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Withheld pursuant to/removed as

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www.sinclar.com/apollo

August 22, 2016

Nak'Al Koh Logging Ltd.
Fort St James, BC

Attention: Leonard Thomas

Re: Nak'Al Koh Logging Commitment

Leonard,

This is to confirm that Apollo Forest Products has a management agreement with Ta Da Chun Timber Limited pertaining to Forest Licence A64418.

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We look forward to supporting Nak'azdli in their new business venture.

Regards,

Bruce McLean
Apollo Forest Products Ltd.

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Review of the Appraisal of Logging Equipment for Nak'al Koh Logging Ltd.

By Greg Taylor, J. M. Taylor Ltd.

16/11/18

As a duty of the Facilitator Contract with BC and CSFNs I have been asked to give my perspective on the appraisal of logging equipment and also the ability to source similar equipment at lower cost. Given the limited scope of the assignment, I have drawn on my past knowledge in corporate banking, my review of the appraisal report for the equipment under consideration and a discussion with Dan Anderson, President of Sterling Appraisals & Machinery Ltd., the company which prepared the report.

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Additional volumes are

coming on stream in future years to provide sufficient work for the economic life of the equipment. In addition to logging sawlogs, there is potential to harvest MPB salvage for the Fort St. James bioenergy plant.

Sterling is a company with experience in providing appraisals of this nature for Canadian and American financial institutions. The President of Sterling has professional appraisal qualifications for Canada and the USA. Much of Sterling's business involves appraisals to support bank financing of heavy equipment for logging. The appraisal prepared for Nak'al Koh is typical of this type of report and as such correctly follows the guidelines and procedures of the Canadian and American appraisal authorities.

It appears the appraisal has been based upon appropriate investigations of recent used equipment purchases, used equipment for sale and comparable new equipment, all with suitable adjustments to yield the best estimations of comparable value.

The question of the availability of similar equipment at lower cost is a valid consideration which frequently arises. Fortunately, the appraisal process itself addresses this type of concern through the comparison of recent sales of similar pieces of equipment but, more particularly, through the investigation of equipment which is on the market at the time of the appraisal. Sterling undertook this investigation and concluded the equipment represents fair value compared to available alternatives. Furthermore, the low usage and good level of maintenance are additional advantages.

Conclusion

Within the bonds of the limited scope of this assignment, I have applied my expertise based upon experience in financing to the forest sector to conclude:

- the appraisal has been preformed by appraisal professionals in accordance with established professional standards
- the firm engaged to conduct the appraisal has extensive experience in appraisals of this type in Canada and the USA
- appraisal process has addressed the issue of the availability of less expensive equipment and determined this is not a concern in this situation.

Based upon the foregoing, use of this appraisal in support of a request for funding is warranted.



Natural Resource Sector

REQUEST FOR GOVERNMENT TRANSFER

COMPLETE THIS SECTION AFTER APPROVALS TO INITIATE PAYMENT

INVOICE NUMBER:		INVOICE PAYMENT AMOUNT	\$1,000,000
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MINISTRY AND TRANSFER PAYMENT IDENTIFICATION

MINISTRY:	FORESTS, LANDS AND NATURAL RESOURCE OPERATIONS	BRANCH	First Nations Relations Branch
BRANCH CONTACT NAME:	Neil Edwards	DIVISION:	TOPFN
PROJECT TITLE:	Investment Funding for Nak'azdli Development Corporation	PHONE:	250-356-6073
START DATE:	December 13, 2016	END DATE:	March 31, 2017
TOTAL AMOUNT:			\$1,000,000

RECIPIENT IDENTIFICATION

LEGAL NAME OF RECIPIENT:	Nak'azdli Whut'en First Nation		
RECIPIENT'S ADDRESS:	284 Kwah Road, Fort Saint James, BC V0J 1P0		
REPRESENTATIVE'S NAME:	s.16	DATE OF REQUEST	December 21, 2016
E-MAIL:		PHONE:	s.16
		FAX:	

PROJECT DETAILS

PURPOSE OF PROJECT:	Other
DESCRIPTION OF THE PROJECT	Funding to support purchase of logging equipment for Nok'ai Koh Logging Ltd., a company controlled by Nak'azdli Whut'en Nation
EXPLANATION AS TO HOW THE TRANSFER SUPPORTS THE MINISTRY SERVICE PLAN & OBJECTIVES [REQUIREMENT OF CPPM 21.3.1]	Provides funding for the FN and associated logging company to acquire equipment to support the First Nations aspirations to successfully enter the forest sector industry and supports Reconciliation with the First Nation
WHAT ARE THE EXPECTED OUTCOMES AND HOW WILL THE MINISTRY DETERMINE THAT THEY HAVE BEEN ACHIEVED?	Equipment has been acquired will be determined once sale and purchase is complete. To be review by the local district and regional offices and final report provided by Nak'azdli to the Forestry Table outlining the completion of the purchase agreements. Will increase capital investment, Increase jobs for Nak'azdli members and local communities Increase forest sector competitiveness Increase access to forest tenures, new partnerships with other tenure holders.
PARTNERSHIPS INVOLVED:	Nak'azdli Whut'en and Nok'ai Koh Logging Ltd.
MINISTRY'S ROLE:	Review final report on achievement of the purchase agreements to acquire equipment for logging company
WHAT MONITORING IS IN PLACE? EXAMPLE:	Review of final report and purchase agreements
RECIPIENT IS:	<input type="checkbox"/> WITHIN <input checked="" type="checkbox"/> OUTSIDE GOVERNMENT REPORTING ENTITY

TRANSFER TYPE AND SELECTION PROCESS

☐ GRANT -STOB 77 – PGO PO Class: G
☒ SHARED COST ARRANGEMENT - STOB 80 - PGO PO Class: A
TYPE OF SCA ARRANGEMENT: FINANCING ARRANGEMENT
 IF FINANCING ARRANGEMENT IS CHOSEN - EXPLAIN WHY IT IS NOT REASONABLE FOR THE RECIPIENT TO WAIT FOR REIMBURSEMENT

TRADE AGREEMENT EXCLUSION CODE	800 - EXCLUDED-REGIONAL/ECONOMIC DEVELOPMENT
SELECT THE CODE FOR THE <u>PROCUREMENT</u> PROCESS USED.	208 Direct Award - SCA - Financial Assistance to Target Group
IF DIRECT AWARD, PROVIDE RATIONALE. <i>[IF CODE 208 WAS SELECTED ABOVE, INCLUDE SPECIFIED TARGET GROUP]</i>	
IF A COMPETITIVE PROCES WAS USED CHOOSE THE DOCUMENT TYPE & PROCESS	SOLICITATION DOCUMENT TYPE 33T <i>[INCLUDE DOCUMENTATION WITH COMPLIANCE REVIEW]</i> PROCESS USED 33T

BUDGET

ACCOUNT CODING	CLIENT (MINISTRY)	RESPONSIBILITY	SERVICE LINE	STOB	PROJECT
	120	0798D	30320	8001	07AE078
PAYMENT METHOD	'D' CHEQUE IF 'D' cheque, provide instructions & mailing address: PLEASE NOTIFY LINDSAY WOOD OR ANNIKA VAN ROY WHEN CHEQUE IS AVAILABLE				
FUNDING SOURCE:	<input type="checkbox"/> Base Budget <input type="checkbox"/> Contingency <input type="checkbox"/> Special Account <input checked="" type="checkbox"/> Other SFE <input type="checkbox"/> Funding is available within the division <input type="checkbox"/> Funding is not available within the division but approved within the Ministry Treasury Board Approval Number # <input type="checkbox"/> Funding is recoverable Recovery Source: Recovery Amount \$				
BUDGET BREAKDOWN:	\$1,000,000 FY2017				
GST APPLICABLE?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO		VOTE	Vote 12 - ABRI - Treaty & Other Agreements Funding	

RECIPIENT CAPACITY

WHAT DUE DILIGENCE WAS DONE TO ASSURE THAT THE RECIPIENT HAS SUFFICIENT CAPACITY TO COMPLETE THE PROJECT? [REQUIREMENT OF CPPM 21.3.5]	s.16,s.21
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RISKS

IDENTIFY RISKS AND STEPS TAKEN TO MITIGATE THE RISKS: EXAMPLE: FINANCIAL, SAFETY, PUBLIC RELATIONS ETC.	s.16,s.21
WHAT ARE THE RISKS IF THIS TRANSFER DOES NOT PROCEED?	
OTHER CONSIDERATIONS:	<input checked="" type="checkbox"/> THE TRANSFER WILL NOT ADVERSELY AFFECT EXISTING INDUSTRY <input checked="" type="checkbox"/> THE TRANSFER WILL NOT CREATE A CONFLICT OF INTEREST BETWEEN PARTIES

APPROVAL

POLICY REVIEW COMPLETED AND ATTACHED <input type="checkbox"/>		BUDGET REVIEW COMPLETED <input type="checkbox"/>	
CHIEF FINANCIAL OFFICER NAME: Ranbir Parmar			
EXPENSE AUTHORITY NAME: Charles Hunter			
_____ SIGNATURE		_____ DATE	
_____ SIGNATURE		_____ DATE	

Agreement #: _____

A/ASSISTANT DEPUTY MINISTER (PROGRAM)
NAME: Trish Balcaen

SIGNATURE

DATE

EXECUTIVE FINANCIAL OFFICER (FLNRO only)
NAME: Paul Knowles

SIGNATURE

DATE

COMPLETE ONLY FOR MODIFICATIONS

MODIFICATION # (For example: 1, 2, etc.)	MODIFIED END DATE:	MODIFIED TOTAL AMOUNT:	\$
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PROVIDE DETAILED REASON FOR THIS MODIFICATION.

INCLUDE:

- NEW/ADDITIONAL TERMS AND STIPULATIONS
- RISK OF NOT PROCEEDING

IF THERE IS NO CHANGE TO THE FUNDING SKIP TO 'APPROVAL'IF THE FUNDING HAS CHANGED– COMPLETE THE SECTIONS BELOW

NEW BUDGET BREAKDOWN:	\$	FY	
	\$	FY	
	\$	FY	

DOES THE ORIGINAL SOLICITATION PROCESS / DIRECT AWARD RATIONALE STILL APPLY?

- ☐ YES
- ☐ NO

IF NO, COMPLETE THE DIRECT AWARD INFORMATION IN NUMBERS 1, 2 BELOW

1. SELECT THE DIRECT AWARD PROCESS CODE THAT APPLIES TO THIS MOD.

Choose a Direct Award Code.

2. PROVIDE THE RATIONALE FOR THE DIRECT AWARD SELECTED ABOVE. (IF CODE 208 WAS SELECTED, INCLUDE SPECIFIED TARGET GROUP)

IF DIFFERENT FROM ORIGINAL, COMPLETE ACCOUNT CODING

CLIENT
(MINISTRY)

RESPONSIBILITY

SERVICE
LINE

STOB

PROJECT

IF DIFFERENT FROM ORIGINAL, COMPLETE FUNDING SOURCE

☐ Base Budget ☐ Contingency ☐ Special Account ☐ Other
☐ Funding is available within the division☐ Funding is not available within the division but approved within the Ministry Treasury Board Approval Number #☐ Funding is recoverable

Recovery Source:

Recovery Amount \$

APPROVAL

POLICY REVIEW COMPLETED AND ATTACHED

☐

BUDGET REVIEW COMPLETED

☐CHIEF FINANCIAL OFFICER
NAME:

SIGNATURE

DATE

EXPENSE AUTHORITY
NAME:

SIGNATURE

DATE

ASSISTANT DEPUTY MINISTER (PROGRAM)
NAME:

SIGNATURE

DATE

EXECUTIVE FINANCIAL OFFICER (FLNRO only)
NAME:

SIGNATURE

DATE

If at any time an additional modification agreement is required, add a page below and copy this Modification page in full onto it, then update the new page with the new modification number and other relevant information specific to the new modification.

STRATEGIC FORESTRY PROJECT FUNDING AGREEMENT

BETWEEN:

Her Majesty the Queen in Right of the Province of British Columbia, as represented
by the Minister of Aboriginal Relations and Reconciliation

("B.C.")

AND:

Nak'azdli Whut'en, on its own behalf and on behalf of its members

("Nak'azdli")

(Hereinafter referred to individually as a "**Party**" and collectively as the "**Parties**")

WHEREAS:

- A. The Parties have a shared interest in creating a substantial and valuable new equity position for Nak'azdli and its members in the forestry economy that results in:
 - a. increased capital investment in both Nak'azdli and non-Nak'azdli forestry-related businesses;
 - b. increased number of jobs for Nak'azdli members and local communities;
 - c. increased forest sector competitiveness and certainty for both Nak'azdli and major forest licensees;
 - d. enhanced opportunity for Nak'azdli to access forest tenures, including through new partnerships with other tenure holders;
- B. The Parties established the forestry table in January 2016. During their negotiations at the forestry table, the Parties have identified the forestry-related proposal attached as Schedule A ("**Strategic Forestry Project**") within the area identified by Nak'azdli and illustrated in the map attached as Schedule "B" ("**Territory**"); and
- C. The Parties wish to fund the Strategic Forestry Project in accordance with this Strategic Forestry Project Funding Agreement ("**Agreement**").

NOW THEREFORE in consideration of the promises and mutual covenants and agreements hereinafter set out the Parties agree as follows:

1. **Purpose.** The purpose of this Agreement is to provide funding to Nak'azdli to pay for the costs of carrying out the the Strategic Forestry Project in order to increase Nak'azdli participation in the forest economy.
2. **Payment.** B.C. will provide Nak'azdli with a payment of \$1,000,000 as soon as practicable after this Agreement is signed by all of the Parties for the scope of work identified in Schedule A related to the development and implementation of the Strategic Forestry Project.
3. **Partial Accommodation.** The funding provided to Nak'azdli for the Strategic Forestry Project constitutes a partial economic accommodation and is a component of any accommodation or compensation that may be required for impacts to Nak'azdli rights, including title, recognized and affirmed by section 35 of the *Constitution Act*, 1982 as a result of forestry activities in the Territories.
4. **Report.** Nak'azdli will report to the forestry table on the outcomes and deliverables identified in Schedule A. Nak'azdli will provide a financial report on actual expenditures within 90 days of the completion of the Strategic Forestry Project or the termination of the Agreement, whichever comes first.
5. **Termination.** If a forestry table co-chair identifies concerns that the outcomes identified in Schedule A are not being met, the Parties will meet to discuss and seek to address the concerns. If the Parties are unable to resolve the concerns, this Agreement may be terminated by written agreement of the Parties or by either Party on 60 days written notice.
6. **Unexpended Funds.** If Nak'azdli has unexpended funds provided under this Agreement on termination or on completion of the Strategic Forestry Project, those unexpended funds will be repaid to B.C. within 30 days of receipt of a written request from B.C. or will constitute an advance payment to Nak'azdli for a future Strategic Forestry Project.
7. **Nak'azdli Representations and Warranties.** Nak'azdli represents and warrants to B.C, with the intent and understanding that they will be relied on by B.C. in entering into this Agreement, that it has the legal power, capacity and authority to enter into this Agreement and this Agreement is a valid and binding obligation upon Nak'azdli.
8. **B.C. Representations and Warranties.** B.C. represents and warrants to Nak'azdli, with the intent and understanding that that they will be relied on by Nak'azdli in entering into this Agreement, that it has the authority to enter into this Agreement and that this Agreement is a valid and binding obligation upon B.C.
9. **Funding.** Notwithstanding any other provisions of this Agreement, the payment in section 2 is subject to:
 - a) there being sufficient monies available in an appropriation, as defined in the *Financial Administration Act*, to enable B.C. to make the payment; and

- b) Treasury Board not having controlled or limited, pursuant to the *Financial Administration Act*, expenditure under any appropriation.
10. **No Admissions.** Nothing in this Agreement will be construed as:
- a) an admission of the validity of, or any fact or liability in relation to, any claims relating to the scope or geographic extent or any alleged past or future infringements of Nak'azdli rights, including title, recognized and affirmed by section 35 of the *Constitution Act*, 1982;
 - b) an admission or acknowledgement of any obligation to provide any financial, economic or other compensation, including those in this Agreement, as part of B.C.'s obligation to consult and, as appropriate, accommodate; or
 - c) in any way limiting the position the Parties may take in any proceeding or in any discussion or negotiation between the Parties, except as expressly contemplated in this Agreement.
11. **Viability or Economic Feasibility.** Nak'azdli agrees (i) it is solely responsible for determining the economic benefit of the purchase agreement contemplated as part of the Strategic Forestry Project, and (ii) B.C. neither makes nor offers any representation or guarantee in respect of the viability or economic feasibility of any operations that may be undertaken by Nak'azdli as a result of any purchase agreement.
12. **Amendment.** This Agreement may be amended by agreement of the Parties in writing.
13. **Execution in Counterpart.** This Agreement may be executed in counterparts and by facsimile or email, and such counterparts, when executed and delivered, will constitute an original and all such counterparts together will constitute one and the same agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as set out below:

**PROVINCE OF BRITISH COLUMBIA,
as represented by the Minister of
Aboriginal Relations and Reconciliation,**

Per: 
Authorized Signatory

Name: December 20, 2016

Date: Trish Balcer

**Nak'azdli Whut'en as represented by its
Chief and Council**

s.16

Per: _____
Authorized Signatory
s.16

Name: _____

Date: December 13, 2016

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s.21

