

November 30, 2009

Ms. Tawanis Testart
 Environmental Assessment Officer
 Mackenzie Valley Environmental Impact Review Board
 Box 938, 5102-50th Avenue
 Yellowknife, NT
 X1A 2N7

RE: Dezé Energy Corporation, Taltson Hydroelectric Expansion project EA0708-007 – Meeting Report

Dear Ms. Testart:

Please see the following report outlining meetings between Dezé Energy Corp. and the GNWT:

Main Issue:

Project effects to caribou, other wildlife and plant species at risk.

Meetings:

The following is a summary of wildlife related meetings between Dezé Energy Corp. and the GNWT.

| Date | Main Issue | Dezé Attendees | GNWT Attendees |
|---------------|--|---|---|
| June 10, 2009 | Caribou and Furbearers sections of the Developer's Assessment Report | Damian Panayi (Golder Associates); Shane Uren (Greenwood Environmental); Dan Grabke | Loretta Ransom; Robert Mulders; Wendy Bidwell; Sarah True |
| July 28, 2009 | Minor issues regarding Species at Risk and Rare Plant sections of Developer's Assessment Report including new data sources. Discussion of draft IRs regarding barren ground caribou. | Damian Panayi (Golder Associates); Andrew Stewart | Gavin More |

| | | | |
|--------------------------|--|---|--|
| November 23, 2009 | Discussion of Dezé information provided to date regarding caribou during and determine if further information is required. The Draft Environmental Monitoring Program was also reviewed. | Damian Panayi (Golder Associates); Dan Coulton (Golder Associates); Andrew Stewart; Linda Zurkirchen (Cambria Gordon) | Loretta Ransom; Gavin More; Robert Mulders; Rob Gau; Steve Matthews; Wendy Bidwell |
|--------------------------|--|---|--|

At the meetings identified above, Dezé Energy representatives and the GNWT discussed the GNWT review of the wildlife related information in the Developer’s Assessment Report, information request responses provided during the October 5 Technical Session, the Dezé Commitments document – focusing on Page 83 ((Beverly and Ahiak interactions with the Project); Page 86 (Access), and Page 98 (details on the parameters used for the caribou population viability analysis), the letter from GNWT regarding SARA species (dated July 18, 2009) and the Dezé response letter (dated November 12, 2009) filed with this summary of meetings) and the Draft Environmental Monitoring Program (dated October 2009).

The June meeting focused on wildlife issues (mainly caribou) contained in the Developer’s Assessment Report. The results of this meeting were two Information Requests addressing access and the potential effects of transmission lines on caribou. Dezé Energy provided verbal response to these two IRs at the October 5 Technical Session in Yellowknife.

The July meeting focused on wildlife plans and potential information sources on rare plants and future SARA species management plans, several errors in terminology were also discussed. The result of that meeting was a July 18, 2009 letter to Dezé Energy identifying GNWT concerns. Dezé Energy responded to that letter November 12, 2009. The GNWT is satisfied with Dezé Energy’s response. Both letters have been included with this meeting report.

The November 23 meeting focused on confirming GNWT satisfaction with responses and information provided, determining if there were any additional issues and discussing the Draft Environmental Monitoring Program. Several outstanding issues were also reviewed. Dezé Energy has provided verbal responses to all issues, and written responses to #1 and 2 have been provided in the technical session response document (Commitments 2009 – Commitments arising from the Mackenzie Valley Environmental Impact Board Technical Sessions held in Yellowknife on October 1st, 2nd, and 5th and in Lutsel K’e on September 30, 2009). The outstanding issues discussed and addressed were as follows:

1. What will be the effects of improved access?
2. Failure to of the DAR to include Don Thomas’s work on Beverly caribou in the Fort Smith region.
3. There is uncertainty about how caribou will react to the transmission line. Is it acceptable that Dezé propose to monitor caribou behaviour around the transmission

line during operation? (This was raised by Robert Mulders during the tech session, Dezé Energy provided a verbal answer)

4. What is the level of confidence in the caribou winter habitat suitability model? (in the absence of a winter barren-ground caribou model, a woodland caribou model was used)
5. Why wasn't the GNWT burn database used in the caribou assessment?
6. Rare plant survey was not conducted.

Commitments:

Dezé Energy and the GNWT have committed to working together towards a complete and comprehensive Environmental Monitoring Program. This combined with a commitment to consult on the Human Wildlife Conflict Management Plan and other related plans and programs will ensure a mechanism that will allow for GNWT satisfaction with Dezé Energy's development of appropriate plans and programs.

Action Items:

GNWT to provide comments on the Draft Environmental Monitoring Plan, the Human-Wildlife Conflict Management Plan, and any other relevant Environmental Management Plans.



Signature of GNWT representative

November 30, 2009

Date



Signature of Dezé Energy representative

Nov 30/09

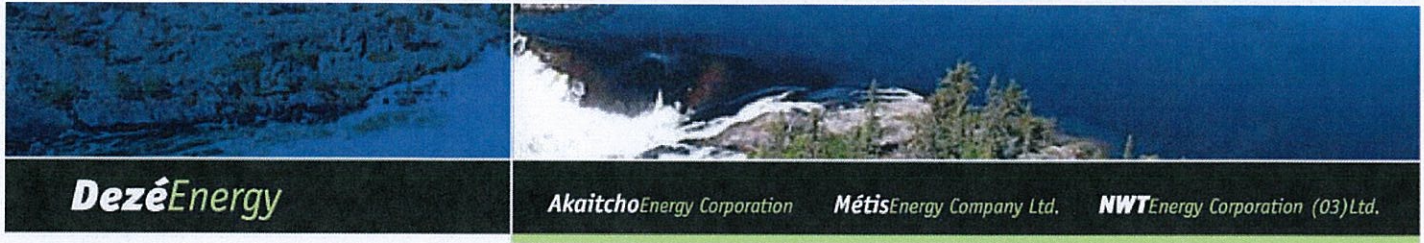
Date

If you have any questions please contact me at (loretta_ransom@gov.nt.ca) or (867) 920-6593.

Sincerely,

A handwritten signature in black ink, appearing to read "L. Ransom". The signature is written in a cursive style with a large initial "L" and "R".

Loretta Ransom
Environmental Assessment Analyst
Environmental Assessment and Monitoring



206, 5102 - 50th Avenue, Yellowknife, NT X1A 3S8 Phone: (867) 669-3390 Fax: (867) 669-3395

Gavin More
Manager, Environmental Assessment and Monitoring
Environment and Natural Resources,
Government of the Northwest Territories
PO Box 1320
Yellowknife, NT
X1A 2L9

VIA EMAIL

November 12th, 2009

Dear Gavin,

Thank you for the Environment and Natural Resources (ENR) letter to Dezé Energy, dated July 18, 2009. The letter contained useful comments on the assessment of effects to species at risk in the Taltson Project Developer's Assessment Report (DAR). We will keep this information in mind as the Taltson Project environmental assessment moves forward. We provide a brief response below to some of the issues raised in the letter:

Regarding comments on Section 15.4.2 and 15.4.3.1.1.4 of the DAR

Thank you for the clarification regarding the terminology in regards to species at risk, and wood bison.

Regarding comments on Section 15.4.3.2.2.3 of the DAR

It is Dezé's intent to conduct surveys of raptor nests during the construction phase, and to manage disturbance near nesting raptors during the nesting and fledgling season. More details on the proposed raptor monitoring program are provided in the Draft Taltson Expansion Project Monitoring Program.

Regarding comments to Section 15.4.5.2.2.11 of the DAR

Dezé is attempting to obtain further information regarding the observation of Several Vein Sweetflag in the Taltson River, which were not mentioned in the DAR. We note that the Several Vein Sweetflag was not identified in the region by ENR's Virtual Herbarium (Suzanne Carriere, personal communication).

Regarding comments to Section 15.4.6.1.2 of the DAR

Dezé notes that ENR now holds a 'Virtual Herbarium' database. We have requested and received a search of this database from Suzanne Carriere for the Taltson Project area, and we will consider how this affects the assessment of effects to rare plants presented in the DAR.

Thank you also for the update regarding the Species at Risk (NWT) Act and the potential for changes to species' status. An example of such an update is that of the western population of the Horned Grebe, which was designated Special Concern in April 2009 (after the release of the DAR). Dezé has prepared a summary of anticipated effects to the Horned Grebe as part of the commitments resulting from the MVEIRB hosted technical sessions on October 5, 2009 (see response number 65, page 111 of technical session response document).

Thank you again for ENR's comment on the assessment of effects to species at risk. We appreciate the constructive comments, and we look forward to further discussion on these issues as the environmental assessment proceeds.

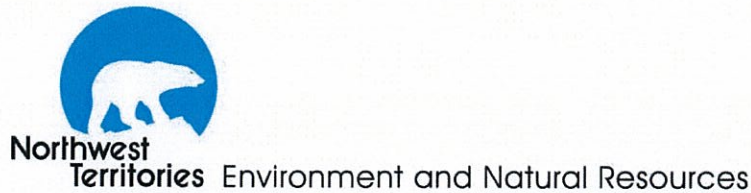
Regards,



Daniel Grabke,
Managing Director,
Dezé Energy Corporation

Attachment: ENR Letter of July 18, 2009.

cc: Tawanis Testart, MVEIRB



July 18, 2009

VIA EMAIL

Dan Grabke
Dezé Energy Corporation
Suite 206, 5102 – 50th Avenue
Yellowknife, NT X1A 2P6

Dear Mr. Grabke:

RE: Taltson Expansion Developers Assessment Report Comments

Environment and Natural Resources (ENR) has conducted a review of the wildlife at risk aspects of the Taltson Expansion Project Developers Assessment Report. This letter is intended to identify some discrepancies in the report and to provide you with information on wildlife at risk that could be of use in developing your environmental protection plans. These comments are intended to assist you during later discussions in the technical review phase and environmental management plan development phase. Our comments are also confined to species under the management of ENR. Environment Canada may have additional comments.

Section 15.4.2

First bullet (and other places in 15.4.2): The General Status Ranking Program ranks species, not lists. This terminology is incorrectly used throughout the document.

Second bullet: COSEWIC assesses species, not lists. This terminology is incorrectly used throughout the document. To avoid confusion between species that are “listed” on SARA Schedules versus those that are “assessed” by COSEWIC and may be recommended for listing, wildlife at risk practitioners recommend using separate terms. Therefore, we recommend the following phrasing “species assessed by COSEWIC” and “species listed on SARA Schedule 1”.

Note that "sensitive" species under the General Status Ranking Program are not considered to be a species "at risk" under that program. As a result, the territorial recovery strategies or management plans will reflect those differences.

Section 15.4.3.1.1.4

Use of the term "wood buffalo" for wood bison is incorrect.

Section 15.4.5.2.2.3

Raptor information collected during the baseline studies may not provide a complete picture of raptor activity during construction. A survey of potential raptor nests during construction would be required to determine site specific mitigation for raptors.

15.4.5.2.2.11

The statement that the plant Several Vein Sweetflag (also known as Rat Root) which is ranked as 'may be at risk' has not been confirmed present in the Taltson River watershed is now incorrect. Photos of this plant were taken at two locations by RESCAN amphibian field crews working on baseline studies for the Taltson project in 2008. These photos were supplied to ENR [see suggestion below].

15.4.6.1.2

Table 15.4.9 provides the listed plant species potentially occurring within the EOSD land cover class found within the RSA, along with "a reasonable summary" of the rare plants found in each of the land cover classes, which are expected to be disturbed by the Project. We recognize that Deze Energy has provided significant detail. However, it would be useful to narrow the lists to plants most likely to occur. As an example, the plant Hairy Rockcress is found only on Cape Bathurst and is far outside the effects of this project.

As indicated in 15.4.12.1, Deze Energy has applied one of ENR's tools for to determine what species may be in your area of interest; namely the NWT Species Monitoring InfoBase. For plant species, in particular, ENR is developing an additional tool called a 'Virtual Herbarium'. It is a digital geospatial database created from plant records from the Agriculture and Ari-Food Canada vascular plant herbarium along with information from other collections. For the entire NWT there are 26,957 total records. Most of these records have a photo of the specimen as well. 373 of those records are for species ranked as May Be at Risk under the NWT General Status Ranking Program, and 441 records for alien or invasive species.

As apparently no rare plant surveys were included in the baseline field work it would be useful to further discuss the potential merits of a pre-construction survey related to high potential portions of the final route. This would enable the application of avoidance as a mitigation measure. Please contact Suzanne Carriere at 867-920-6327 for further information or searches of this dataset.

There has also been a recent legislation change you should be aware of. Bill 6, the *Species at Risk (NWT) Act* was passed in June 2009. The Act applies to any wild animal, plant or other species managed by the Government of the Northwest Territories. The *Species at Risk (NWT) Act* establishes the mechanisms to assess species status at the territorial level -- which could differ from the national level -- identify the threats facing the species in the NWT, and identify what actions are necessary to protect, conserve and recover that species. The Act will be available on the Department of Justice website in the near future and is anticipated to come into force in 2010.

It is worth noting that the federal SARA species list changes from time to time [which may include new listings, deletions, or designation changes] over time. We anticipate that "territorial" lists will also result in requirements that developers will need to consider. As well, Recovery Strategies and Management Plans will be issued both at the National level as well as jurisdictional level.

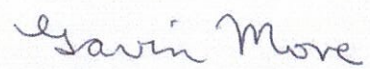
To assist Deze Energy with tracking these changes over time, ENR maintains a list of NWT species that have been ranked or assessed as being at some level of risk. This includes species under the management responsibility of ENR as well as those under Environment Canada and Department of Fisheries and Oceans. This list can be accessed at: http://www.enr.gov.nt.ca/live/pages/wpPages/Species_at_Risk.aspx

The list provides links to specific pages of information and maps for a number of species. Each page also provides links to Management Plans and Recovery Strategies for species under the management of ENR.

ENR will endeavour to assist Deze Energy during our review of the draft Environmental Protection Plans as a means of ensuring a means of compliance with the changes in wildlife at risk management.

If you have any questions or concerns, please contact me at (867) 920-6595.

Sincerely

A handwritten signature in blue ink that reads "Gavin More". The signature is written in a cursive style with a large initial 'G'.

Gavin More
Manager
Environmental Assessment and Monitoring
Environment and Natural Resources

Cc

Suzanne Carriere – Wildlife Biologist
Tawanis Testart - Environmental Assessment Officer
Myra Robertson – Environment Canada