

**SUMMARY OF MUSKEG LAKE CREE NATION
1919 SOLDIER SETTLEMENT BOARD SURRENDER IR 102 SPECIFIC CLAIM TRUST
AGREEMENT**

Overview. Muskeg Lake Cree Nation (the “**Nation**”) and Canada have negotiated a settlement of the Nation’s 1919 Soldier Settlement Board Surrender IR 102 Specific Claim (the “**Claim**”). The Nation must create a trust to receive the settlement monies. This document summarizes the key terms of the trust agreement which creates the trust (the “**Trust Agreement**”), being the 1919 Soldier Settlement Board Surrender IR 102 Specific Claim Trust (the “**Trust**”).¹

Settlement Monies. \$127,874,961 (less the negotiation loan funding).

Purpose. The beneficiary of the Trust is the Nation – the Trust is for the benefit of the Nation as a whole. The purpose of the Trust is to hold and invest the Trust Property for the long term use and benefit of the Nation and to generate a reliable and sustainable source of income for the benefit of the Nation and its members.

Trustee. The Nation must appoint a corporate Trustee to manage the Trust Property.

Advisory Committee. An Advisory Committee consisting of members and qualified non-members will be established. Council and the Advisory Committee will have joint decision making authority with respect to certain matters, including the use of the Trust Property (but they must both make decisions in accordance with the Trust Agreement).

Use of Trust Property. The Trust Agreement governs how the Trust Property (including the settlement monies) may be used.

a. The Trust Property may be used for the following Band Development Purposes:

1. **Community Infrastructure, Development and Investment Purpose** For (a) the development and construction of community infrastructure and community development projects, both on and off reserve; (b) programs, projects, initiatives, activities and services related to education or cultural continuity, both on and off reserve; and (c) strategic investments in the Nation’s businesses. up to \$15 million

2. **Community Initiatives Purpose** For programs, projects, initiatives, activities and services, both on and off reserve related to economic development, the purchase of land and minerals, social programs, justice initiatives, equality initiatives, the development and operation of recreational facilities, senior and youth programs, cultural and spiritual development, the development and maintenance of community infrastructure, health initiatives, addiction issues, governance activities, community capacity building, leadership building, Treaty protection, housing, repayment of debts owed by the Nation, and the environment. up to \$3 million

¹ Capitalized terms used but not otherwise defined have the meanings set out in the Trust Agreement.

3. **Emergency Purpose** For responding to an extraordinary natural disaster, being an extraordinary unpredictable event caused by natural forces. up to \$3 million
4. **Land Acquisition Purpose** To purchase lands, minerals and improvements for the purposes of reserve creation. up to \$20 million

Importantly, the Trust Agreement sets out additional rules regarding the use of the Trust Property for the above Band Development Purposes. For example:

1. Only up to \$5 million, in aggregate, may be used for the above Band Development Purposes (other than the Land Acquisition Purpose) in any given Fiscal Year.
2. No payments can be made if they would reduce the fair market value of the Trust Property below the Trust Capital Threshold, which is the greater of:
 - a. \$100 million and the face value of any Authorized Loans and Authorized Loan Guarantees; and
 - b. 75% of the fair market value of the Trust Property as of December 31 of the immediately preceding Fiscal Year and the face value of any Authorized Loans and Authorized Loan Guarantees.²

Further, before the Trustee can make any payments for the above Band Development Purposes, Council must first pass a Band Council Resolution requesting payment and the Advisory Committee must also approve the payment. Payments may be made in one lump sum or by means or periodic payments.

Once all of the amounts referred to above have been paid out, if the fair market value of the Trust Property exceeds \$100 million (adjusted for inflation), an additional \$20 million may be used for Band Development Purposes. But no additional payments can be made if they would reduce the fair market value of the Trust Property below \$100 million (adjusted for inflation).

The Trust Property will also be used for a one-time per capita distribution per member (as of the date of the ratification vote).

The Trust Property may also be used to pay for certain expenses related to the Trust.

Investing the Trust Property. The Trust Property may be invested, but it must be invested in accordance with an Investment Policy created by the Trustee, Council and the Advisory Committee, with the advice from an Investment Manager and/or Investment Consultant.

Security / Collateral. The Trust Property may be used as security or collateral for a loan or loan guarantee for Band Development Purposes. However, the aggregate outstanding amount of all (1) loans for which the Trust Property is used as security or collateral; and (2) loans for which the Trustee has made a loan guarantee cannot exceed \$10 million (less any amounts of the Trust Property taken to satisfy any past loans or loan guarantees).

Further, loans for the Land Acquisition Purpose cannot be longer than 25 years, and loans for any of the other Band Development Purposes cannot be longer than 10 years. The Trust Agreement also sets out due diligence requirements that must be met before the Trust Property may be used as security or collateral. For example, the Nation must first receive independent financial advice with respect to the proposed loan or loan guarantee.

² Council may also increase the Trust Capital Threshold in certain circumstances.

Annual Payment. Subject to certain exceptions, the Nation will receive an Annual Payment from the Trust equal to the greater of: (1) 3% of the fair market value of the Trust Property, less loan payments; and (2) the Net Annual Income less certain amounts (for tax purposes and loan payments).

Council must use the Annual Payment for:

1. Band Development Purposes; and/or
2. Per Capita Distributions (but only up to 20% of the payment may be so used).

Contribution. To help ensure that the Trust continues for as long as possible and benefits future generations, Council must contribute an amount equal to at least 30% of the Annual Payment to the Trust annually from own-source revenue or other revenue. If Council fails to do so, then the Trustee will withhold a portion of the Annual Payment in future years.

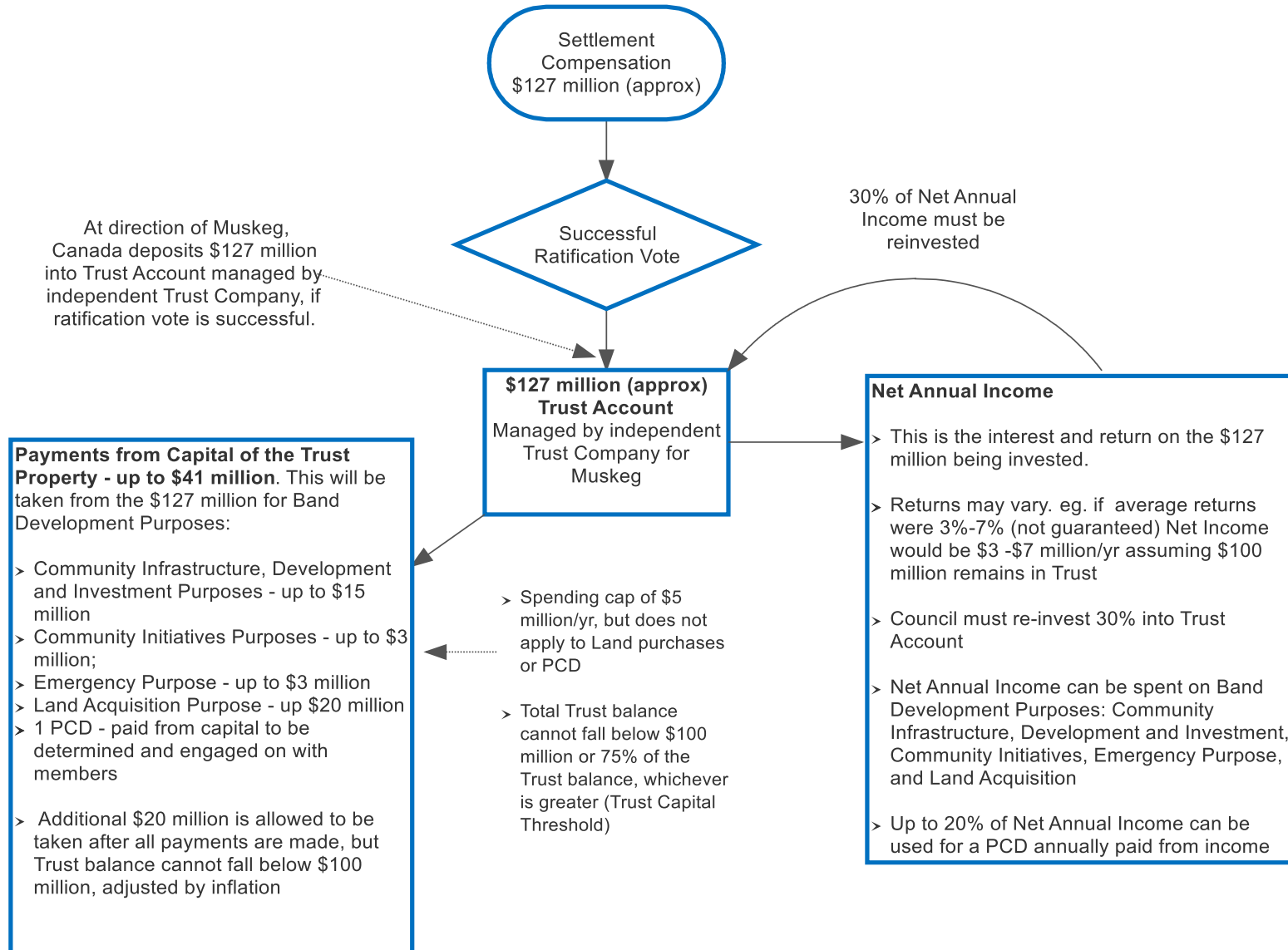
Annual Audit. The financial statements for the Trust Account must be audited annually. Council must post the audited financial statements and the Trustee's annual report. There must also be an annual community information meeting to discuss the Trust. If Council fails to hold a meeting, then the Trustee will withhold a portion of the Annual Payment in future years.

Amending the Trust Agreement. For minor administrative and tax changes, the Trustee, Council and the Advisory Committee must approve them. For all other changes, a membership vote is required, and in most cases, a majority of the Electors must vote, and a majority of those Electors who vote must vote in favour.³ However, for changes to the most important rules (for example, the rules relating to the use of the Trust Property), 75% of the Electors must vote, and 75% of those Electors who vote must vote in favour.

Termination. The intention is that the Trust will continue indefinitely.

³ Electors are members over the age of 18 who are qualified to vote at band elections.

Cashflow Diagram – Trust Agreement



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SETTLEMENT AGREEMENT**

Compensation. Canada will pay the Muskeg Lake Cree Nation (the “**Nation**”) \$127,874,961.00 to settle the Nation’s 1919 Soldier Settlement Board Surrender IR 102 Specific Claim (the “**Claim**”). Canada will deduct the Negotiation Loan Funding from the settlement amount (approximately \$658,781.00). The balance will be approximately \$127,216,180.00. The Nation directs where the compensation is to be paid and it will be paid into the Trust Account. The Nation will be solely responsible for how the compensation is used and Canada will not have any oversight of the monies once they are paid to the Nation.

Additions to Reserve. The Nation is entitled to apply for up to 8,960 acres of land in Saskatchewan to be set apart as reserve lands. The Nation can make more than one application, i.e. an application does not need to relate to one 8,960 acre piece of land. The Nation is responsible for the costs of acquiring the reserve lands.

Surrender. The Nation confirms that the September 25, 1919, surrender of 8,960 acres on Muskeg Lake IR No. 102 is settled by accepting the Settlement Agreement. This means the Nation gives up all past and current rights and interests in the Claim lands, other than the portion of the lands that the Nation has re-acquired and any sub-surface rights.

Release. The Nation and its members release Canada from any proceeding relating to the Claim, except for claims related to the mines and minerals underlying the surrendered lands. The release includes claims related to amount of compensation, negotiation costs, the negotiation and ratification of the Settlement Agreement, and the future management of the compensation. The Nation agrees to discontinue any outstanding litigation based on the same facts as the Claim.

Indemnity. The Nation will indemnify Canada for any future claims relating to the Claim, the compensation and negotiation costs, the negotiation and ratification of the Settlement Agreement, and the future management of the compensation.

Ratification. Once the Nation and Canada have agreed on the final terms of the Settlement Agreement, the Nation’s members must vote to ratify the Settlement Agreement.

- At least 25% plus one of the Voters vote in favour of the Settlement Agreement and the Trust Agreement through the Ratification Vote.
- Of the Voters participating in the Ratification Vote, a majority must vote in favour of the Settlement Agreement and the Trust Agreement.
- If there are 1600 Voters, then 401 must vote in favour and 401 or more Voters must vote.

Ratification is required by the Nation’s members in order for the Nation to:

- a) accept the terms and conditions of the Settlement Agreement;
- b) accept the terms and conditions of the Trust Agreement;
- c) agree to the surrender of all rights and interests in the Surrendered Lands; and
- d) authorize and direct Council to execute the Settlement Agreement and Trust Agreement.

Diagram of Ratification Process of Settlement Agreement and Trust Agreement

