

NEXT STEPS

As we prepare for the Peoples' Assembly vote in November, we will carry out a comprehensive community engagement program so we can collect and share questions, opinions and information about the project and LNG with our citizens and our neighbours. We want to hear from you. To do that, we will carry out the following initiatives and welcome any additional suggestions you may have:

- project office in Port Alberni and Anacla
- project website
- project newsletter/updates
- elders advisory group
- youth advisory group
- regular project update meetings
- information workshops/meetings
- Facebook page
- emails
- information phone line
- one-on-one home meetings
- HFN visit to gas extraction project

IS LNG RIGHT FOR US?

The Opportunity Development Agreement does not mean we have agreed to an LNG project, but we have agreed to take a close look at it so we can make an informed decision about it at the People's Assembly in November. While the project could provide once-in-a-lifetime opportunities to provide revenues and opportunities for our members, it also raises important issues and questions, which we will work hard to address and answer. They include:

- What's in it for us?
- What are the risks for us? What effects do LNG projects have on the environment, locally and globally?
- How would an LNG facility affect our marine habitats and wildlife?
- How would a project like this affect local communities, residents and businesses?
- How would a project like this affect First Nations here on Vancouver Island, along the pipeline route and where the gas is extracted?
- What are the environmental and safety records of people and companies involved in this project?
- How would the construction and operation of an LNG facility on our territory affect our lands and our lives?
- How will this project affect our children and the Huu-ay-aht people that will live on our lands long after we are gone?

Additional issues we'll look at include:

- | | |
|-------------------|-----------------|
| Fracking | Water use |
| Labour | Traffic |
| Safety | Skills training |
| LNG facilities | Risks |
| Revenue | Tanker traffic |
| Road improvements | |

CONTACT US

If you have any questions or comments about this proposed project or the Opportunity Development Agreement, please contact us. We look forward to hearing from you.

Huu-ay-aht First Nations

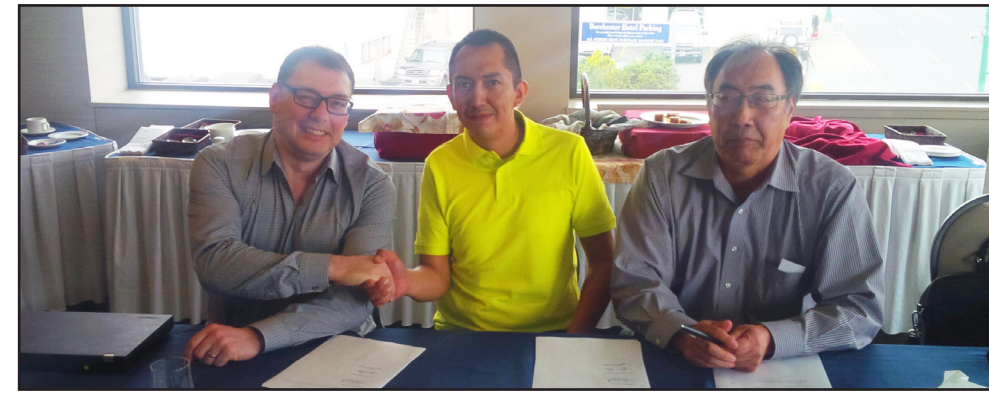
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Steelhead LNG CEO Nigel Kuzemko shakes hands with Ta'yii Ha-wilth Derek Peters and Chief Councillor Jeff Cook to mark the signing of the Opportunity Development Agreement.

AGREEMENT SIGNED TO EXPLORE LNG PROJECT AT SARITA BAY

Huu-ay-aht First Nations (HFN) has signed an Opportunity Development Agreement (ODA) with Vancouver-based Steelhead LNG that will see us work together to explore developing a liquefied natural gas (LNG) project on HFN-owned land at Sarita Bay.

The agreement does not mean we have agreed to an LNG project. It means we have agreed to look at it closely, consult our people and our neighbours, and hire our own experts to examine the issues and questions our people have related to LNG. While environmental and engineering assessments will take place over the summer, the project will only proceed after extensive consultation with Huu-ay-aht citizens, including a vote on a possible land lease to the project at the Peoples' Assembly this November.

The project opportunity emerged early this year when Steelhead LNG recognized the potential for an LNG facility in the Alberni Valley region. The first thing they did was come to us with the idea and an offer to be equal and active partners in a project. Since then, members of our Ha'wiih Council and Executive Council have met regularly with Steelhead LNG as part of a Project Development Panel. In the past few weeks: we completed the purchase of the Sarita South lands, where a facility could be located; an application was submitted to the National Energy Board for an LNG export license; and on July 8th we announced our partnership with Steelhead LNG at a news conference in Port Alberni.

Through Treaty, we now have the power to make our own decisions about economic development on our land. While other BC First Nations are already generating benefits from LNG projects in their territories, we have to decide for ourselves if an LNG project is right for Huu-ay-aht First Nations.

The first step in that process was the Community Rounds we held in Anacla, Vancouver and Port Alberni this past week. On the following pages is more information about the proposed project, LNG, Steelhead LNG and how we plan to approach this project and share information with our citizens. We look forward to keeping you informed and look forward to any questions you may have .

- Huu-ay-aht First Nations Ha'wiih Council and Executive Council

"As a free Nation, we have the power to decide what projects are right for us on our land. We will hire the expertise we need to ensure any proposed project respects the lands and values of our Huu-ay-aht people, our neighbours and other BC First Nations."

- Ta'yii Ha-wilth
Derek Peters



"This agreement is just the beginning, but it's a good beginning with an experienced and respectful partner that came to us first."

- Chief Councillor
Jeff Cook

"LNG has the potential to provide our people with revenue, opportunities and other benefits for many years to come. Together, let's get the information and the answers we need to make sure it's right for us."

- Councillor
Tom Happynook

"As a BC-based company, our goals and our actions are guided by what's best for British Columbia. We are honoured to be a partner of the Huu-ay-aht people at the earliest stage of this proposed project."

- Nigel Kuzemko
CEO, Steelhead LNG

WHAT IS LIQUEFIED NATURAL GAS (LNG)?

WHAT IS NATURAL GAS?

Natural gas is a colourless and odorless gas that is created from organic matter far under the earth's surface that decays over millions of years. Natural gas is composed primarily of methane gas (85%-95%) and contains varying amounts of ethane, propane butane and pentane. Around the world, natural gas is used to heat homes, heat water, cook food and power industrial facilities.

HOW DO YOU GET THE NATURAL GAS OUT OF THE GROUND?

Natural gas is extracted from rock two to three kilometers underground using a drilling process called fracking. While fracking has been used in North America since around 1934, its use has expanded greatly in the past decade as technological advances such as horizontal drilling have made fracking more efficient and cost effective. Fracking is a closely regulated and monitored activity in Canada. Later this summer, Steelhead LNG will bring Ha'wiih Council members and citizens to northern BC to get a first-hand look at drilling operations.

PIPELINES: ARE THEY SAFE? HOW WOULD YOU GET THE NATURAL GAS TO VANCOUVER ISLAND?

Natural gas pipelines are safe. Natural gas is not a liquid. It travels through pipelines in a gaseous state. Natural gas is lighter than air so if a natural gas pipeline were opened, the gas would disperse into the air. For the proposed project on Vancouver Island, the natural gas would be delivered using a combination of existing pipelines and new pipelines. The exact route has not yet been determined.

WHAT IS LIQUEFIED NATURAL GAS (LNG)?

Liquefied natural gas, also known as LNG, is natural gas that has been chilled to -162 degrees Celsius at near atmospheric pressure. LNG is colourless, odorless, non-corrosive, non-toxic, non-flammable and non-explosive. By turning the gas into a cold liquid, it takes up 600 times less space, making it easier and safer to store and to ship. That means you can take the amount of natural gas that would fill 600 ships, and by turning it into LNG, you can send it anywhere in just one ship.

WHAT HAPPENS AT AN LNG PLANT?

LNG plants are like giant refrigerators. Natural gas that comes to the plant is first purified by removing impurities such as water, carbon dioxide and other materials. From there it gets cooled and liquids such as propane, butane are separated and removed. The final step is the liquefaction process, which chills the natural gas to -162 degrees Celsius turning it into LNG, which is stored at near atmospheric pressure before being loaded onto LNG carriers for shipment overseas.

HOW IS LNG TRANSPORTED OVERSEAS?

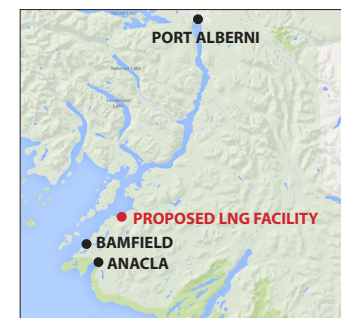
Natural gas is transported overseas in specially-designed double-hulled LNG carriers that carry the LNG in multiple spherical tanks or in insulated hulls. Over the past 50 years, there has never been a serious accident with an LNG carrier anywhere in the world. If LNG does contact water, it floats on the surface as it warms up and disperses into the air very quickly.

PROPOSED LNG PROJECT AT SARITA BAY

- A pipeline would deliver natural gas from northern BC to Huu-ay-aht territory at Sarita Bay.
- A land-based facility at Sarita Bay would treat, liquefy and store the natural gas as a liquid (LNG) ready to be loaded onto LNG carriers for export.
- LNG carriers would ship the LNG from Sarita Bay to customers around the world, primarily in Asia.
- The LNG facility would be expected to operate for at least the next 25 years.

BENEFITS OF OPPORTUNITY DEVELOPMENT AGREEMENT

- Technical and financial support for the preservation and protection of the Kiix'in National Historic Site
- Development of a bike and walking path along the road between Anacla and Bamfield
- Financing for the purchase of the Sarita South lands
- One HFN citizen to be hired this summer
- Steelhead LNG funding for Huu-ay-aht to select and hire the environmental, engineering and technical experts we need to evaluate this LNG opportunity
- Funding for a socio-economic study to look at how an LNG project would impact or benefit the Huu-ay-aht people and communities of Anacla, Bamfield and Port Alberni, including, among other things:
 - How would local infrastructure be affected?
 - What facilities or services do our communities need?
 - How can people get involved in the project?
 - What jobs and training would be available ?
 - What opportunities would there be for existing or new local businesses to support such a project?
- Future salmonid enhancement program
- Future trades and other education for HFN citizens



Blaine Mersereau (VP Commercial), Ryan Patryluk (VP Corporate Affairs), Nigel Kuzemko (CEO), and Ian Hill (VP Technical).

WHO IS STEELHEAD LNG?

- A BC-based liquefied natural gas project development company.
- 80+ years' collective experience in the natural gas and LNG sectors.
- Created and led some of the world's largest, most successful and environmentally responsible natural gas and LNG projects.
- Executive team members have held leading positions in the world's largest gas sector companies, including Shell, Gazprom, Santos, Qatargas, EnCana and TransAlta Energy.
- Steelhead LNG's Board of Directors includes former BC Attorney General Geoff Plant.
- Steelhead LNG's investors include KERN Partners, a Calgary-based energy sector private equity firm, funded by leading Canadian pension funds, North American university endowments, foundations, institutions and family offices.