



ALASKA HYDRO CORPORATION
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TSX Venture Exchange: AKH

NEWS RELEASE
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**ALASKA HYDRO ANNOUNCES THE FILING OF A WATER LICENCE APPLICATION ON
FORREST KERR CREEK**

January 16, 2017 – Vancouver, British Columbia –Cliff Grandison, President of Alaska Hydro Corporation, (the “Company”) announced the filing of an application for a water licence on Forrest Kerr Creek has been accepted by the Ministry of Forests, Lands, and Natural Resource Operations (“FLNRO”), with a priority date of November 30, 2016. The Company has also applied for an Investigative Licence for a diversion of Forrest Kerr Creek into More Creek.

The Application calls for a diversion of up to 221 cubic metres per second of water from Forrest Kerr Creek into More Creek. The Application for the diversion includes a 37 metre high dam, 220 meter long water tunnel and a 500 metre long trench. The Forrest Kerr diversion dam will form a small pond and when filled will discharge water from Forrest Kerr into the water tunnel, trench and into the More Creek watershed.

This water, when diverted into More Creek will result in additional energy being produced at the Company's proposed hydroelectric facility on More Creek. Initial estimates call for an additional 104 GWh on average annually resulting in a combined More Creek, Forrest Kerr total average annual generation of approximately 447 GWh. and an increase in revenue of approximately \$10.5 million and a total annual revenue potential of \$44.7 million.

The Forrest Kerr diversion is estimated to cost approximately \$35 million for a total pre-feasibility cost of construction for both projects of \$273 million.

The Forrest Kerr diversion is not currently part of the More Creek Canadian Environmental Assessment Agency Environmental Application nor is it a part of the BC Environmental Assessment Office Environmental Assessment.

The Forrest Kerr Diversion project is part of the Company's long term expansion plan for More Creek Project and will be subject to a separate engineering and environmental review.

For further information, please contact:

Cliff Grandison, Interim President and Chief Executive Officer
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Certain statements contained in this release may constitute forward-looking information. These statements may relate to future events or future performance, including receipt of a water licence in respect of the proposed project, receipt of land tenure in respect of lands relating to the proposed project, completion of a preliminary economic assessment, environmental assessments, prefeasibility and feasibility studies and project financing, receipt of TSX Venture Exchange acceptance, receipt of a satisfactory outcome in consultations with First Nations, receipt of applicable permits, anticipated project development

timelines and anticipated demand for hydro electricity. The use of any of the words “could”, “intend”, “expect”, “believe”, “will”, “projected”, “estimated” and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on the Company’s current belief or assumptions as to the outcome and timing of such future events. Actual future results may differ materially. Any forward-looking information contained in this release is made as of the date hereof and the Company is not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on forward-looking information. The foregoing statements expressly qualify any forward-looking information contained herein.

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