mineral claims are adjacent to the Interim Land Withdrawal area there is no overlap. This issue could be a topic during public hearing.

Slide 15 – Husky’s Corporate Citizen and Safety

- Summary of Husky core values

Slide 16 – Summary

- 5 Year Program
- The proposed drilling program will provide information that is needed to calibrate the geophysics; if there is a good correspondence additional geophysics may be acquired.
- The Phase II mini-bulk sampling program is contingent on the drilling results; if required, up to ten test pits could be sampled.

Slide 17 – Advisory

Question: Can you speak to some of Husky’s efforts? (Engagement efforts to surrounding communities)

Answer: *Kicked off with an RDAG (Resource Development Advisory Group) meeting at the CanNor Office in January 2014. The meeting was attended by all the government departments/regulators. Representatives from both the Mackenzie Valley Land and Water Board and the Wek’èezhii Land and Water Board (WLWB) were in attendance. It was made clear at this meeting who we needed to consult with. Introductory letters were sent out to the WLWB and to the potentially affected Aboriginal Groups including the Akaitcho IMA Office, Kwe Beh Working Group (KBWG), Tłı̄chq Lands Protection Department, North Slave Metis (NSMA), NWT Metis Nation, and the Yellowknives Dene First Nation (YKDFN). The Tłı̄chq, NSMA, and YKDFN responded and indicated that they wanted to meet. The other groups replied that they received the introductory letter and would pass along our information but indicated that it was not necessary to meet at that time. Husky met with each of the groups on three separate occasions. They also took Elders from the three Aboriginal groups to the program area and during the Archaeological assessment. Preliminary Traditional Knowledge studies have been conducted by the Tłı̄chq and YKDFN. Husky also attended the Hay River trade show and met with some people there.*

Question: Was that the complete list? Was there more groups?

Answer: *Introductory letters were also sent to the NWTMN and Akaitcho Office (both came back no need for further engagement). All the other meetings with the Aboriginal groups had many questions, but no additional push back. The IRs submitted to the WLWB registry were a bit of a surprise as we the referral to an EA.*

Question: Was there lots of discussion on Economic developments?

Answer: *There is certainly interest in what a commercial development would look like, but at this early stage of evaluation, the focus is on the exploration program and obtaining the necessary information to put together a development plan. The scope and how to go about commercial development is unknown at this time. Once the exploration program is completed the development conversations can happen.*

Discussion around Geoscience on how there was scoping done previously on Silica/area/sand.

- *There are not many places in North America where there are high quality silica sand is available. Sand used for proppant by the Oil and Gas companies is shipping from silica sand operations in Wisconsin; transportation costs are extremely expensive. A closer source of silica sand would be a strategic asset and could be a great benefit to the industry.*

There was discussion on how it might be beneficial to name Tłı̨chǫ Government as the requester of Environment Canada for the North Arm Protected Area Study.

Comment [CH2]: GNWT Clarification: The Tłı̨chǫ Government was the lead proponent of the Dinàgà Wek'èhodi candidate protected area. Environment Canada was the sponsoring organization.

Question: How much water is needed per hole?

Answer: *Per hole is 40 cubic metres of water each diamond drill hole. (This volume of water use is below the threshold for a Water License)*

Discussion on how summary report will be made available or a preliminary TK summary.

Question: Was the lack of capacity for the NSMA to conduct a preliminary TK study a funding issue?

Answer: *No funding was not an issue, Husky agreed to fund the studies. The issue was more about the availability of their own people. Husky wanted the TK studies to be led by the Aboriginal organizations.*

Question: Any other meetings with other groups this trip?

Answer: *Yes, Tłı̨chǫ Kwe Beh Working Group, YKDFN Land and Environment Committee, NSMA, NPMO-CANNOR, MVEIRB, Chamber of Mines, NWT Chamber of Commerce, Det'on Cho Logistics, and possibly Tłı̨chǫ Logistics.*

Note: Husky was given a copy of the GNWT Guidelines for working roads from Lands Department.

Question: How do you go along in your day when it comes to dealing with the media and uninformed people? ("No fracking in White beach point" protests).

Answer: *It is anticipated that there will be some anti-development push back.*

Question to the floor: Anyone attended? Protests?

Answer: *No. The local radio station, Moose FM, broadcasted live.*

Question: Do you think this will prove to be valuable asset?

Answer: Most sands identified in western Canada to date are brown (lithic) sands. There are two deposits, one in Manitoba and the other in Golden BC that have higher quality silica sands but they are fairly small. Brown sands may be used in some applications, but for higher pressure and deeper gas wells these proppants may not work. So far, the results from our preliminary evaluation of the Chedabucto deposit have been encouraging.

Question: Does it look comparable to the Wisconsin deposit?

Answer: Yes very comparable quality silica sand.

Question: Was there other resource study done in the PAS area?

Answer: Yes, there is a mineral assessment and Silica sand was identified as a potential resource.

It was noted by Eric Christensen, that on a recent ice fishing trip out to the North Arm across from the program area, that there was ~~showed~~ not a lot of activity, recreational or otherwise. No other individuals were seen in the Whitebeach Point area.

Meeting ended at 11:38

Comment [CH3]: GNWT clarification: The 'PAS Area' should properly be referred to as the Dinàgà Wek'èhodì Candidate Protected Area. As part of the NWT Projected Areas Strategy planning process, a two phase non-renewable resource assessment was completed (as opposed to a 'mineral assessment').

Comment [CH4]: GNWT clarification: This statement was made by a Husky representative.