

SELWYN PROJECT NEWSLETTER

July 2015 issue



LETTER FROM THE CEO



Over the past couple of months, we have been working very hard with Kaska leadership and negotiators to address two very important issues for the Selwyn Project: reaching agreement about the R-block and negotiating our Socio-economic Participation Agreement (SEPA).

R-BLOCK AGREEMENT IN PLACE

I'm pleased to report that last month, leaders of the five Kaska Nations signed the Band Council Resolution (BCR) authorizing Chief Ladue and Chief Morris to sign the R-block Agreement we negotiated during May and June. This achievement increases the certainty we needed for the Selwyn Project to move forward, and helps to ensure we keep to our development timeline for the Project. Read more about why timing is so important in *Mine Development: It's All About Timing* on page 3.

DON CAMP NOW OPEN

Reaching agreement on the R-block meant we were finally able to reopen the Don Camp on June 17 and everyone at site is now busy working on our 2015 drill program, Prefeasibility Study (PFS) and environmental baseline studies. Read *The 2015 Exploration Season: What Are We Doing?* on page 4 to learn more.

SEPA NEGOTIATIONS GOING WELL

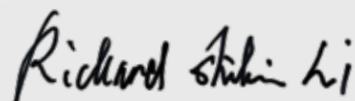
In addition to the R-block Agreement, the SEPA negotiations have been going very well over the past several weeks and Kaska and Selwyn Chihong negotiators have now removed all the deal-breakers in the draft agreement. We'll have an update on the SEPA soon.

The last several weeks have been very stressful for everyone involved but our ability to work through both these challenges with the Kaska is a testament to our shared commitment to developing the Selwyn Project into something we can all benefit from. This goes for Kaska communities in Yukon and British Columbia (BC), as well as in other Aboriginal and non-Aboriginal communities in Yukon, BC, the Northwest Territories (NWT) and beyond.

A specific element of the Project that benefits the NWT is the Howard's Pass Access Road (HPAR), the vital road that connects the Project to the highway system. Securing the permits we need to widen the road is one of our key goals in 2015. Read more about this on page 2; in future issues, we'll explore how we're finding ways for local communities to benefit from our HPAR activities.

I'm happy to see the Don Camp is now open, the HPAR is active again and very importantly, people are back to work. Our shared success is proof we can find a way forward if we are willing to work together.

Best Regards,



The Howard's Pass Access Road: An Important Part Of The Selwyn Project

by Doug Reeve, Manager,
Permitting and Regulatory Affairs

The Howard's Pass Access Road (HPAR) is an important link between the Selwyn Project and the public highway system. The 79-kilometre (km) HPAR is a single-lane, all-season road located entirely in the Northwest Territories (NWT). It starts at its intersection with the Nahanni Range Road (Highway 10) and ends at Howard's Pass at the Yukon / NWT border. The HPAR passes through Kaska and Dehcho Dene Traditional Territories, as well as the Sahtu Dene and Metis Comprehensive Land Claim Settlement Area. It also passes through portions of Nááts'ihch'oh National Park Reserve and Nahanni National Park Reserve.

HPAR HISTORY

The HPAR was first constructed in the late 1970s to service mining exploration at Howard's Pass and did not pass through any part of the Nahanni National Park Reserve (which was created by the Government of Canada in 1972). The HPAR was used commercially until about 1981, when the road fell into disrepair due to a lack of both use and maintenance.

In 2009, the Government of Canada expanded the Nahanni National Park Reserve and, in 2014, created the Nááts'ihch'oh National Park Reserve. Today, the HPAR passes through parts of both park reserves. However, amendments to the *Canada Parks Act* recognize the previous existence and importance



of the HPAR and grandfathered its continued use as a mining road. Selwyn Chihong constructed the HPAR during 2014, returning it to a usable condition.

HPAR focus for 2015: continue community consultation and secure permits



Completed upgrades to the Howard's Pass Access Road in 2014: eight new bridges and road reconstruction to allow all-season access.

SUBMITTING THE PERMIT APPLICATION

The HPAR is a vital lifeline for the Selwyn Project. This access route will be used in the future to supply the mine and to ship our mineral concentrates to the global market. With this in mind, Selwyn Chihong has embarked on a process of environmental evaluation, community consultation and permit applications to widen the road. We have prepared draft application documents for widening of the HPAR, and in March made the drafts available to the Tulita District Land Corporation and Naha Dehe Dene Band for pre-review, prior to submission to government regulators. Members of the Selwyn Chihong team also visited the communities of Tulita, Norman Wells and Nahanni Butte in February, March and April to make presentations about the Application.

Following the commitments we have in Cooperation Agreements with local NWT communities, we shared all of the reports and application documents and revised our plan to reflect community feedback, before submitting the documents to the regulators. We finalized the plans and made our permit applications to widen the road to the

MacKenzie Valley Land and Water Board and Parks Canada in late June. Parks Canada referred the HPAR upgrade project to the environmental assessment process on July 10.

Assuming we are successful in our permit applications, we anticipate it will take approximately two years to complete the required upgrades. If you have any questions about HPAR, email us at info@selwynchihong.com.

In the next issue: minimizing the environmental effects of road use and finding ways for local communities to benefit from our HPAR activities

Mining Development: It's All About Timing

by Maurice Albert

As companies and their teams of mining industry experts plan how they will turn exploration projects into mines, they identify the best time for a proposed project to go into production. This timing has the best potential for the project proponent to deliver on its commitments to local communities, shareholders, First Nations and stakeholders. For the Selwyn Project, our target production date is 2021. As we work toward this date, we need to accomplish some important milestones on time so we can create the certainty our project needs to be considered a viable investment and worthy of support, by financial bankers, governments, regulators and local communities.

SETTING ANNUAL GOALS HELPS US ACHIEVE LARGER MILESTONES

Every year we set specific goals to help us accomplish the milestones and dates needed by the Project (shown in the timeline diagram below). This year, our team is working very hard to complete the Prefeasibility Study (PFS); upgrade the Howard's Pass Access Road (HPAR); finish our drill program; and continue our environmental baseline research.

We are also doing lots of work with local Kaska communities. This year, we've negotiated the R-block

Agreement which resolves a major permitting uncertainty we faced for the Project. We are also making great progress in negotiations with the Kaska on the Socio-economic Participation Agreement (SEPA) for the Project and we look forward to sharing more information about this soon.

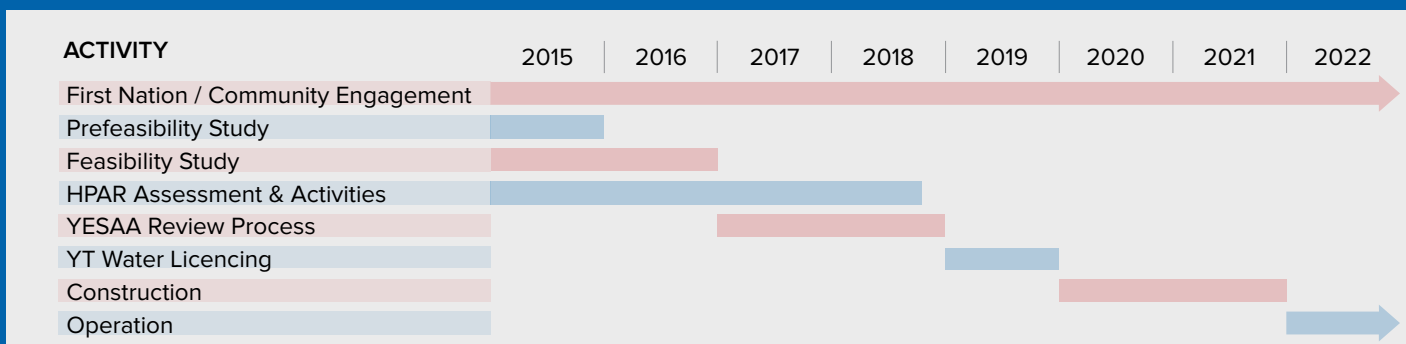
These are all important elements of our work that contribute to the same goal: bringing the Selwyn Project into production in 2021.

ENSURING THE SELWYN PROJECT DELIVERS THE MAXIMUM BENEFITS TO EVERYONE

Timing can make or break a project and 2021 is a very important date for the Selwyn Project. If the timeline slips, our ability to deliver the maximum benefits to communities will be affected.

If we are all willing to roll up our sleeves and work together to find a way to overcome the challenges that come up – as both the Kaska and the Selwyn Chihong team have done recently – we can be successful.

We continue to say this, and we mean it: we want to design and develop a Project that ensures local communities benefit, through revenue sharing, training and development, employment and business opportunities.



The 2015 Exploration Season: What Are We Doing?

by John O'Donnell

On June 17, 2015, we opened Don Camp to undertake our 2015 drill program and environmental baseline studies. Because this season is shorter than normal, we're going to be especially busy!



We have three drills running 24/7 for this season's 10,000-meter drill program. The data we collect from the drill cores will help us better understand the grade of the Selwyn Project deposit, the strength of the rock, water flow for the potential pits and the surrounding soil compositions. We'll use the information to complete our Prefeasibility Study (PFS) and Tailing Storage Facility (TSF) studies.

There are 50 SCML staff and contractors working out of Don Camp right now and we have opened XY Camp to allow more people to join us at site in peak season.

We continue to focus on hiring, training and buying locally, wherever possible. We are happy to welcome back workers from past seasons, including many Kaska members who

represent an important part of our workforce as heavy equipment operators, diamond drill helpers, pad builders, helicopter support crew, camp technicians, core technicians, environmental monitors and in janitorial services.

We also have supplier contracts in place with local companies such as Tu-Lidlini Petroleum Inc. and Tim Moon Construction; and our drilling contractors, No Limit Diamond Drilling and Cyr Drilling, as well as our primary analytical laboratory, Agat Laboratories, have benefits agreements in place with the Kaska.

We've got a lot to do this summer but I'm confident our teams in camp can get the work done and get us back on track to meet our goals this year.

Contact Us

To learn more about the proposed Selwyn Project, visit www.selwynchihong.com. You can also call 604.620.6188 or email info@chihongmining.com.

Got a question about the Project?

Send your questions to info@chihongmining.com or use the Contact Form on our website.

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