

Update to Members on the PRGT Project and the Pacific NorthWest LNG Facility

On September 26, 2016, the federal government approved the Pacific NorthWest LNG facility. If it proceeds, this Facility will be built on Lelu Island and will receive natural gas from Alberta via a new pipeline, known as the PRGT Pipeline. The PRGT Pipeline would cross Lake Babine Nation Territory.

BC approved the PRGT Pipeline in November 2014. Lake Babine Nation consented to the PRGT Pipeline in May 2015, through agreements with BC and PRGT. Most Aboriginal groups along the Pipeline route have consented to it. Lake Babine's agreements provide Lake Babine Nation with a unique set of economic benefits and environmental protections in relation to the PRGT Pipeline. The agreement with BC has also led to high level negotiations with BC to transform Lake Babine's relationship with the Crown and finally begin implementing Lake Babine's Aboriginal title in a meaningful way. Members will receive separate updates on those negotiations.

The Facility and the PRGT Pipeline go hand in hand, and at this time it is unclear whether they will actually be built. Construction on the PRGT Pipeline is on hold pending the decision by the Facility investors on whether to build the Facility. Those investors may postpone their decision for months or years, or abandon the project altogether, due to a few factors:

1. The Facility would cost billions of dollars to build, and it is not a particularly attractive investment at this time because the price of natural gas and its projected price over the next few years is low.
2. Petronas, the main investor for the Facility, may be looking to sell its shares in the project. This would probably delay the investors' decision to proceed with construction.
3. There will be court challenges to the approval of the Facility which will cause uncertainty and potentially delay/affect investors' decision on whether to move forward.
4. The Facility must satisfy 190 federal approval conditions in order to be built.

We will continue to keep Lake Babine members updated on the fate of this major LNG project.

Update from PRGT—August 29, 2016

By Alanna Simmons, BC Indigenous Relations Lead

Prince Rupert Gas Transmission Project (PRGT) is proposing to construct and operate an approximately 900 km pipeline project to safely deliver natural gas from Hudson's Hope, British Columbia, to the proposed Pacific North West LNG natural gas liquefaction and export facility near Prince Rupert. From there the LNG will be shipped to customers in Asia. Upon receiving all approvals, PRGT will be constructed and operated with safety and environmental stewardship as top priorities.

Pacific North West LNG is waiting for regulatory approval from the Canadian Environmental Assessment Agency and the Canadian Federal Government. Meanwhile, PRGT continues to provide information to Pacific North West LNG to assist them in making a final investment decision. Construction of the pipeline will begin once Pacific North West LNG has received an environmental certificate from both the Canadian and British Columbia governments and a final investment decision has been made by Pacific North West LNG.

The project which consists of one 48-inch land-based and two 36-inch marine-based lines will transport natural gas. Natural gas is not a liquid and therefore cannot spill. Pipelines are the safest way to transport natural gas over long distances. TransCanada's pipelines are designed, built and operated with your community and the environment in mind. PRGT will meet or exceed all industry, government and regulatory standards.

PRGT will be monitored 24 hours a day 365 days a year from TransCanada's operations control centre in Calgary. PRGT will also employ field technicians who regularly walk the right-of-way as well as pilots who fly over the route multiple times a year to inspect the pipeline. In the rare chance that a leak occurs, the pipeline can be shut down remotely by our operations control centre, which is staffed around the clock.

Prince Rupert Gas Transmission Route:

Length of pipeline	Approx. 900 km
Diameter of pipe	48 inches (land) 36 inches (marine)
Capacity	2.0 – 3.6 billion cubic feet/day
Commence construction (pending approvals)	2018
Targeted in-service	Early next decade

LBN-PRGT Project Agreement:

- ◆ The LBN-PRGT Project Agreement was signed on May 8, 2015 after much negotiation with

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- ◆ The agreement provides annual benefits to the community for as long as gas flows through the pipe.
- ◆ During the four year construction period, there are three project payments. The first payment was provided to LBN upon signing the agreement. The next payment is payable within 10 business days of a positive financial investment decision.
- ◆ If there is a positive financial investment decision, PRGT will proceed with construction within months – notifications of construction will be provided to LBN 30 days in advance.
- ◆ In November 2014, PRGT received the EAO Environmental Assessment Certificate and by September 2015, PRGT received the BC Oil and Gas Commission pipeline construction permits.

Long Term and Mutually Beneficial Relationship:

- ◆ Engagement started in January 2013 and will continue before, during and after construction.
- ◆ Pipeline routing and infrastructure changes occurred based on discussions with Lake Babine Nation to mitigate impacts on the environment and culturally sensitive areas.
- ◆ A Liaison Committee was established with LBN and TransCanada representatives to work on matters such as:
 - ⇒ Ensuring that contractors operating in LBN territory are meeting their commitments.
 - ⇒ Addressing concerns that LBN may have about the Project's environmental impacts or construction activities.
 - ⇒ The LBN-PRGT Liaison Committee has met twice each year since signing the Project Agreement. The first Annual Report has been completed and was reviewed by LBN Chief and Council and PRGT Management. Future community meeting once an FID decision has been made to discuss the Annual Report and the roles and responsibilities of the Liaison Committee is anticipated.

Responses to Common Misconceptions:

- ◆ The PRGT pipeline will be constructed, owned and operated by TransCanada PipeLines Limited.
- ◆ To date no construction has occurred.
- ◆ PRGT is a natural gas pipeline.
- ◆ PRGT has no plans to convert the natural gas pipeline.
- ◆ Section 3.2 of the PA prohibits the conversion of the pipeline for crude oil, bitumen, or dilbit without the consent of LBN.
- ◆ In 2015 the Province of British Columbia established regulations to ensure that pipelines built to support LNG facilities cannot be converted to transport oil or bitumen.
- ◆ A final investment decision (“FID”) has been delayed as our customers (Pacific North West) require regulatory approval before they can make this decision.

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- ◆ FID is anticipated later this year.
- ◆ If there is a positive FID, construction will start soon after the decision.
- ◆ If there is an unfavorable FID, the project stops and will not continue.
- ◆ The pipeline is buried, generally about 3 feet below the surface of the ground and under watercourse crossings.
- ◆ Pipelines are the safest method of transporting natural gas.

What to expect during construction:

- ◆ Engagement continues before, during and after construction.
- ◆ TransCanada will notify LBN at least 30 days prior to construction.
- ◆ Depending on the season, this will allow LBN citizens to harvest traditional plants.
- ◆ Access to trap lines will be maintained.
- ◆ Fishing upstream and downstream of watercourse crossings will not be restricted.
- ◆ TransCanada workers are prohibited from hunting and fishing on the worksites.
- ◆ All activities are restricted to approved worksites.

What to expect after construction:

- ◆ The right of way will be allowed to naturally revegetate.
- ◆ Only a 10 meter right-of-way will be kept clear.
- ◆ Human and wildlife trails will be restored.
- ◆ Watercourse crossings will be restored.
- ◆ Post construction monitoring will occur for at least 5 years after construction.

Environmental and Cultural Protection within the Project Agreement:

- ◆ PRGT will require its General Contractors to respect and comply with applicable laws and authorizations.
- ◆ LBN will hire an independent environmental consultant to monitor Project construction activities within the Territory.
- ◆ **LBN Construction Monitor:**
 - ⇒ The LBN chosen Construction Monitor will participate in monitoring of construction activities within LBN Traditional Territory.

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- ⇒ The Construction Monitor will support the implementation of the contingency plan for discovery of heritage resources and traditional land use sites.
- ⇒ Primary duties include observing, recording and reporting on construction activities to the Liaison and Project Management Committee, Leadership and community.
- ⇒ The position will have a direct connection to TransCanada's management on site.

