



FORT MCKAY
FIRST NATION

YEAR IN REVIEW 2018





Decades ago, we embarked on a path of entrepreneurship in the oil sands surrounding our traditional territory. Along the way, we developed many strong partnerships with oil companies who support our growth and development. Opportunities which allowed our business portfolio to strengthen and provide quality products and services to industry partners and provide a way for the Nation to provide for our community and protect our Traditional Territory, reserve lands, and environment. This report is a reflection on the accomplishments, collaborations, challenges, and learnings of 2018, as we look forward to 2019.

OUR LAND

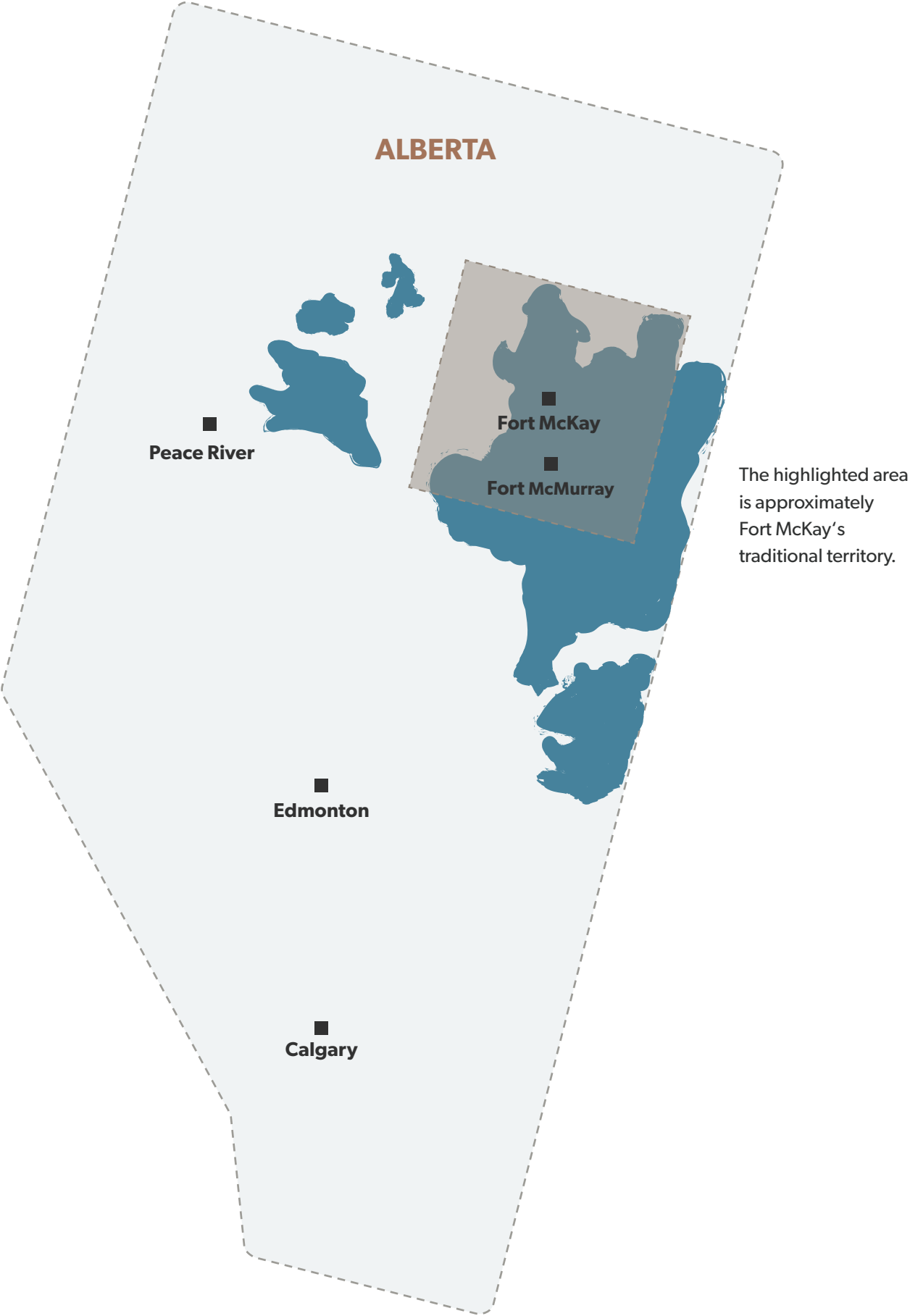


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CHIEF AND COUNCIL'S ANNUAL ADDRESS TO INDUSTRY

It has been four challenging years since the price of oil crashed in 2015. Reduced global demand, slowed economic growth and increased production in other parts of the world, particularly the U.S., resulted in a global over supply glut. While this glut has now



cleared, the oil dominant economy in Alberta has not recovered. The U.S., once one of the largest importers of oil in the world, is now a major exporter. In 2018, the U.S. surpassed Saudi Arabia to become the largest oil producer by volume. Canada's oil export strategy was developed decades ago and based solely on supplying the U.S. economy as a stable import alternative to the Middle East. Canada's export channels have not evolved with the times, and today, 99% of Canada's exported oil still goes to the U.S.

Our only customer, the U.S., no longer needs Canada's oil and this is reflected in the price that Canada receives for its product. Western Canadian Select (WCS) trades at a discount to West Texas Intermediate (WTI) in part because of reduced demand

from the U.S. and lack of pipeline space to transport it to customers. The price discount, or differential, that WCS sells at compared to WTI has typically been \$15-20 per barrel to account for different product density, but on October 12th, 2018 the differential hit USD 55 per barrel. When multiplied by the 3.3MMb/d exported, comes to \$132, 000, 000 in lost revenue per day. Over the last four years, this totals tens of billions of dollars which Canada has forgone while it subsidizes the U.S. with cheap energy.

Due to a lack of pipeline infrastructure, instead of transporting Alberta's oil Ontario, Quebec or British Columbia, Canada buys up to \$300 million of oil from Saudi Arabia every month. Despite access to domestic oil, between 2007 - 2017 Canada spent \$20.9 billion importing oil from Saudi Arabia, a country with horrendous environmental and human rights records.

Our natural resource is consistently the target of sustained domestic and foreign lobbying by opposition groups contributing to pipeline roadblocks. Pair this opposition with increased regulation, inaction at the federal and provincial level and divisive politics between provinces and our product is not able to reach domestic markets or port cities for export to international customers.

Many projects were abandoned after proposed pipelines were cancelled and investors left Alberta in favour other regions where projects are built with pipelines to support them.

Fort McKay is in the heart of the oil sands, and therefore we are uniquely aware of the numerous environmental impacts that development has on the air, water, land and wildlife. Our community experiences the effects on our land, culture and traditional way of life, firsthand.

At the same time, we understand that oil sands development is subject to environmental standards that are among the most stringent in the world. For example, the Government of Alberta

***While the global over supply glut has
now cleared, the economy in Alberta
has not recovered.***

requires that companies remediate and reclaim 100% of the land after the oil is extracted. Oil sands producers recycle between 80-95% of the water used in established mines and approximately 85-95% for in situ production. In 2016, the oil sands accounted for 8% of Alberta's water allocation compared to 28% for cooling and commercial uses and 44% for agriculture and irrigation.

To gain a clear picture of the environmental impacts, the oil sands must be placed in the context of Canada and global GHG emissions. From 2000 to 2016 oil sands emission intensity dropped by approximately 29%. At the same time, Canada accounts for less than 1.5% of global CO2 emissions or Green House Gas (GHG). Overall, oil sands account for 10% of Canada's GHG emissions or about 0.15% of total global GHG emissions.

In comparison, 25% of Canada's GHG emissions come from transportation, but there are no boycotts or blockades of highways or airports to reduce these emissions. The provinces that have blocked pipelines have not banned cars on their roads and individuals who oppose pipelines don't oppose the conveniences of gas-powered transportation.

Our community respects and cherishes the natural environment, and we are committed to protecting it. We believe that a balance between oil sands development and environmental protection can be achieved and we work toward this every day in our community. It's unfortunate that the oil sands are unfairly characterized globally and domestically, while the Canadian public ceases to change their transportation habits and coastal provinces continue to import foreign oil instead of Alberta's.

On average, our First Nation self generates 90-95% of our annual budget to pay for the programs and services in our community. The majority of this budget comes from the profits generated from our portfolio of service companies that work in the oil sector.

Due to the downturn, Alberta's provincial government revenues have been drastically impacted, and so have ours.

In 2015 and 2016, 399 Indigenous companies from across Alberta had direct business with oil and gas companies (goods and/or services) valued at \$3.33 billion. These companies represent 65 communities across Alberta and revenue to these Indigenous companies has declined significantly since then. However, we appreciate the oil companies continued commitment to working with FMFN and other Aboriginal communities and businesses.

We are hopeful 2019 will get pipelines projects back on track and restore investor confidence in our province.

**Chief and Council
Fort McKay First Nation**

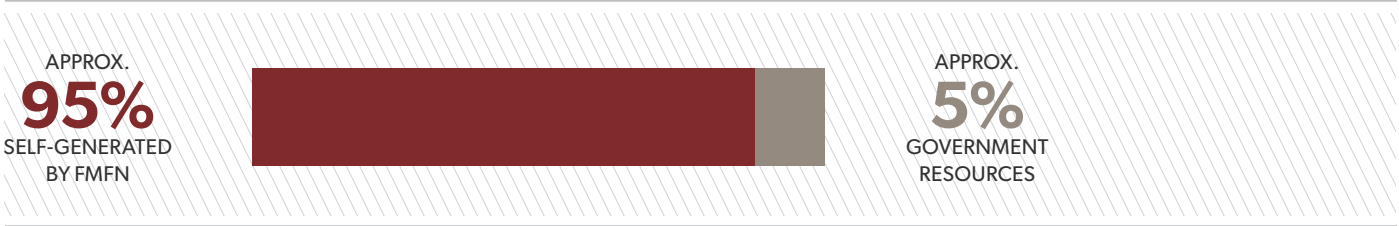
**Chief Mel Grandjamb
Councilor David Bouchier
Councilor Crystal McDonald
Councilor Raymond Powder
Councilor Melinda Stewart**

COMMUNITY FINANCIAL HIGHLIGHTS

TAKING CARE OF OUR COMMUNITY.

Like any small Canadian community, Fort McKay First Nation builds and maintains required infrastructure such as roads, schools and community centres to meet the needs of its growing population. The Nation also provides after-school programs, runs an alternative high school, provides youth programs and sports teams, as well as an Elders’ Centre, and a Continuing Care Centre. The Nation also pays the salaries and benefit costs for its administration staff, teachers, doctors, nurses and other specialists providing community services.

Each year, the Nation creates a budget to provide these critical programs and services. On average, 5-10% of the funds for the budget are received by federal or provincial sources (approx. \$3-4M). The remaining 90-95% is generated by FMFN through business profits from its 12 companies, sometimes supplemented by oil sands partners, and business investments.



PROGRAMS AND SERVICES





RIVERSIDE /SONÎSÎPÎHK/ DES K'E GAH/ CARE CENTRE

Open October 2018

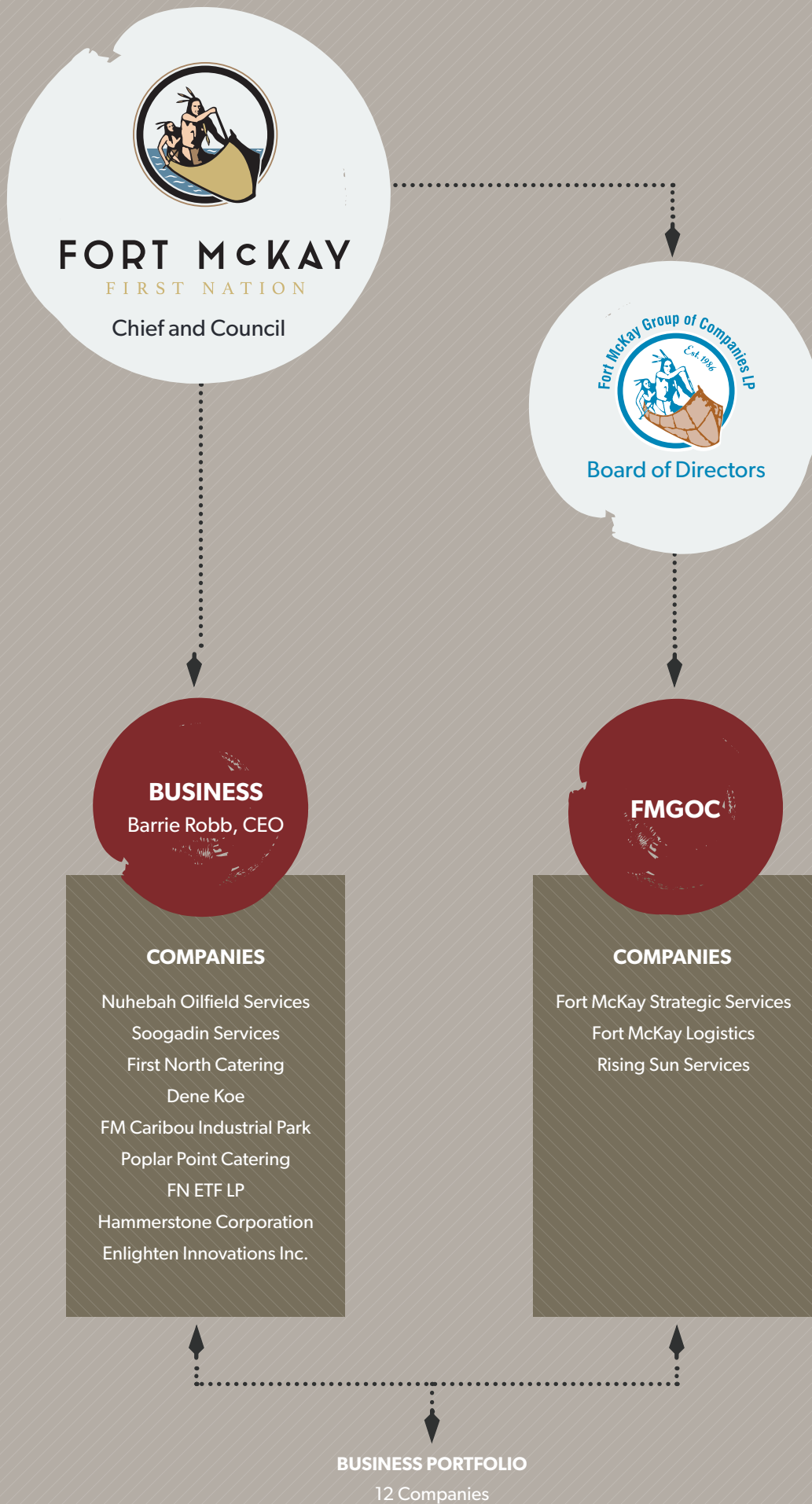
Riverside/Sonîsîpîhk/Des k'e gah/ Care Centre is a 24-hour facility.

There are 17 beds available with beautiful visiting spaces, a cultural room and much more. All rooms are completely furnished and the facility is staffed with LPN's and HCA's, Doctors, RN's, custodians, cooks, security, and transportation drivers.

***FMFN would like to thank Suncor
for their contribution towards the
construction of the care centre.***



**FORT MCKAY FIRST NATION
BUSINESS STRUCTURE**



WORKING WITH FORT MCKAY FIRST NATION

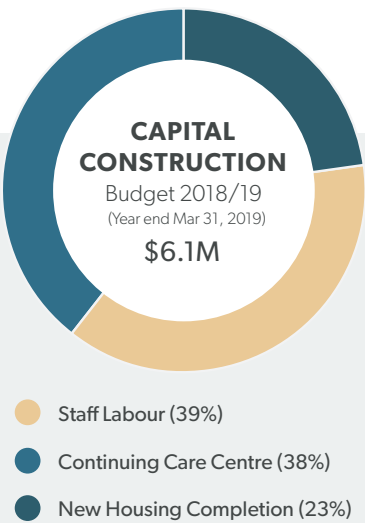
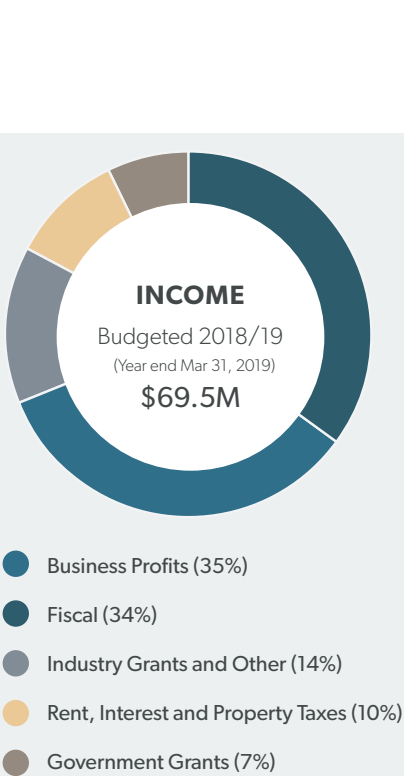
FMFN owned companies are the majority revenue source for the Nation.

12 companies comprise the Nation’s business portfolio. Our portfolio continues to evolve as investments in new companies are made and others are divested. Profits from these owned companies are critically important for the Nation because they are used to fund important infrastructure projects and community services.

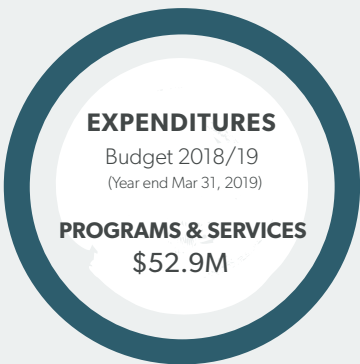
Our goal is to build a strong and healthy community in Fort McKay. First Nation owned Business Revenues account for 52% of total revenues for the Nation and provide the necessary resources needed for programs, healthcare, education and infrastructure for our members. The Nation’s revenues come mainly from

Business Profits, Land Rent, Property Taxes, Industry Grants and Business Interests. Only a marginal amount comes from provincial or federal funding.

Together with each company, we work towards mutually beneficial outcomes that benefit both our community and industry. Partnering with our businesses ensures that Fort McKay members are actively involved in providing input and Indigenous knowledge into the design, monitoring, environmental mitigation and reclamation strategies that minimizing the potential impacts oil and gas projects have on our land.



**Majority of funding for Core Buildings was received from oil sands companies.*

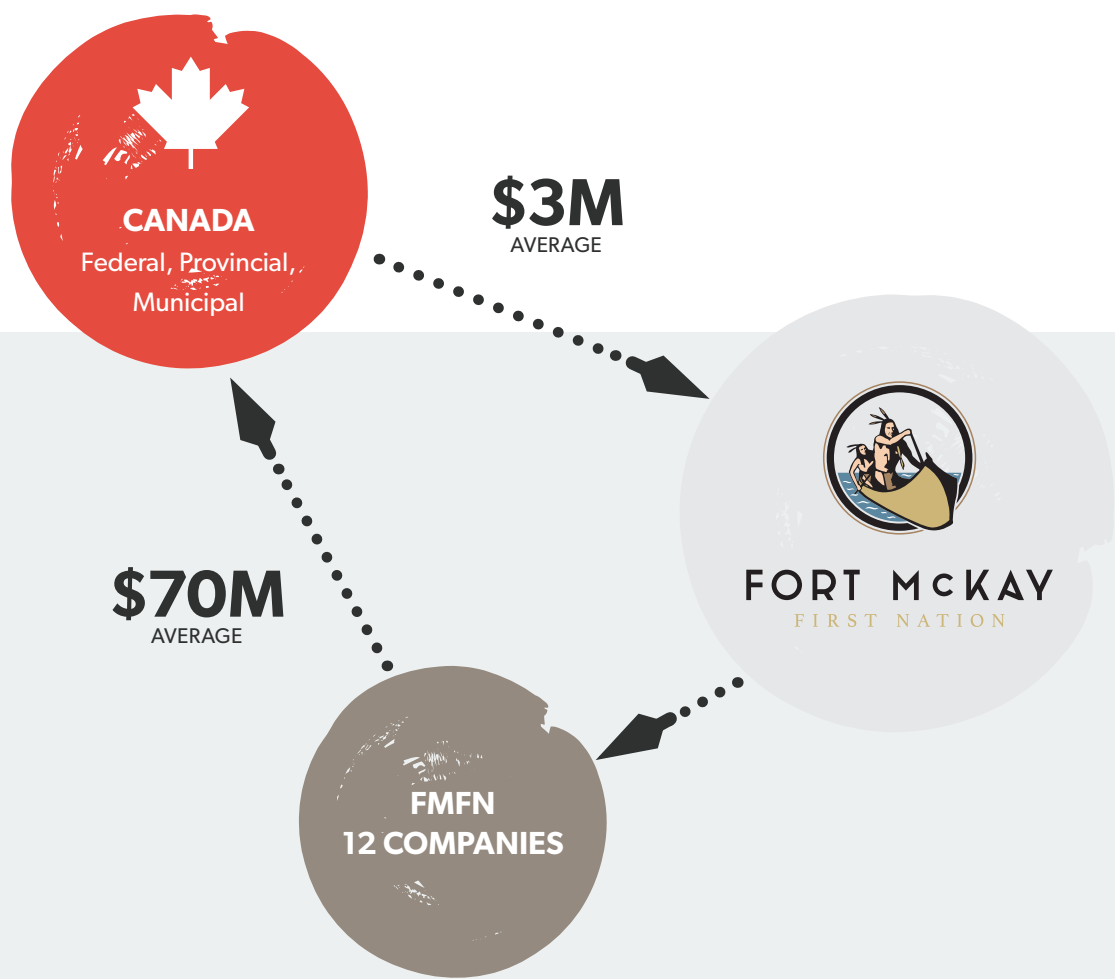


100% of all the costs to run Fort McKay including salaries, programs, services, and more.

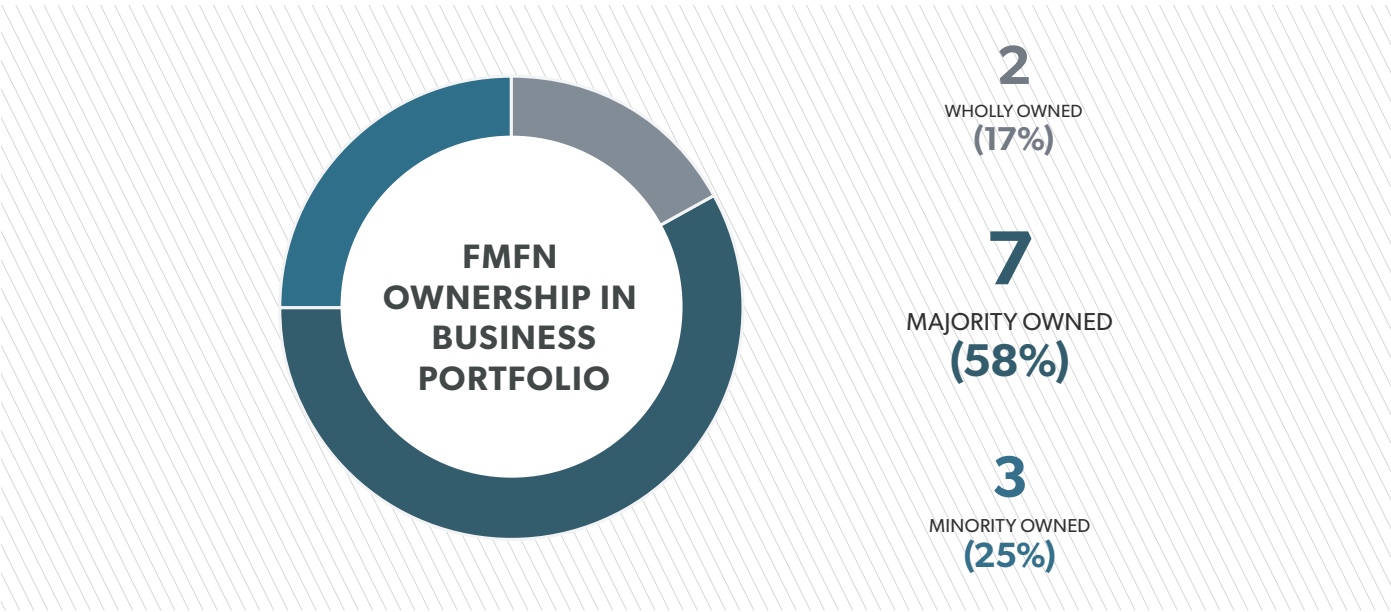
CONTRIBUTING TO CANADA'S ECONOMY

Fort McKay First Nation is a net contributor to the Canadian economy. Similar to a small Canadian community, FMFN receives selective funding from regional, provincial and federal governments. This government funding is program specific for things like education, infrastructure or health. Between 2014-2018, FMFN received an average of \$3.5M per year in funding.

Over these same 5 years, FMFN and its 12 companies generated in excess of \$200 million dollars annually in salary and wages and over \$70 million dollars in taxes, CPP and EI to the Federal Government.



BUSINESS PORTFOLIO



FORT MCKAY GROUP OF COMPANIES (FMGOC)



FORT MCKAY FIRST NATION (FMFN)



2018 BUSINESS HIGHLIGHTS

BUSINESS PORTFOLIO

- Soogadin Services LP is a joint-venture between Fort McKay First Nation and Brock Canada. Together, they provide full-service industry solutions including: Scaffolding, Insulation, Fireproofing, and Blasting and Painting services.
 - Dividends provided to FMFN from its investment in east tank farm project as scheduled.
 - Fort McKay extended their drilling business Fort McKay-Savanna following the acquisition of Savanna Energy Services by Total Energy Services.
 - Fort McKay and ATCO close and demobilize Barge Landing Lodge, an open camp, after a successful and profitable decade long partnership.
-

GROWTH

**Fort McKay Logistics
ranked #13 in Canada's
Fastest-Growing
Logistics Companies.**



- Fort McKay Logistics wins western Canada transportation contract with Imperial Oil.
- Fort McKay Strategic Services wins light civil contract at CNRL Horizon.
- Fort McKay Logistics wins western Canada transportation contract with CNRL.
- Nuhebah develops tailored diluent reduction chemical product called RheoGlyde for 4 SAGD producers.

NEW INVESTMENTS

- FMFN invests in Enlighten Innovations Inc. to bring Low Sulphur Fuel Oil to the refining and shipping industry.
 - The Fort Hills Project opened for operation on September 10th. Thebacha which FMFN and Mikisew invested \$550M in via a special purpose vehicle is now in operation.
 - FMFN continues to work with industry partners to identify additional investment deals within and outside the oil and gas sector.
-



**NEW
TECHNOLOGY**



Nuhebah Oilfield Services LP
Preserving Prosperity. Empowering Solutions.

Founded 2017 FMFN + Schlumberger
nuhebah.com

Nuhebah (Nu-hay-bah) is Dene and means “for us”.

Product Focus:
RheoGlyde
Heavy Oil Flow Improver.

Problem: Bitumen cannot be transported on its own due to its high viscosity. Operators use diluents (around 30% v/v) to be able to process and transport hydrocarbons from the oil sands to Upgrading or Refining facilities. This Diluent addition comes at a high price for Operators, but its use is necessary to comply with Pipelines specifications for transportation.

Nuhebah’s unique solution: Nuhebah’s partner, Schlumberger, has developed a pioneering flow improver and rheology control technology for Heavy and Extra Heavy Crude Oil production and transportation called RheoGlyde.

RheoGlyde is a Flow Improver Technology developed by Schlumberger for the Oilsands in Alberta for controlling Diluted Bitumen viscosity. When added to the oil it achieves viscosity

**Nuhebah Oilfield Services has dedicated
+2500 man hours on Research and
Development to design a RheoGlyde product
specific for the oil sands in Alberta.**

reduction of 20-35% depending on specific operational conditions. This viscosity reduction provides operators with an opportunity to reduce the amount of diluent they need to meet Pipeline Specifications required to transport their products to Upgraders and Refineries. Several RheoGlyde Flow Improvers have been developed for SAGD operations with potential diluent reduction of 8-12% using low concentrations of the chemical.

RheoGlyde Flow Improvers are a complex mixture of oil soluble surfactants compatible with other chemistries applied in production systems and do not require water to perform. Besides diluent optimization, RheoGlyde application can also improve oil dehydration, increase oil output and reduce or eliminate the need of drag reducers.

**viscosity reduction
of 20-35%**

**diluent reduction
of 8-12%**

**large diluent cost
savings**

**compatible with
pipelines and
refineries**



**NEW
COMPANY**

SOOGADIN

POWERFULLY BUILT

Founded 2018
soogadin.com

**Soogadin (pronounced 'Soo-gah-tin') means
"powerfully built" in Cree.**

Formed by Fort McKay First Nation and Brock Canada, Soogadin leverages the expertise of two progressive businesses to bring leadership, operating efficiency, and a focus on community to the industry. Our joint venture is founded on a shared vision of value and innovation with a focus on providing the energy industry with powerful and progressive solutions.

Soogadin services green and brown-field capital projects, shutdown/turnaround work, and specialized long-term facility maintenance, offering its clients solutions that contribute to operational optimization, asset integrity, enhanced production, cost certainty and cost reduction, while increasing safety and minimizing environmental impact.



Fort McKay First Nation Chief, Mel Grandjam signing with Brock Canada President, Joe Brickner.

Soogadin will be the largest Aboriginal scaffolding, insulation, fireproofing and paint & blast provider in Canada. Every aspect of the business and its plans for sustainable growth will be Powerfully Built.

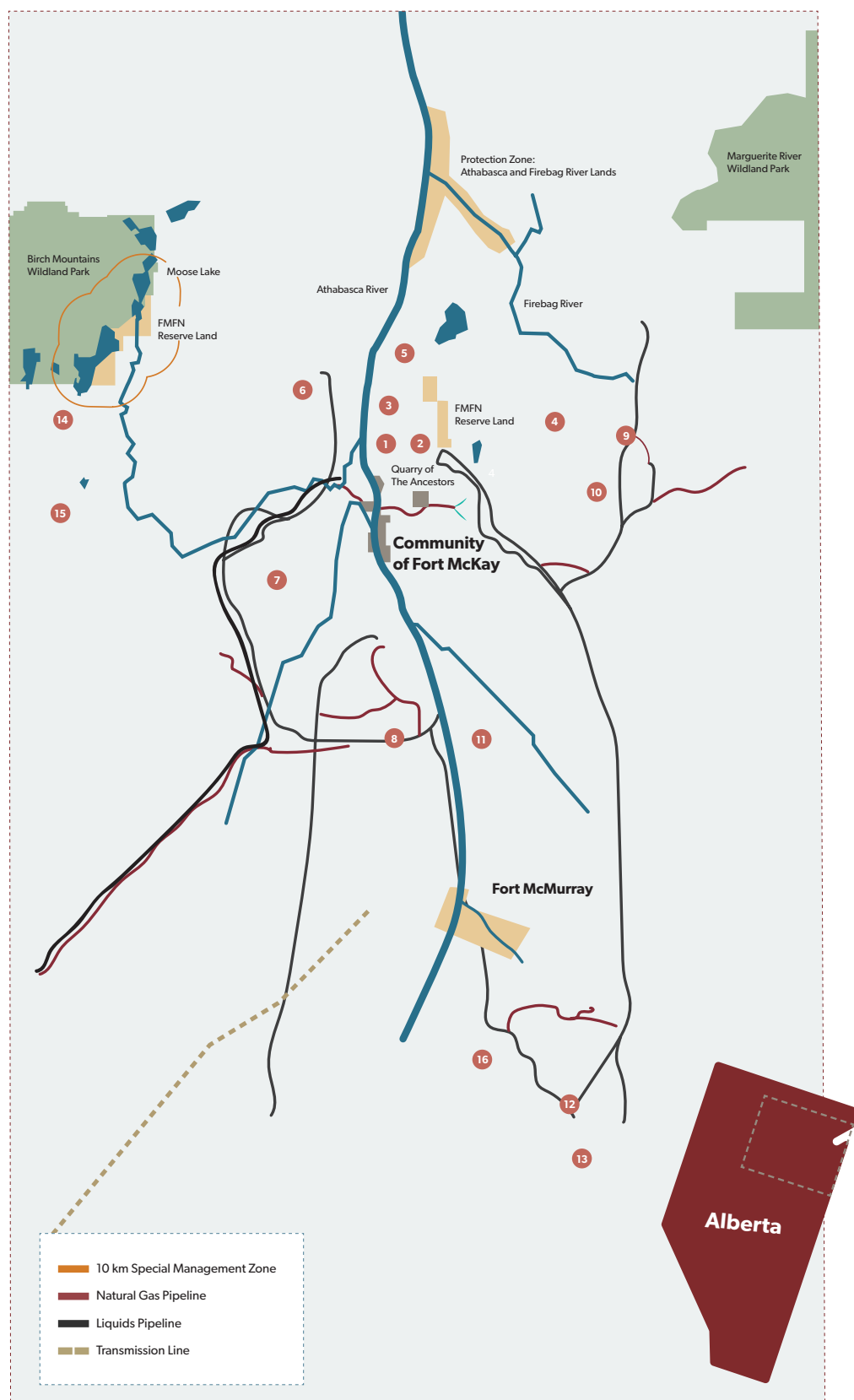
Soogadin's Services Include:

- Scaffold Management, Labour & Material Supply
- Insulation Project Management, Labour and Materials
- Fireproofing Material, Labour & Project Management
- Paint & Blast Solutions – Field and Shop Application Services
- Asbestos & Lead Abatement Programs
- Rope Access Services
- Energy Loss Prevention & Emission Reduction Programs
- Hard Covers, Soft Covers (Insulation Blankets)
- Glycol Heat Tracing

Cost Benefits to Customers:

- Scaffold Cost Reductions through 3D Design, Modelling and Work Face Planning.
- Accountability leading to Productivity through enhanced tracking and reporting management systems.
- Reduced Labour requirements through enhanced scope capture capabilities, resource planning, field fit crew blending, and solutions innovation.
- Continuous Improvement using the latest data analytics, performance measurement tools and service optimization surveillance programs.
- Reduced energy costs and emissions using ARRM model (Assess, Report, Repair, Monitor) including Insulation Assessment Program to improve operator's return on Investment (ROI).

OPERATING PROJECTS IN THE REGION



Suncor Energy Inc.

- 5. Fort Hills (Mine)
- 7. MacKay River (In Situ)
- 9. Firebag (In Situ)
- 11. Millennium and North Steepbank (Mine)

Syncrude Canada Ltd.

- 3. Aurora North (Mine)
- 8. Mildred Lake (Mine)

Imperial Oil Limited

- 4. Kearl Lake (Mine)

Canadian Natural

- 6. Horizon (Mine)
- 1. Muskeg River (Mine)
- 2. Jackpine Phase 1 (Mine)

Husky Energy Inc.

- 10. Sunrise (In Situ)

ConocoPhillips Canada

- 13. Surmont (In Situ)

CNOOC International

- 12. Long Lake (In Situ)

Sunshine Oilsands Ltd.

- 14. West Ells (In Situ)

PetroChina Canada

- 15. MacKay River (In Situ)

Athabasca Oil Corporation

- 16. Hangingstone (In Situ)

Pembina Pipeline Corporation

Various

Enbridge Inc.

Norealis (Pipeline)
Line 91 (Pipeline)
Woodland (Pipeline)
Norlite (Pipeline)

Inter Pipeline Ltd.

Boreal (Pipeline)
Corridor (Pipeline)
Polaris (Pipeline)

TC Energy Corporation

Northern Courier (Pipeline)
Grand Rapids (Pipeline)
White Spruce (Pipeline)

Alberta Powerline

Fort McMurray West
500 KV Transmission Project
(Transmission Line)

RECOGNITION OF PROJECT OPERATORS IN THE REGION

Despite the current economic and operational challenges, the oil sands producers have made contractual commitments to FMFN which they are required to maintain. We understand the environment in which these agreements were made has changed, but the contractual terms of these commitments are unaffected. As an act of good faith, FMFN has worked with all oil sands producers to find a solution that works for both parties when the producer has been open about the challenges they face in meeting their commitment.

In this challenging economy, we feel it is even more important to recognize the oil sand producers who have followed through on their commitments to FMFN, and not abandoned these commitments when economic challenges arose. We value

and respect these companies and are proud to recognize them for their contribution to Fort McKay's economy and community. Based on the following criteria, we have recognized oil sands producers for their work with FMFN and grouped them in categories of:

EXCEPTIONAL PARTNERS

VALUED PARTNERS

POTENTIAL PARTNERS

CHALLENGING RELATIONSHIPS

It is important to note that the following categorization is based on the focus of business. It does not include other important areas in industry's relationship with FMFN such as project consultation, environmental protection, community investment and community engagement. Each of these companies engages in these areas at different levels with FMFN.

MEASURES OF SUCCESS

*total business revenue
for services provided
by FMFN's 12 portfolio
companies*

*innovation in
growing business
with FMFN*

*follow through on
commitments to grow
a business relationship
with FMFN*



**EXCEPTIONAL
PARTNERS**



Suncor Energy Inc. (Public)
Steve Williams, CEO
suncor.com

Suncor Energy is Canada's leading integrated energy company. Suncor's operations include oil sands development and upgrading, offshore oil and gas production, petroleum refining, and product marketing under the Petro-Canada brand. A member of Dow Jones Sustainability indexes, FTSE4Good and CDP, Suncor is working to responsibly develop petroleum resources while also growing a renewable energy portfolio. Suncor is listed on the UN Global Compact 100 stock index. Suncor's common shares (symbol: SU) are listed on the Toronto and New York stock exchanges.

Operating Projects

Fort Hills – Mine (50.8% interest, operator)
Syncrude – Mine (58.74% interest, non-operator)
Firebag – In Situ
McKay River – In Situ
Millennium and North Steepbank – Mine
Thebacha – Tank Farm (51% interest, operator)

Proposed Projects

Lewis – In Situ
Meadow Creek East – In Situ
Meadow Creek West – In Situ

2018 Activities:

Suncor continues to have the most comprehensive approach to contracting Aboriginal businesses because they have made it a requirement and metric that is embedded in their supply chain and contracting/procurement. This makes prioritizing working with Aboriginal businesses a function of their everyday business and not an initiative driven by certain leaders or teams which can have reduced impact from internal silos and changes in leadership.

We would like to congratulate Mark Little for his appointment as CEO. Mark has had a long relationship with Fort McKay and we look forward to continuing to work with him in his new role. We also wish Steve Williams the best in his retirement and thank him for his strong support of Fort McKay over his many years with Suncor.

FMFN companies working with Suncor:





Syncrude Canada Ltd. (Private)
Doreen Cole, Managing Director
syncrude.ca

Syncrude Canada Ltd. is one of the world's largest producers of synthetic crude oil from oil sands and the largest single source producer in Canada. Located in Fort McMurray, the company is a joint venture between four partners - Suncor Energy, Imperial Oil, Sinopec, CNOOC.

Operating Projects

Aurora North – Mine
Mildred Lake – Mine

Proposed Projects

Mildred Lake Expansion Project – Mine

2018 Activities:

FMFN owned companies have consistently grown their revenue with Syncrude over the last several years so that last year, Syncrude was their largest customer. We recognize that we didn't get to this point on our own and that the support of Syncrude's operations and procurement teams was key to reaching this milestone. Syncrude has also played a key role in supporting the development of new FMFN owned companies so that we can expand the service offering of our business portfolio.

FMFN companies working with Syncrude:





Imperial Oil Limited (Public)
Rich Kruger, Chairman, President and CEO
imperialoil.ca

Imperial Oil Limited (Imperial) is an integrated energy company that explores, produces, refines and markets products in Canada and globally. The company is Canada's largest refiner of petroleum products. Imperial refines raw hydrocarbons into about 650 petroleum products essential to consumers and businesses: gasoline, diesel, heating oil, natural gas, lubricants, and chemicals used to make plastics. In addition to Imperial's industrial and wholesale businesses, their retail brands in Canada are Esso and Mobil.

Operating Projects

Kearl Lake – Mine (71% interest, operator)
Syncrude Canada Ltd. (25% interest, non-operator)

Proposed Projects

Aspen Project – In Situ

2018 Activities:

After a few years of focus and concerted effort by Imperial, FMFN and Imperial now have a very strong business relationship. This relationship is at various levels of the organization and is process driven so that it is built to last. Imperial has recently played a key role in the launch and development of new lubricant distribution service for Fort McKay Logistics, a Nation owned company, the profits of which will support the community of Fort McKay for many years to come. Imperial also worked with FM Logistics to significantly expand their business in Alberta in 2018. FMFN acknowledges the hard work that Imperial has put into getting to this point and we look forward to supporting their projects as cost effective service providers.

We feel that there are a number of key areas where we could do more business together and look forward to growing these in 2019.

FMFN companies working with Imperial:



VALUED PARTNERS



PetroChina Canada
Jilin Fu, President and CEO
petrochinacanada.com

PetroChina Canada is an integrated oil and gas company, with interests in upstream, midstream and downstream operations in Alberta and British Columbia, Canada. PetroChina Canada has a large lease holding with two In Situ projects with a potential to produce up to 400,000 bbl/d from two assets: the MacKay River and Dover oil sands leases.

Operating Projects

McKay River Commercial Project (MRCP) – In Situ

Proposed Projects

Dover Commercial Project (DCP) - In Situ

2018 Activities:

PetroChina Canada (PCC) is a good company to work with and very committed to its business relationship with FMFN. PCC has a strong Aboriginal contracting process combined with commitments from both their operations and procurement personal from the field to the executive level. We understand the importance of further reducing their project's operating costs and all of the Nation's companies are focused on reducing costs through increased efficiency. We look forward to continuing to work with PCC's great team.

FMFN companies working with PetroChina:





Canadian Natural (Public)
Steve W. Laut, President
cnrl.com

Canadian Natural is an independent crude oil and natural gas exploration, development and production company. The company is engaged in the acquisition, exploration, development, production, marketing and sale of crude oil, natural gas and natural gas liquids (NGLs). The company has a diversified combination of assets in North America, the North Sea and Offshore Africa.

Operating Projects

Horizon Oil Sands – Mine

Athabasca Oil Sands Project (AOSP)

Muskeg River – Mine

Jackpine – Mine

Scotford – Upgrader (70% interest, non-operator)

Proposed Projects

Jackpine Mine Expansion (JPME)

Horizon North Pit Extension Project

2018 Activities:

Over the last two years CNRL's Aboriginal contracting process has improved. Two key changes have been an adaption of their procurement process to increase the inclusion of Aboriginal businesses, as well as increased openness to trying new ideas. Many CNRL lead initiatives taken by operations and procurement teams to find ways to work with FMFN were actioned last year and resulted in new business.

FMFN companies working with Canadian Natural:





Inter Pipeline Ltd. (Public)
Christian P. Bayle, President and CEO
interpipeline.com

Inter Pipeline Ltd. (Inter Pipeline) owns and operates energy infrastructure assets located in western Canada and Europe. Inter Pipeline operates in four segments: oil sands transportation business, conventional oil pipelines business, natural gas liquids (NGL) extraction business and the bulk liquid storage business.

Operating Projects

Boreal Pipeline
Corridor Pipeline
Polaris Pipeline
Offgas Extraction Facility (Canadian Natural)
Offgas Extraction Facility (Suncor)
Redwater Olefinic Fractionator

2018 Activities:

FMFN has a good business relationship with InterPipeline and they are always open and willing to collaborate. Both their operations and procurement teams are very supportive and work hard to find ways to do business with FMFN owned companies. We look forward to growing our relationship with them.

We applaud InterPipeline for building Heartland - Canada's first integrated petrochemical complex.

The complex is designed to convert locally sourced, low-cost propane into polypropylene: a high value, easy to transport plastic used in the manufacturing of a wide range of finished products. Historically, Canada has forgone significant economic benefits by selling its raw resources and not expanding its upgrading and value added capabilities.

FMFN companies working with Inter Pipeline:





Alberta Powerline (Private)
Wayne Stensby, Managing Director
of Electricity, ATCO
albertapowerline.com

Alberta PowerLine is a partnership between ATCO and Quanta Services to design, build, own and operate the Fort McMurray West 500-kV Transmission Project. Alberta PowerLine is 80% owned by Canadian Utilities Limited (an ATCO company) and 20% owned by Quanta Services. Under the partnership, Valard Construction, a Canadian subsidiary of Quanta, will provide turnkey EPC (Engineering, Procurement and Construction) services for the project while ATCO Electric, an ATCO company, will be responsible for route planning activities and obtain all necessary regulatory approvals for transmission line development and operations and maintenance of the transmission facilities for 35 years.

Project Under Construction

Fort McMurray West 500KV Transmission Project – Powerline

2018 Activities:

The construction of this project is now complete and set up be energized. ATCO and Valard followed through on all of their commitments and ensured that FMFN participated in the construction of this project. We appreciate both companies' efforts on their follow through.



Enbridge Inc. (Public)
Al Monaco, President and CEO
enbridge.com

Enbridge Inc. is an energy transportation and distribution company. The company operates through five segments: Liquids Pipelines; Gas Distribution; Gas Pipelines, Processing and Energy Services; Sponsored Investments, and Corporate. The company operates the crude oil and liquids transportation system in Canada and the United States. The company also has involvement in natural gas gathering, transmission and midstream businesses. As a generator of energy, Enbridge has interests in over 2,200 megawatts (MW) of renewable and alternative energy generating capacity and is involved in holding its interests in wind, solar and geothermal power.

Operating Projects

Line 91, Line 49, Line 32
Athabasca Terminal
Cheecham Terminal
Wood Buffalo Pipeline (Line 75)
South Cheecham Rail and Truck Terminal
Athabasca Pipeline (Line 19)
Waupisoo Pipeline (Line 18)
Norlite Pipeline Project (Line 74)

2018 Activities:

The beginning of the business relationship between FMFN and Enbridge encountered some difficulties but has improved considerably over the last two years. We appreciate the action that Enbridge took to resolve things and the effort that they invested into working with FMFN. We feel that we are now in a position with the company and both organizations have good understanding of each other and how they can best work together.

We believe that Enbridge is an important part of Alberta's and the Canadian economy for its ability to transport Canada's oil to domestic and international customers. Without pipelines Canada sells its oil at a steep discount to the U.S. while buying imported oil from the middle east. This makes no economic, environmental or social sense.



Husky Energy Inc
Robert J. Peabody, President and Chief Executive Officer
huskyenergy.com

Husky Energy Inc. is one of Canada's largest integrated energy companies. The company operates in Western and Atlantic Canada, the United States and the Asia Pacific Region, with Upstream and Downstream business segments. Husky's historic foundation is in Heavy Oil and Western Canada. The company's Heavy Oil business is focused on In Situ developments. In Western Canada, the company is pursuing oil and liquids-rich gas resources plays.

Operating Projects

Sunrise Energy Project – In Situ

Proposed Projects

McMullen – In Situ

2018 Activities:

After a number of challenging years, Husky is now one of FMFN's better business partners to work with. In both operations and procurement at various levels of the organization, there is continued action to find ways to work with the Nation's existing portfolio companies as well as help the Nation identify. We would like to acknowledge the hard work that Husky's team has put into this change. We feel that we now have business relationship which is set up for success and can be mutually beneficial to both Husky and FMFN. We understand that as service provides to Husky's projects, its important to continue to help reduce their operations costs and we are committed to working with them to achieve this.

FMFN companies working with Husky:





**POTENTIAL
PARTNERS**



ConocoPhillips Canada (Public)
Kirk Johnson, President
conocophillips.ca

ConocoPhillips Canada has been working in Canada for over 100 years. Currently their Canadian operations are organized into natural gas positions in Western Canada, In Situ projects in the oil sands position in Northern Alberta and significant exploration and business development opportunities in unconventional exploration areas, in the Arctic and in Atlantic Canada.

Operating Projects

Surmont – In Situ (50% interest, operator)

Proposed Projects

Thornbury – Lease

Saleski – Lease

Crow Lake – Lease

McMillan Lake – Lease



Pembina Pipeline Corporation (Public)
Michael Dilger, President and CEO
pembina.com

Pembina Pipeline Corporation (Pembina) is a transportation and midstream service provider. The company operates through four segments: Conventional Pipelines, Oil Sands and Heavy Oil, Gas Services and Midstream. Pembina owns and operates an integrated system of pipelines that transport various hydrocarbon liquids, including conventional and synthetic crude oil, heavy

oil and oil sands products, condensate (diluent) and natural gas liquids (NGL) produced in western Canada and ethane produced in North Dakota.

Operating Projects

Various



CNOOC International (Private)
**Quinn Wilson, Senior Vice President
& CEO North America**
intl.cnooc ltd.com

CNOOC International is an upstream oil and gas company responsibly developing energy resources in the UK North Sea, offshore West Africa, the United States and Western Canada. A wholly-owned subsidiary of CNOOC Limited, in Canada CNOOC International has three principal businesses: conventional oil and gas, oil sands and shale gas/oil.

Operating Projects

Long Lake – In Situ

Syncrude – Mine (7.23% interest, non-operator)

Hangingstone – Mine (25% interest, non-operator)

CHALLENGING RELATIONSHIPS

The Nation tries earnestly to work with all companies with projects in the oil sands in a constructive way. The Nation maintains that the oil sands must be developed in an environmentally responsible way that minimizes impact, while including local Aboriginal community in the oil sands economy. However, not all oil and pipeline companies share this view or have self-imposed “policy constraints” that exclude the meaningful participation in business with First Nations. When contractual agreements with energy companies are in place, our expectation is that the terms will be fulfilled regardless of the economic cycle. These agreements contain legally binding obligations on both parties. When these obligations are not fulfilled by a party, the other party’s options may include litigation or termination of the relationship.

Even though FMFN has agreements in place, the successful implementation of these agreements is impeded because some or all of the following factors are missing:

- Consistent senior executive leadership.
- Aboriginal business metrics embedded in supply chain.
- Awareness and understanding of agreements.
- Decision makers involvement in contracting and procurement discussions.
- Authority to implement agreement commitments.



Sunshine Oilsands Ltd. (Public)
Mr. Horst Wolfgang Wunschelmeier, CEO
sunshineoilsands.com

Sunshine Oilsands Ltd. is a Calgary-based company with a sizable holding of oil sands leases in the Athabasca oil sands region. Sunshine owns more than one million acres of oil sands and PN&G leases, equivalent to approximately 7% of the total oil sands leases granted in the Athabasca region. Sunshine's current project is West Ells, a 5000 bbl/day SAGD project near Fort McMurray.

Operating Projects

West Ells – In Situ

Proposed Projects

Legend Lake – In Situ

Thickwood – In Situ



TC Energy Corporation
Russell Girling, President and CEO
tcenergy.com

TC Energy Corporation is an energy infrastructure company. The company operates through three segments: Natural Gas Pipelines, Liquids Pipelines and Energy. Its pipelines transport both oil and gas and connect with virtually all major gas supply basins in North America. TC Energy is one of the continent's largest providers of gas storage and related services with approximately 407 billion cubic feet of storage capacity. TC Energy also owns, or has interests in, approximately 11,800 megawatts of power generation.

Operating Projects

Northern Courier – Pipeline

Grand Rapids – Pipeline

White Spruce – Pipeline

Proposed Projects

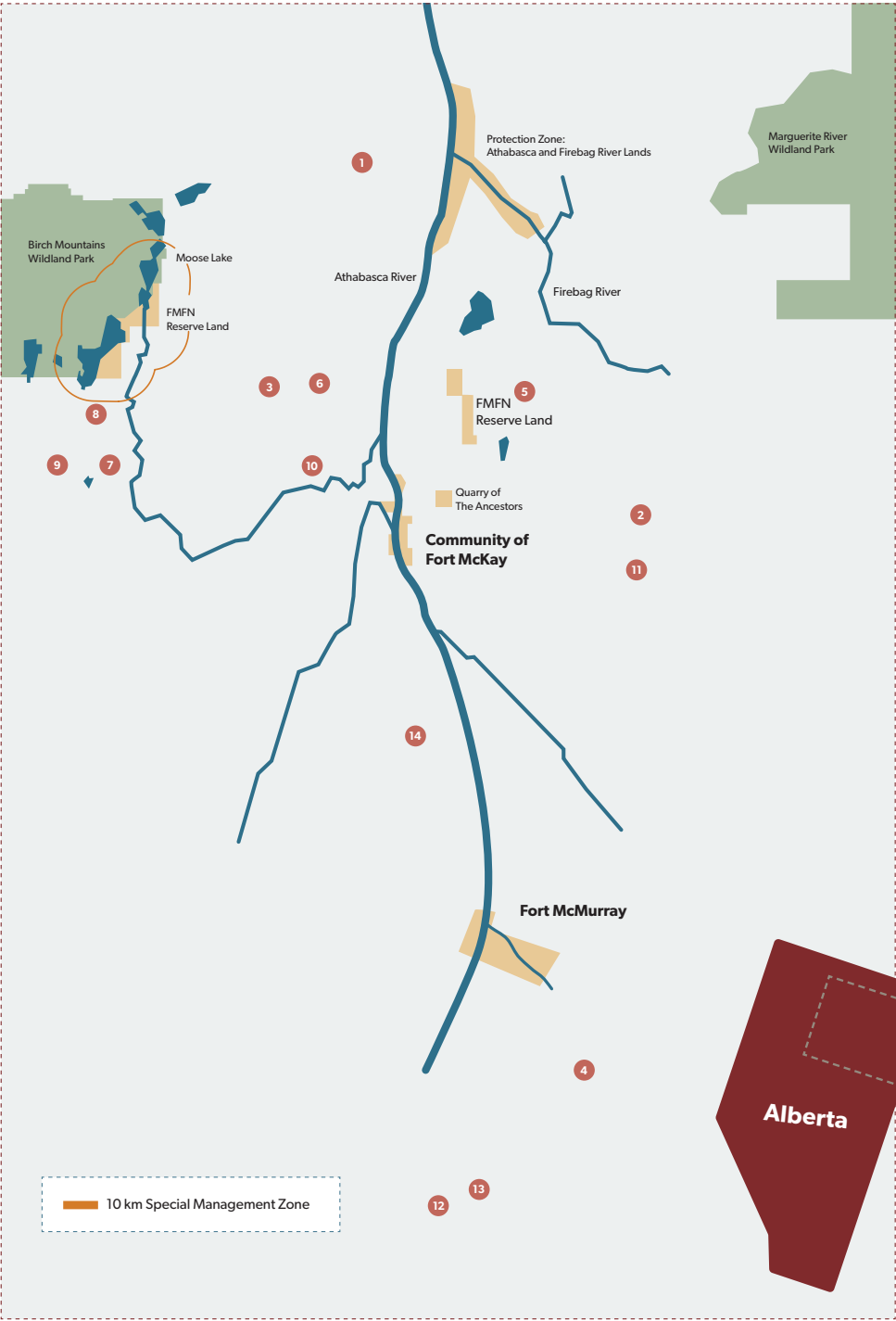
Stoney Mountain – Pipeline

Keystone XL – Pipeline

2018 Activities:

The Nation's relationship with TC Energy is challenging and the Nation's companies do virtually no business contract work with them. TC Energy has been active in other areas such as education and employment and has provided funding and support in these areas.

PROPOSED PROJECTS IN THE REGION



Teck Resources Limited

- 1. Frontier (Mine)

Imperial Oil Limited

- 2. Aspen (In Situ)

Value Creation Inc.

- 3. Terre de Grace (In Situ)
- 4. Tristar (In Situ)

Canadian Natural

- 5. Jackpine Expansion (Mine)
- 6. Horizon North Pit Extension Project (Mine)

Sunshine Oilsands Ltd.

- 7. Thickwood (In Situ)
- 8. Legend Lake (In Situ)

PetroChina Canada

- 9. Dover (In Situ)

CNRL

- 10. Joslyn (Mine)

Suncor

- 11. Lewis (In Situ)
- 12. Meadow Creek East (In Situ)
- 13. Meadow Creek West (In Situ)

Syncrude Canada Ltd.

- 14. Mildred Lake Expansion (Mine)



FORT MCKAY FIRST NATION RECOGNITION OF FUTURE OPERATORS IN THE REGION

The planning process for oil sands projects takes many years and therefore continues even during times of low oil prices. A key part of this planning process includes engaging with FMFN to discuss business, and begin building the foundation for a long-term and mutually beneficial relationship. It is important for both FMFN and each company to continue to find ways to do business together so that when the projects begin to operate, each group's business activities are in sync.

Oil sands companies that are currently strong partners in operating projects, often began as strong partners in proposed projects. We feel it is important to focus on positive collaborations and recognize the superior efforts of certain companies. The following three companies exemplify what it means to engage with a First Nation early and work with them to reach shared understanding and agreement on oil sands projects. FMFN is proud to have reached an agreement with these companies on their proposed projects, and believes that they will be valuable business partners in the future.



Cenovus Energy Inc. (Public)
Alex Pourbaix, President and CEO
cenovus.com

Cenovus Energy Inc. (Cenovus) is a Canadian oil company focused on two key production platforms; top-tier assets in the oil sands region in northern Alberta, and liquids-rich natural gas fairway, Deep Basin, in Alberta and British Columbia. Cenovus also has 50% ownership in two U.S. refineries.

Operating Projects

Christina Lake – In Situ
Foster Creek – In Situ

Proposed Projects

Telephone Lake – In Situ

Teck

Teck Resources Limited (Public)
Donald Lindsay, President and CEO
teck.com

Teck Resources Limited is engaged in the business of exploring for, acquiring, developing and producing natural resources. The company operates through five segments: steelmaking coal, copper, zinc, energy and corporate. The company has interests in mining and processing operations in Canada, the United States, Chile and Peru which produces a range of metals, chemicals and fertilizers. Its energy assets in the Athabasca oil sands region of northeastern Alberta include interest in the Fort Hills oil sands project, interest in the Frontier oil sands project and in various other oil sands leases in the exploration phase.

Operating Projects

Fort Hills Project – Mine (20% interest, non-operator)

Proposed Projects

Frontier Project – Mine

DOMESTIC OIL AND THE FUTURE OF RENEWABLE ENERGY

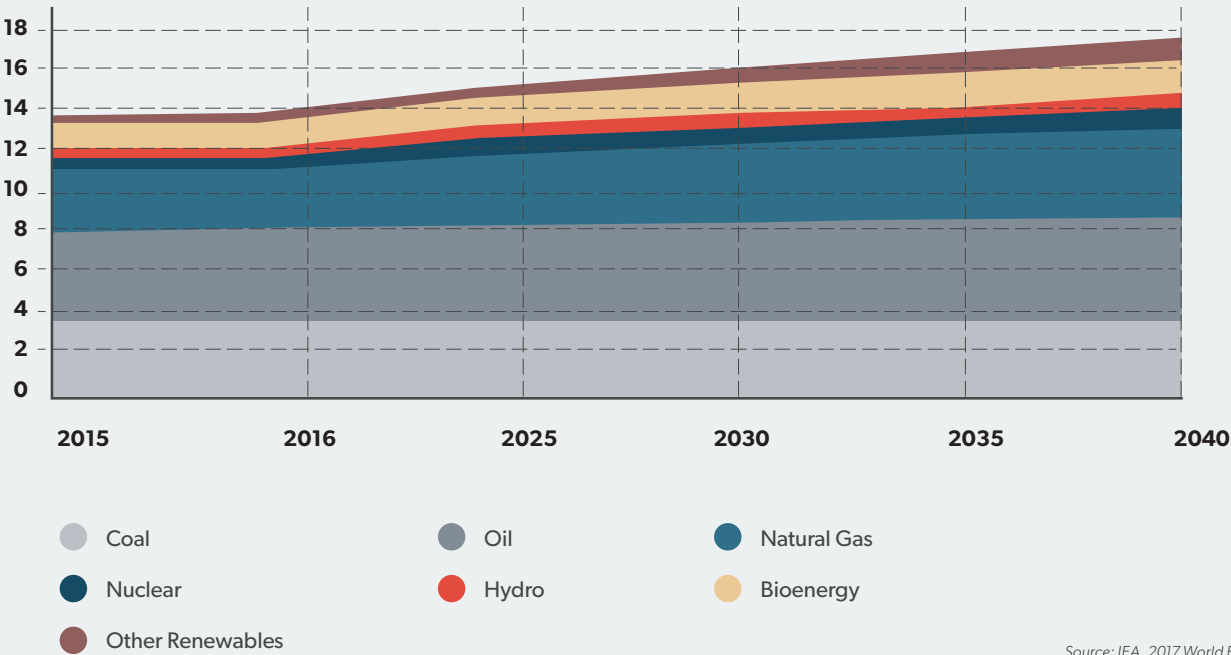
Fort McKay First Nation supports renewable energy and understands that it will be a key part of Alberta's and the world's energy future.

Last year we spent a considerable amount of time evaluating two separate renewable investments - solar and wind. The return on investments proved low, even with government subsidies. While we chose not to invest in these projects at this time, we continue to look for equity and partnership opportunities with renewable energy businesses.

As we look to diversify within our industry, we will continue to support the growth and commercialization of non-renewable sources of energy with the understanding that a full transition from fossil fuel to renewable resources could take decades.

In the meantime, the majority of global experts agree that oil and gas will continue to be a significant source of energy for our planet and the supply required to fulfill growing local and Global energy demand exist within our borders. Instead, Canada spends billions of dollars importing foreign oil while selling our own at prices well below world market levels.

GLOBAL PRIMARY ENERGY DEMAND
Billion tonnes oil equivalent

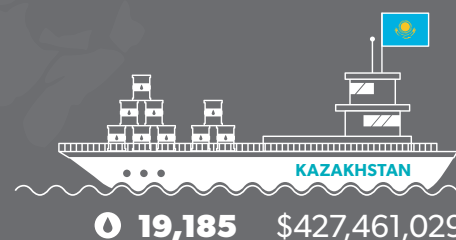
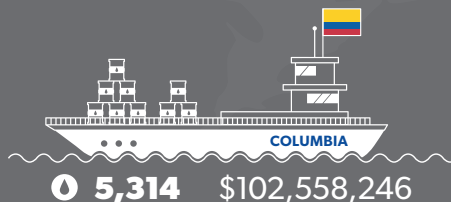
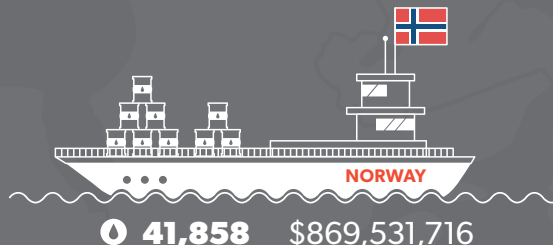
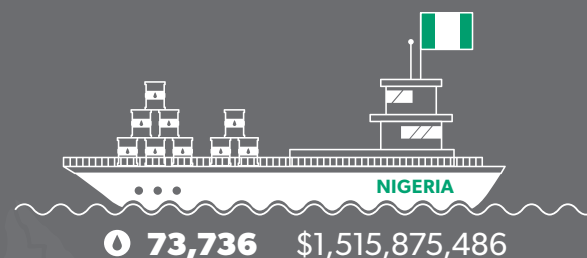
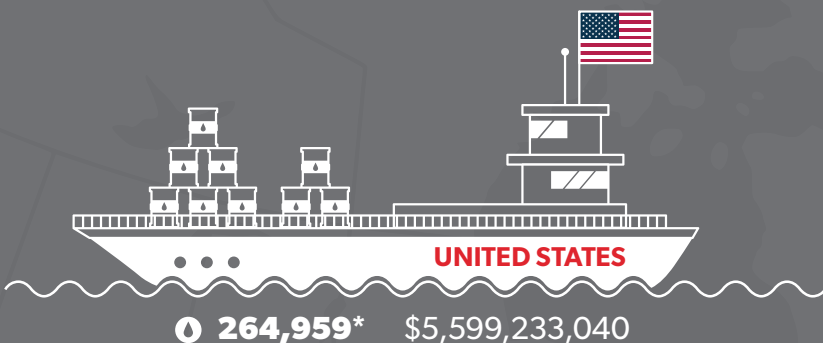
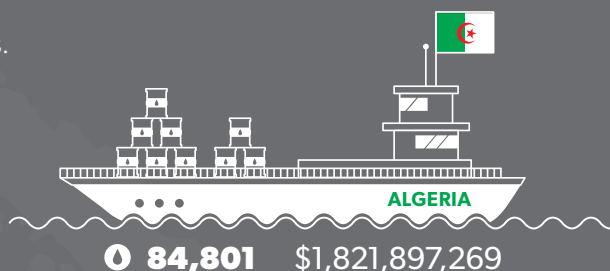
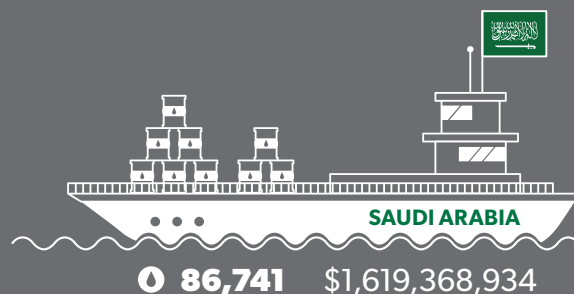


Source: IEA, 2017 World Energy Outlook New Policies Scenario

WHY DO WE IMPORT FOREIGN OIL?

Despite having the third-largest oil reserves in the world, Canada **imported \$14.4 billion** worth of oil from foreign countries in 2016. Most, \$12.7 billion, went to Ontario, Quebec and the Atlantic provinces.

Energy East, a proposal for a direct pipeline linking Western Canadian oil with refineries in Eastern Canada, would decrease our dependence on foreign oil.



🛢️ **Volume of oil (barrels per day) by country in 2016.**

\$ **Total amount spent by Canada on oil imports by country in 2016.**

Only countries that exported >10,000 b/d of oil to Canada in 2016 are shown. Canada also imported smaller quantities of oil in 2016 from the countries of Azerbaijan, DR Congo and Equatorial Guinea.

**Oil arrives from the U.S. via boat, rail, and pipeline.*

Source: CAPP

ECONOMIC IMPACTS

\$1.7 Trillion

Oil sands development is expected to contribute almost \$1.7 trillion to the Canadian economy from 2017 - 2027 - about \$170 billion per year.

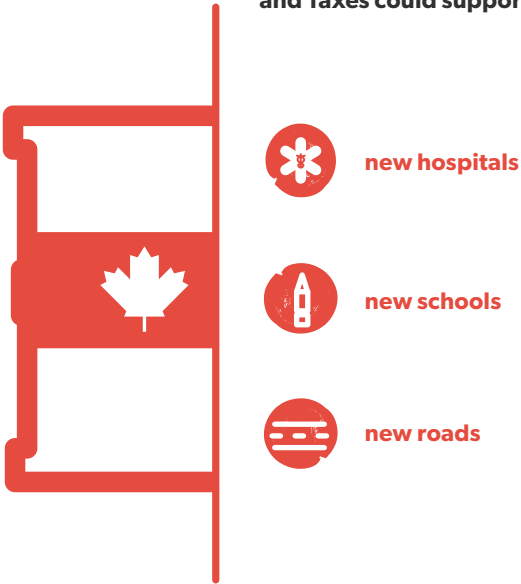
Source: CERl, 2017

\$256 Billion

The oil sands industry will pay an estimated \$256 billion in provincial and federal taxes from 2017 - 2027, about \$25 billion per year. Governments use this economic contribution to help pay for things Canadians value and want such as healthcare, education and public infrastructure.

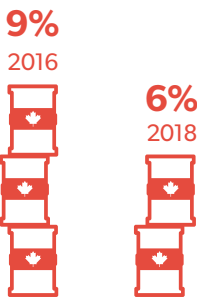
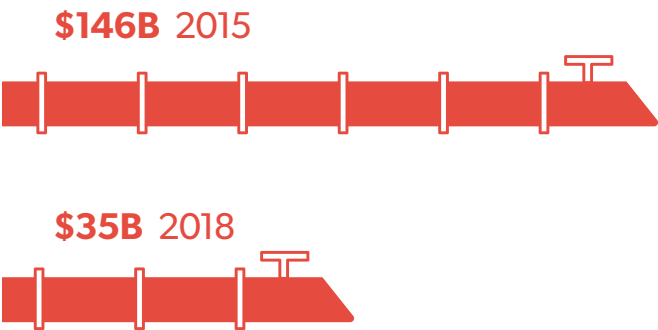
Source: CERl, 2017

\$256 Billion in Royalties and Taxes could support:



Source: CAPP

The pace of new planned investments in the Canadian energy sector dropped from **\$146 billion** in 2015 to **\$35 billion** in 2018.

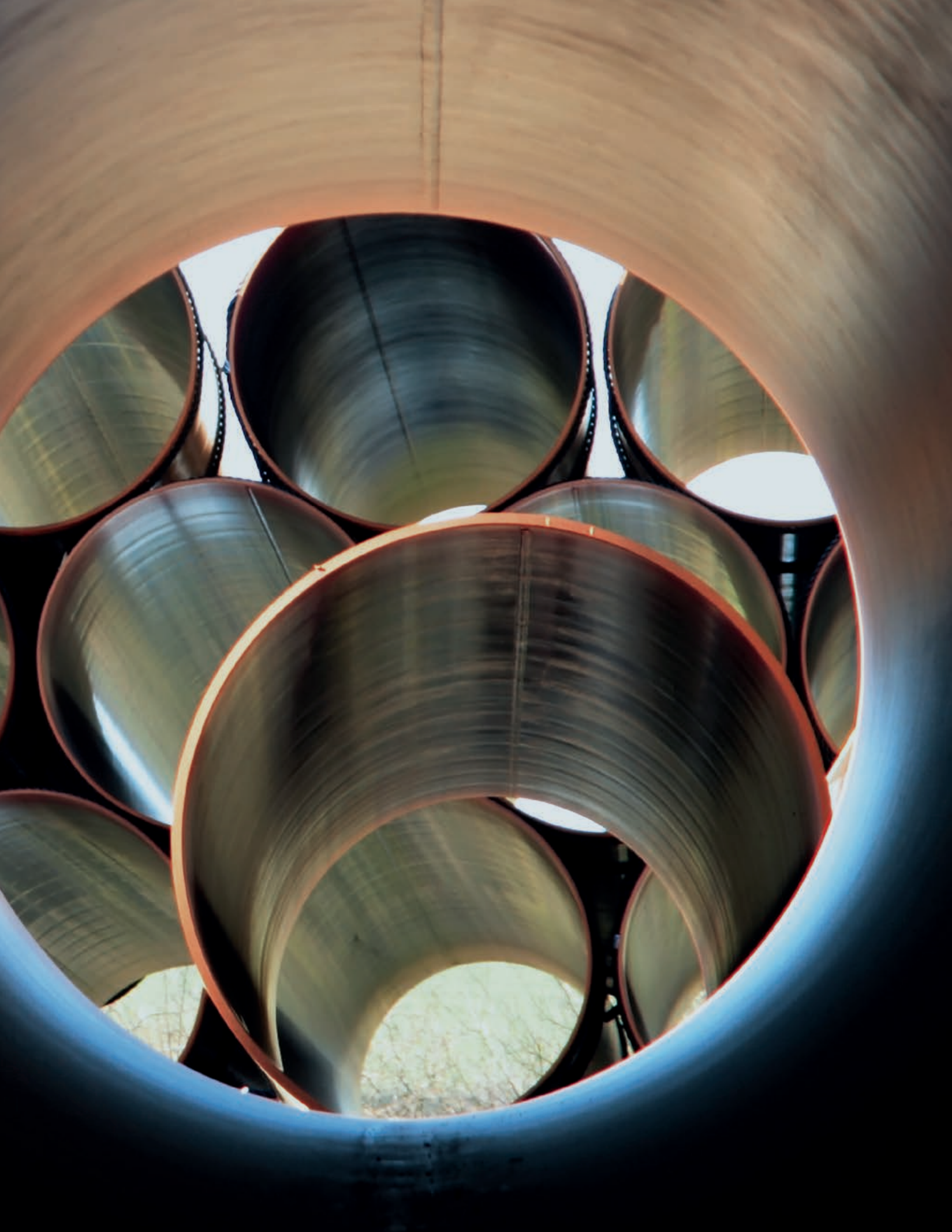


Canadian capital investment in oil and gas extraction fell from an estimated high of nearly **9 percent** of global upstream oil and gas investment in 2014 to less than **6 per cent** in 2018.



Between 2017 and 2018, the planned investment value of major resource sector projects in Canada plunged by **\$100 billion** - an amount equal to **4.5 percent** of Canada's GDP.

Source: C.D. Howe Institute - A Crisis of Our Own Making: Prospects for Major Natural Resource Projects in Canada



MOOSE LAKE



***The Nation has a long history
of successfully working with
industry in the sustainable
development of the oil sands.***

Development has meant that oil sands projects surround the Fort McKay community on all sides. The last area of the Nation's territory relatively untouched by development is Moose Lake. The Nation is committed to the protection and preservation of Moose Lake in order to ensure our children and grandchildren have a clean, peaceful place to keep our traditions and culture alive.

The Nation is committed to strict limits on the intensity of development within 10 km of Moose Lake, as well as strong environmental protection and access management. Our protection of this area will continue, so it can continue to be a peaceful and abundant area for cultural and traditional uses.

In 2017, the Fort McKay Sustainability Department established an air monitoring station at Moose Lake to develop a good understanding of the air quality at Moose Lake and monitor air quality over time.

ATHABASCA AND FIREBAG RIVER LANDS

First Nations have used the Firebag and Athabasca rivers as an important food source, transportation and trading network dating back 9,500 years.

As First Nations migrated with seasonal food sources, they would make their settlements along the land next to the river. Ancient campsites have yet to be researched and protected in these areas. To preserve this cultural heritage and protect the ecological importance of these river lands, FMFN will not allow any development which impacts these lands.

FMFN is disappointed by the Government of Alberta's recent decision to allow the development of a gravel pit (called Coffey Pit) in a sacred traditional archaeological site at Coffey Pit Lake. This is an area which the Government of Alberta itself has deemed as ecologically sensitive. All of this is being done despite the Government's refusal to provide any valid economic data to show that an additional gravel pit is actually needed in the area.

Coffey Pit falls within an area classified by Fort McKay as designated for Indigenous use and to practice Fort McKay Treaty and Aboriginal (Indigenous) Rights. The location and surrounding area of Coffey Pit are valued for habitation, subsistence, trapping and transportation purposes, and there are more than 50 known Indigenous Use sites within two kilometers or less of the proposed gravel pit.

The entire Coffey Pit area (with the exception of a small portion of the access road) overlaps a Fort McKay community member-held trapline. Fort McKay members value the area where Coffey Pit is located for its importance to FMFN's culture such as transfer of knowledge about Traditional Land Use (TLU), history and spirituality.

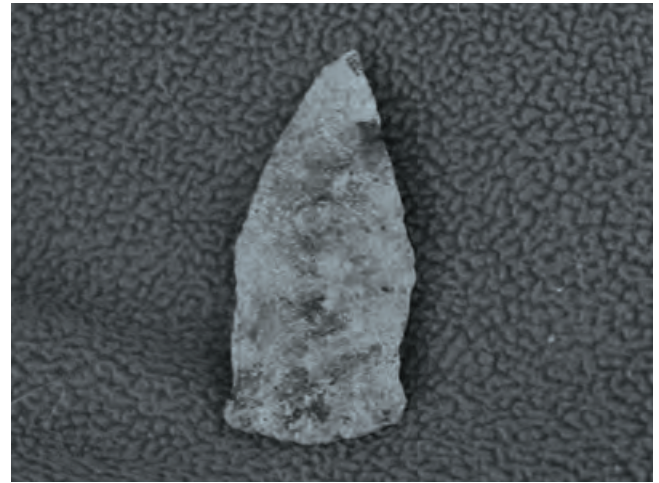
QUARRY OF THE ANCESTORS

The Quarry of the Ancestors site was identified during the initial exploration and Historical Resource Impact Assessment for the Muskeg Valley Quarry (Hammerstone Project) in 2003. The importance of the discovery of this site was such that the entire area around the outcrops was immediately established as an “exclusion zone” by the predecessor company of Hammerstone Corporation and the quarry development plan was modified to avoid disturbance to the area.

Mitigation of the site continued and numerous small quarries, workshops, and campsites dating from 9,500 – 7,500 years ago were discovered.

This find is one of the oldest and most important sites in the province. It reflects the history of complex First Nation settlement in the Athabasca region.

The site possesses a high density of artifacts and is reflective of a wide range of ancient cultural practices. Among the most intriguing cultural materials excavated have been microblade artifacts and spear points containing blood residue.



Limestone arrowhead from the Quarry of the Ancestors

Further steps were taken to protect the site and under Hammerstone Corporation and in coordination with FMFN, the “Quarry of the Ancestors” was formally recognized as a Provincial Historic Resource and listed in the register of Canadian Historic Places in 2012.





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