

# TAB 13

July 28<sup>th</sup>, 2014

File No.: 551860-1

**DELIVERED VIA MAIL**

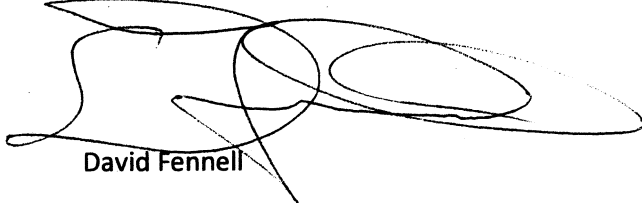
Ashvin R Singh  
Student-at-Law  
Dentons Canada LLP  
2900 Manulife Place  
10180-101 Street  
Edmonton, AB Canada T5J 3V5

Dear Mr. Singh,

**RE: Sawridge Trust-Transfer of Assets from 1982 to 1985 Trust**

In response to your letter dated July 21, 2014. I am not in possession of any of the files or documents relating to the Sawridge Trust or any of the other Sawridge entities. When I ceased to act for Sawridge all files were retained by Sawridge at their office in Edmonton. It has been more than 25 years and I have no idea what has happened to them in the interim. I regret that I could not be more helpful.

Yours Truly,



David Fennell

# TAB 14

# TAB 15



We inquired of David Jones of de Villars Jones in Edmonton by way of a letter dated July 22, 2014. Mr. Jones confirmed that he provided legal counsel to the Sawridge Trust but indicated that his files on the matter were destroyed in 1994 and he has no recollection of the specific details surrounding the 1982 or 1985 trusts.

# TAB 16

# Deloitte Haskins + Sells

Chartered Accountants

18th Floor  
Toronto-Dominion Tower  
Edmonton Centre  
Edmonton, Alberta T5J 3P9  
(403) 421-3611  
Telex 037-3032  
Cable DEHANDS

To the Band Council of  
Sawridge Indian Band #19:

We have examined the balance sheet of the Sawridge Indian Band #19 as at March 31, 1984 and the statements of revenue and expenditures and fund balance and of changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances, except as explained in the following paragraph.

Because the Government of Canada maintains the Band's agreements for oil and gas royalties and surface rights in confidence, we were unable to examine supporting documentation regarding revenue from oil and gas royalties and surface rights. Accordingly, our verification of revenue from this source mainly consisted primarily of direct communication with the oil companies for amounts paid to the Government of Canada, on behalf of the Band.

In our opinion, except for the effect of adjustments, if any, which we might have considered to be necessary had income from oil and gas royalties and surface rights been susceptible to complete audit verification, these financial statements present fairly the financial position of the Band as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles described in Note 1 applied on a basis consistent with that of the preceding year.

*Deloitte Haskins & Sells*

Auditors

June 1, 1984

SAWRIDGE INDIAN BAND #19

STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCE

YEAR ENDED MARCH 31, 1984

	<u>1984</u>	<u>1983</u>
REVENUE		
Grant - Department of Indian and Northern Affairs	\$ -	\$ 7,155
Oil and gas royalties and surface rights	5,618,242	5,751,118
Interest income (Note 10)	2,475,970	3,384,078
Laundry	14,507	15,896
Property rental	87,287	91,889
Sundry	15,188	17,600
Trucking	-	23,830
	<u>8,211,194</u>	<u>9,291,566</u>
EXPENDITURES		
General and administrative - Schedule 1	576,437	750,368
Capital expenditures - Schedule 2	380,395	82,629
	<u>956,832</u>	<u>832,997</u>
EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER ACTIVITIES	<u>7,254,362</u>	<u>8,458,569</u>
OTHER ACTIVITIES - EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES		
Arcom Plant Operations - Schedule 3	(18,767)	(30,654)
Planer Mill Operations - Schedule 4	(8,922)	(29,315)
Apartment Building Operations - Schedule 5	5,228	7,473
	<u>(22,461)</u>	<u>(52,496)</u>
EXCESS OF REVENUE OVER EXPENDITURES	7,231,901	8,406,073
FUND BALANCE, BEGINNING OF YEAR	<u>32,674,995</u>	<u>24,954,571</u>
	<u>39,906,896</u>	<u>33,360,644</u>
DISTRIBUTIONS TO BAND MEMBERS (Note 16)	(18,169,727)	(186,095)
DISTRIBUTIONS TO BAND MEMBERS ENFRANCHISED (Note 11)	<u>(1,353,345)</u>	<u>(499,554)</u>
	<u>(19,523,072)</u>	<u>(685,649)</u>
FUND BALANCE, END OF YEAR	<u>\$ 20,383,824</u>	<u>\$32,674,995</u>

SAWRIDGE INDIAN BAND #19

BALANCE SHEET

MARCH 31, 1984

	<u>1984</u>	<u>1983</u>
<u>ASSETS</u>		
CASH AND TERM DEPOSITS	\$ 5,269,431	\$ 5,451,297
ACCOUNTS RECEIVABLE	24,819	40,596
PREPAID EXPENSES	-	12,950
FUNDS HELD BY THE GOVERNMENT OF CANADA (Note 3)	14,236,094	13,322,108
DUE FROM BAND MEMBERS	806	46,428
DUE FROM RELATED PARTIES (Note 4)	27,549	12,160,024
INVESTMENTS (Note 5)	109,779	152,191
PROPERTY AND EQUIPMENT (Note 6)	791,386	1,575,041
RIGHT OF WAY (Note 7)	<u>1</u>	<u>1</u>
	<u>\$20,459,865</u>	<u>\$32,760,636</u>
CONTINGENT ASSET (Note 8)		
<u>LIABILITIES</u>		
ACCOUNTS PAYABLE AND ACCRUED CHARGES	\$ 72,191	\$ 53,458
RENTAL DEPOSITS	3,850	1,750
LONG-TERM DEBT (Note 9)	<u>-</u>	<u>30,433</u>
	76,041	85,641
<u>FUND BALANCE</u>		
FUND BALANCE	<u>20,383,824</u>	<u>32,674,995</u>
	<u>\$20,459,865</u>	<u>\$32,760,636</u>

Approved by:

.....Chief

.....Band Administrator

SAWRIDGE INDIAN BAND #19

STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED MARCH 31, 1984

	<u>1984</u>	<u>1983</u>
<b>SOURCES OF CASH</b>		
Operations		
Excess of revenue over expenditures	\$ 7,231,901	\$8,406,073
Decrease in lumber inventory	-	203,136
Increase in rental deposits	2,100	250
Proceeds from sale of equipment	785,228	398
Decrease in accounts receivable	15,777	-
Decrease in prepaid expenses	12,950	-
Decrease in due from Band members	45,622	-
Decrease in amounts due from related parties	12,132,475	-
Proceeds on sale of investments	82,391	-
Increase in accounts payable and accrued charges	18,733	-
	<u>20,327,177</u>	<u>8,609,857</u>
<b>USES OF CASH</b>		
Increase in accounts receivable	-	39,403
Increase in prepaid expenses	-	2,245
Increase in funds held by Government of Canada	913,986	168,862
Advances to Band members	-	17,699
Advances to related parties	-	5,004,953
Increase in investments	39,979	100,000
Additions to property and equipment	1,573	125,162
Decrease in accounts payable and accrued charges	-	44,036
Repayment of long-term debt	30,433	85,430
Distributions to Band members	18,169,727	186,095
Distributions to Band members enfranchised	1,353,345	499,554
	<u>20,509,043</u>	<u>6,273,439</u>
<b>(DECREASE) INCREASE IN CASH</b>	(181,866)	2,336,418
<b>CASH AND TERM DEPOSITS, BEGINNING OF YEAR</b>	<u>5,451,297</u>	<u>3,114,879</u>
<b>CASH AND TERM DEPOSITS, END OF YEAR</b>	<u>\$ 5,269,431</u>	<u>\$5,451,297</u>

SAWRIDGE INDIAN BAND #19

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 1984

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used by the Band are:

Investments in unlisted securities

Investments in unlisted securities are recorded at cost. This policy is in accordance with the Accounting Guide on Indian Bands in Canada.

Investment in partnership

The Band accounts for investment in partnership on the equity basis whereby the investment is initially recorded at cost and adjusted to recognize the Band's share of net income or losses.

Property and equipment

All the property and equipment on the reserve, except for income-producing properties, are written off in the year of acquisition and carried at a nominal value of \$1. This policy is in accordance with the Accounting Guide on Indian Bands in Canada.

Property and equipment located off the reserve and income-producing properties on the reserve are stated at cost. No depreciation is provided on these assets during the year.

Right of way

The right of way is carried at a nominal value of \$1.

2. RELATED PARTY

The Government of Canada controls funds held in the capital fund. Income from oil and gas royalties, surface rights, and interest income from investment of the capital fund is received and controlled by the Government of Canada. Capital funds held by the Government of Canada cannot be disbursed or committed by the Band without approval of the Government of Canada.

SAWRIDGE INDIAN BAND #19  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 1984

## 3. FUNDS HELD BY THE GOVERNMENT OF CANADA

	<u>1984</u>	<u>1983</u>
Capital funds	\$11,819,524	\$ 9,839,574
Revenue funds	<u>2,416,570</u>	<u>3,482,534</u>
	<u>\$14,236,094</u>	<u>\$13,322,108</u>

Capital funds held by the Government of Canada, cannot be disbursed or committed by the Band without approval of the Government of Canada. The Government of Canada has complete control over the investment of funds held by them.

The Minister of Indian Affairs and Northern Development has undertaken to the Societe General (Canada), who have a first mortgage on a hotel located in Jasper National Park and owned by Sawridge Enterprises Ltd., that the total of Capital and Revenue Funds held by the Government of Canada on behalf of the Sawridge Band of Indians will not be less than \$3,000,000; and if necessary these funds will be applied against the above mortgage.

## 4. DUE FROM RELATED PARTIES

	<u>1984</u>	<u>1983</u>
Amounts due from Sawridge Development Co. (1977) Ltd. are unsecured with no specific terms of repayment		
- non-interest bearing advances	\$ -	\$ 1,328,952
- advances bearing interest at prime plus 6%	-	1,675,000
Amount due from Sawridge Holdings Ltd. is non-interest bearing, unsecured and has no specified terms of repayment	-	506,572
Amount due from Sawridge Hotels Ltd. is non-interest bearing, unsecured and has no specified terms of repayment	-	92,403
Amounts due from Sawridge Enterprises Ltd. are unsecured with no specified terms of repayment		
- advances for operations at a rate renegotiated annually	-	5,859,111
- advances for Sawridge Jasper Hotel at 13%	-	2,670,437
Amounts due from Persaw Holdings Ltd. are unsecured with no specified terms of repayment		
- promissory note bearing interest at 8% commencing 30 days after demand	15,000	15,000
- non-interest bearing advance	<u>12,549</u>	<u>12,549</u>
	<u>\$27,549</u>	<u>\$12,160,024</u>



SAWRIDGE INDIAN BAND #19NOTES TO THE FINANCIAL STATEMENTSMARCH 31, 1984

## 5. INVESTMENTS

	<u>1984</u>	<u>1983</u>
(i) Investments in unlisted securities		
Sawridge Development Co. (1977) Ltd.	\$ -	\$ 10
Sawridge Hotels Ltd.	-	8,138
Sawridge Enterprises Ltd.	-	3
Slave Lake Developments Ltd.	-	44,000
Sawridge Holdings Ltd.	-	-
Persaw Holdings Ltd.	<u>40</u>	<u>40</u>
	40	52,191
(ii) Investment in Alberta Limited Partnerships		
TAI (1982) Resources Program	69,760	100,000
TAI (1983-1) Resources Program	<u>39,979</u>	<u>-</u>
	<u>\$109,779</u>	<u>\$152,191</u>

## 6. PROPERTY AND EQUIPMENT

	<u>1984</u>	<u>1983</u>
Aircraft *	\$ 1	\$ 1
Arcom plant	-	419,941
Band housing *	1	1
Equipment and vehicles *	1	1
Furnishings *	1	1
Laundry facilities *	52,947	52,947
Planer mill site and equipment	-	200,320
Northwood building *	69,773	68,200
Office building *	1	1
Rental properties	-	64,967
Sawridge apartments *	543,495	543,495
Tennis court *	1	1
Television system *	1	1
Waterline *	1	1
Zeidler land	-	100,000
Financed vehicles *	1	1
Airplane hangar	<u>125,162</u>	<u>125,162</u>
	<u>\$791,386</u>	<u>\$1,575,041</u>

\* Located on the Sawridge Indian Band Reserve

SAWRIDGE INDIAN BAND #19  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 1984

## 7. RIGHT OF WAY

The Band granted a right of way through reserve lands to the Province of Alberta to construct a highway. The consideration for this right of way due to the band is under negotiation and is not currently determinable.

## 8. CONTINGENT ASSET

Payments made by the Government of Canada (Department of Indian and Northern Affairs) to seven enfranchisees during the year ended March 31, 1982 were based on incorrect calculations. This resulted in overpayment of \$97,909. Management has requested the Department of Indian and Northern Affairs to repay the funds to the capital and revenue funds accordingly. This potential refund has not been recorded in these financial statements because the Government has not repaid the funds at the date of these financial statements.

## 9. LONG-TERM DEBT

	<u>1984</u>	<u>1983</u>
10.75% first mortgage payable to Alberta Home Mortgage Corporation in monthly instalments of \$461 including interest and taxes, due December 31, 1998, secured by land and houses in the town of Slave Lake	\$ -	<u>\$30,433</u>

## 10. INTEREST INCOME

Interest income consists of the following:

	<u>1984</u>	<u>1983</u>
Interest on term deposits and savings accounts	\$ 572,397	\$ 763,432
Interest from Sawridge Enterprises Ltd.	913,636	940,411
Interest from Sawridge Development Co. (1977) Ltd.	265,949	347,981
Interest from the Department of Indian and Northern Affairs	<u>723,988</u>	<u>1,332,254</u>
	<u>\$2,475,970</u>	<u>\$3,384,078</u>

Interest from the Department of Indian and Northern Affairs is calculated on the following basis:

- (a) Calculate the average rate of those market yields of the Government of Canada bond issues as published each Wednesday by the Bank of Canada as part of its weekly financial statistics which have terms to maturity of 10 years or over for each quarter of the fiscal year.
- (b) Calculate quarterly month-end balances on deposit.
- (c) Calculate interest earned by multiplying the amount established in (b) by the rate of interest established in (a).
- (d) Credit quarters October-November-December and April-May-June of every fiscal year the Indian Band Fund's accounts with the interest earned from the two preceding quarters.

SAWRIDGE INDIAN BAND #19

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 1984

11. ENFRANCHISEMENT

During the year four Band members were enfranchised and received \$1,353,345 in accordance with Section 109 of the Indian Act.

12. OPERATIONS

Sawridge Indian Band #19 was formed under the provisions of Treaty #8 signed with the Government of Canada. The Band provides local government and related services to its members.

13. COMPARATIVE FIGURES

Certain of the prior year's comparative figures have been reclassified to conform to the current year's presentation.

14. INCOME TAXES

The Band is exempt from income taxes under Section 87 of the Indian Act and accordingly is not taxable during the current year.

15. SUBSEQUENT EVENT

During May 1984, the Band purchased an airplane at a cost of approximately \$1,600,000. This purchase has not been reflected in the financial statements.

16. DISTRIBUTIONS TO BAND MEMBERS

On December 17, 1983 the members of the Band transferred certain assets with a carrying value of \$17,951,590 to "The Sawridge Band Trust", a trust formed for the benefit of the members of the Sawridge Indian Band.

In addition to the above the Band made regular distributions to Band members amounting to \$218,137 (1983 - \$186,095).

SAWRIDGE INDIAN BAND #19SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSESYEAR ENDED MARCH 31, 1984

	<u>1984</u>	<u>1983</u>
Aircraft	\$ 19,501	\$ 38,424
Bank charges	230	765
Insurance	47,726	29,267
Interest on long-term debt	8,805	10,440
Laundry	7,887	12,458
Medical and welfare	9,886	8,872
Office and sundry	8,835	19,286
Professional fees	36,216	97,161
Promotion	1,987	7,725
Property taxes	5,228	13,617
Repairs and maintenance		
Vehicles and equipment	8,783	11,321
Housing	35,326	53,711
Office	34,606	27,108
Rent	16,000	9,502
Travel	31,353	56,769
Utilities		
Office	37,342	24,870
Band members	15,514	20,903
Other	8,411	25,547
Vehicle expense	36,130	34,881
Wages and employee benefits	206,671	247,741
	<u>\$576,437</u>	<u>\$750,368</u>

SAWRIDGE INDIAN BAND #19

SCHEDULE OF CAPITAL EXPENDITURES

YEAR ENDED MARCH 31, 1984

	<u>1984</u>	<u>1983</u>
Automotive	\$ 28,500	\$ -
Band housing	25,694	23,000
Equipment	94,599	15,450
Furnishings	15,437	13,468
Office addition	-	14,079
Recreation facilities	24,588	-
TV satellite dish	-	14,545
Waterline	-	2,087
Landscaping	23,158	-
Land improvements	168,419	-
	<u>\$380,395</u>	<u>\$82,629</u>

SAWRIDGE INDIAN BAND #19ARCOM PLANT OPERATIONSYEAR ENDED MARCH 31, 1984

	<u>1984</u>	<u>1983</u>
RENTAL REVENUE	\$ -	\$ -
EXPENDITURES		
Insurance	-	2,722
Property taxes	5,600	5,538
Repairs and maintenance	78	990
Sundry	53	-
Telephone and utilities	<u>13,036</u>	<u>21,404</u>
	<u>18,767</u>	<u>30,654</u>
DEFICIENCY OF REVENUE OVER EXPENDITURES	<u>\$18,767</u>	<u>\$30,654</u>

SAWRIDGE INDIAN BAND #19PLANER MILL OPERATIONSYEAR ENDED MARCH 31, 1984

	<u>1984</u>	<u>1983</u>
LUMBER SALES	\$ 6,691	\$225,779
COST OF SALES	<u>-</u>	<u>203,136</u>
GROSS PROFIT	<u>6,691</u>	<u>22,643</u>
EXPENDITURES		
Insurance	-	2,519
Property taxes	861	532
Repairs and maintenance	7,839	4,303
Supplies	3,725	1,598
Telephone and utilities	1,062	1,745
Wages and employee benefits	<u>2,126</u>	<u>41,261</u>
	<u>15,613</u>	<u>51,958</u>
DEFICIENCY OF REVENUE OVER EXPENDITURES	<u>\$ 8,922</u>	<u>\$ 29,315</u>

SCHEDULE 5

SAWRIDGE INDIAN BAND #19

APARTMENT BUILDING OPERATIONS

YEAR ENDED MARCH 31, 1984

	<u>1984</u>	<u>1983</u>
RENTAL REVENUE	<u>\$28,333</u>	<u>\$26,622</u>
EXPENDITURES		
Janitor	7,050	6,600
Maintenance	3,446	1,962
Sundry	18	189
Utilities	<u>12,591</u>	<u>10,398</u>
	<u>23,105</u>	<u>19,149</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>\$ 5,228</u>	<u>\$ 7,473</u>





Revenue Canada  
Taxation

Revenu Canada  
Impôt

**TAX FILE**

*Sawridge Holdings Ltd*

T2057  
Rev. 83

**ELECTION ON DISPOSITION OF PROPERTY BY A TAXPAYER  
A TAXABLE CANADIAN CORPORATION**

- For the purpose of making a joint election, under subsection 85(1), by a taxpayer (transferor) and a taxable Canadian corporation (transferee) where the transferor has received shares of any class of capital stock of the transferee as consideration for all or part of any property disposed of by the transferor to the transferee.
- Subsections and paragraphs referred to in this form are subsections and paragraphs of the Income Tax Act.
- An election under subsection 85(1) may be made in respect of dispositions of capital property (other than real property or an option in respect thereof owned by a non-resident), eligible capital property, inventory (other than real property) or property referred to in subsection 59(2).
- An election under subsection 85(1) does not apply with respect to any disposition by a transferor of any of his property referred to in subsection 59(2) if the transferee has carried on any business before the disposition.
- For additional information refer to Information Circular 76-19R and Interpretation Bulletin IT-291R.

TRANSFEROR	NAME OF TRANSFEROR (PRINT) <u>Chief Walter Patrick Twinn, Sam Twinn &amp; George Twinn, Trustees of Sawridge Band Trust</u>		SOCIAL INSURANCE NUMBER		
	ADDRESS <u>c/o Sawridge Indian Band #19, P. O. Box 326, Slave Lake, Alberta TOC 2A0</u>		DISTRICT TAXATION OFFICE		
	NAME OF PERSON TO CONTACT FOR ADDITIONAL INFORMATION		Edmonton		
	M. Blatt or R. Ewoniak c/o Deloitte Haskins & Sells		TELEPHONE NO.		
TAXATION YEAR OF TRANSFEROR (IF A CORPORATION OR TESTAMENTARY TRUST)		403-421-3611		ACCOUNT NUMBER	
For the period <u>January 1</u> 19 <u>83</u> to <u>December 31</u> 19 <u>83</u>					

JOINT TRANSFEROR	NAME OF JOINT-OWNER TRANSFEROR (PRINT)		SOCIAL INSURANCE NUMBER	
	ADDRESS		DISTRICT TAXATION OFFICE	

TRANSFEREE	NAME OF TRANSFEE (PRINT)				
	<u>Sawridge Holdings Ltd.</u>				
	ADDRESS <u>c/o Sawridge Indian Band #19, P. O. Box 326, Slave Lake, Alberta TOG 2A0</u>		DISTRICT TAXATION OFFICE		
TAXATION YEAR OF TRANSFEE		Edmonton		ACCOUNT NUMBER	
For the period <u>January 1</u> 19 <u>83</u> to <u>December 31</u> 19 <u>83</u>					

- The completed election forms and related schedules (if any) are to be filed as follows:
  - (a) in duplicate by the transferor (if property transferred is held in joint ownership, each owner must file an election).
  - (b) on or before the earlier date on which any party to the election is required to file an income tax return for the taxation year in which the transaction occurred (Due date).
  - (c) at the transferor's District Taxation Office.
  - (d) separate from any tax returns.
- Where this election is not filed by the due date, it shall be deemed to have been made on time if filed within three years after the due date and a penalty is paid on filing by the transferor, otherwise this election is invalid. The transferor will be assessed any late filing penalty. A description of the penalty is contained in subsection 85(8).

**DESCRIPTION OF SHARES RECEIVED**

(Attach schedule if space not sufficient)

Full description of each class of shares of capital stock of the transferee received by the transferor as consideration for all of the property disposed of

Number of shares of each class received by transferor

Common

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# PARTICULARS OF PROPERTY DISPOSED OF AND CONSIDERATION RECEIVED

- List, describe and state fair market value of properties disposed of. The description and fair market value of the consideration received must be shown opposite the related property disposed of. Attach schedules if space insufficient.
- The order of disposition of each depreciable and eligible capital property must be designated. Supporting schedules relative to this election need not be filed but should be retained as they may be requested for examination.
- Is the Agreed Amount based on an estimate of Fair Market Value at Valuation Day?  
Supporting documentation need not be filed but should be retained. Yes ☐ No ☒
- Are there beneficial shareholders in the transferee other than the transferor? Yes ☐ No ☒
- Where a non-arm's length inter-corporate rollover exists, have all or substantially all of the assets disposed of been transferred to the transferee? Yes ☐ No ☐ N/A

	Date of Sale or Transfer	Property Disposed of		Consideration Received		Agreed Amount
		Description	Fair Market Value at time of disposition	Description	Fair Market Value (See "Note")	
CAPITAL PROPERTY EXCLUDING DEPRECIABLE PROPERTY	Dec. 17, 1983	Land-See Sched. A	\$ 1,176,300	See Sched. A	\$ 252,249	\$ 252,249
		Shares-See Sched. A	1,052,398		52,138	52,401
DEPRECIABLE PROPERTY	Dec. 17, 1983	See Sched. B		See Sched. B		
		Class 3	1,713,700		364,325	364,325
		6	122,000		48,365	48,365
		8	472,000		135,687	135,687
ELIGIBLE CAPITAL PROPERTY						
INVENTORY						
RESOURCE PROPERTY						
TOTAL	XXXXXXX	XXXXXXXXXXXXXXXXXXXX	4,536,398	XXXXXXXXXXXXXXXXXXXX	852,784	853,027

Note: Under "Consideration Received - Fair Market Value" enter the consideration received except for shares of capital stock of the transferee. Where paragraph 85(1) (e.2) applies the consideration received will include shares of capital stock of the transferee.

## ATTACHMENTS

- Schedules, if space on form is not sufficient.
- Attach schedule of calculation of Adjusted Cost Base of partnership where property transferred is partnership interest.
- Cheque or money order payable to the Receiver General, if penalty is payable. INDICATE ON CHEQUE the name of the transferor whose account is to be credited and specify the election form number to which this remittance applies.

## ELECTION AND CERTIFICATION

The above-named transferee AND transferor elect under subsection 85(1) in respect of the above-mentioned property.

WE HEREBY CERTIFY that the information given in this election, and in any documents attached, is true, correct and complete in every respect.

Signature of Transferor or Authorized Signing Officer

AND

Signature of Authorized Officer of Transferee

SAWRIDGE HOLDINGS LTD.

&

TRUSTEES OF SAWRIDGE INDIAN BAND

SCHEDULE A

RE: T2057 WITH RESPECT TO TRANSFER OF DECEMBER 17, 1983

		<u>Consideration</u>		<u>Agreed</u>
	<u>FMV</u>	<u>Description</u>	<u>FMV</u>	<u>Amount</u>
CAPITAL PROPERTY				
Land (See Schedule C)				
(a) Zeidler Property	1,000,000	Promissory Note	100,000	100,000
(b) Planer Mill	68,000	Promissory Note	64,633	64,633
(c) Mitsue Property	72,300	Promissory Note	55,616	55,616
(d) Residences:				
Lot 3	12,000	Promissory Note	12,000	12,000
Lot 18	12,000	Promissory Note	4,620	10,000
		Mortgage Assumed	5,380	
Lot 17	12,000	Promissory Note	4,564	10,000
		Mortgage Assumed	5,436	
	<u>1,176,300</u>		<u>252,249</u>	<u>252,249</u>

SHARES

Sawridge Enterprises Ltd.				
- 3 Common shares	1,000,000			3
Sawridge Development (1977) Ltd. - 10 Common shares	10			10
Sawridge Hotels Ltd.				
- 1,060 Common shares	8,138	Promissory Note	8,138	8,138
Slave Lake Developments Ltd.				
- 22,250 Common shares	44,250	Promissory Note	44,000	44,250
	<u>1,052,398</u>		<u>52,138</u>	<u>52,401</u>

SAWRIDGE HOLDINGS LTD.

&

TRUSTEES OF SAWRIDGE INDIAN BAND

SCHEDULE B

RE: T2057 WITH RESPECT TO TRANSFER OF DECEMBER 17, 1983

	<u>FMV</u>	<u>Consideration</u>		<u>Agreed Amount</u>
		<u>Description</u>	<u>FMV</u>	
DEPRECIABLE PROPERTY (See Schedule 6)				
Buildings - Class 3 Mitsue Property	<u>1,713,700</u>	Promissory Note	<u>364,325</u>	<u>364,325</u>
Buildings - Class 6				
Residences: Lot 3	28,000	Promissory Note	28,000	28,000
Lot 18	47,000	Mortgage Assumed	10,184	10,184
Lot 17	<u>47,000</u>	Mortgage Assumed	<u>10,181</u>	<u>10,181</u>
	<u>122,000</u>		<u>48,365</u>	<u>48,365</u>
Equipment - Class 8 Planer Mill	<u>472,000</u>	Promissory Note	<u>135,687</u>	<u>135,687</u>

SAWRIDGE HOLDINGS LTD.

&

TRUSTEES OF SAWRIDGE INDIAN BAND

SCHEDULE C

RE: T2057 WITH RESPECT TO TRANSFER OF DECEMBER 17, 1983

Description

A. The Zeidler Property

All that portion of the Northeast quarter of Section 36, Township 72, Range 6. West of the 5th Meridian which lies between the North limit of the Road as shown on Road Plan 946 E.O. and the Southwest limit of the right-of-way of the Edmonton Dunevegan and British Columbia Railway as shown on Railway Plan 4961 E.O. containing 28.1 Hectares (69.40 acres) more or less

excepting thereout:

(a) 22.6 Hectares (55.73 acres) more or less described in Certificate of Title No. 227-V-136;

(b) 0.158 Hectares (1.28 acres) more or less as shown on Road Plan 469 L.Z.

B. The Planer Mill

Plan 2580 T.R., Lot Four (4), containing 7.60 Hectares (18.79 acres) more or less (P.T. SECS. 29 and 30-72-4-W5TH, Mitsue Lake Industrial Park) excepting thereout all mines and minerals.

C. Mitsue Property

Plan 2580 T.R. Lot Eight (8) containing 6.54 Hectares more or less (part of Sections 29 and 30-72-4-W5TH, Mitsue Lake Industrial Park) excepting thereout all mines and minerals and the right to work the same

D. The Residences

Lot 3, Block 7, Plan 1915 H.W. (305-1st St. N.E.)

Lot 18, Block 35, Plan 5928 R.S. (301-7th St. S.E.)

Lot 17, Block 35, Plan 5928 R.S. (303-7th St. S.E.)

Indian and Northern  
Affairs Canada

Affaires indiennes  
et du Nord Canada

Indian and Inuit Affairs

Affaires indiennes et inuit

Chronological No. - Numéro consécutif

454-117-85/86

File Reference - N° de réf. du dossier

**BAND COUNCIL RESOLUTION**  
**RÉSOLUTION DE CONSEIL DE BANDE**

NOTE: The words "From our Band Funds" "Capital" or "Revenue", which ever is the case, must appear in all resolutions requesting expenditures from Band Funds

NOTA: Les mots "des fonds de notre bande" "Capital" ou "revenu" selon le cas doivent paraître dans toutes les résolutions portant sur des dépenses à même les fonds des bandes

THE COUNCIL OF THE LE CONSEIL DE LA BANDE INDIENNE		SAWRIDGE BAND	Current Capital Balance Solde de capital	\$ _____
AGENCY DISTRICT		LESSER SLAVE LAKE	Committed - Engagé	\$ _____
PROVINCE		ALBERTA	Current Revenue balance Solde de revenu	\$ _____
PLACE NOM DE L'ENDROIT		SLAVE LAKE	Committed - Engagé	\$ _____
DATE	15 DAY - JOUR	04 MONTH - MOIS	AD 19	85 YEAR - ANNÉE

DO HEREBY RESOLVE:

DECIDE, PAR LES PRÉSENTES:

WHEREAS Chief Walter P. Twinn holds as trustee for the Sawridge Indian Band a certain debenture dated the 21<sup>st</sup> day of JANUARY, 1985;

AND WHEREAS the aforesaid trust was created to protect the interests of the members of the Sawridge Indian Band;

AND WHEREAS it is deemed expedient and in the interest of the said members to pass this Resolution:

AND UPON IT BEING MOVED by George Twin and seconded by Walter Felix THEREFORE BE IT UNANIMOUSLY RESOLVED at this duly convened and constituted meeting of the Sawridge Band Council at the Band Office in Slave Lake, Alberta, this 15th day of April, A.D. 1985, that Chief Walter P. Twinn is hereby directed and authorized to transfer the aforesaid debenture to the Trustees of the trust dated the 15th day of April, A.D. 1985, to be held by the said Trustees as an accretion to the assets of the trust and subject in all respects to the terms and provisions thereof.

A quorum for this Bande  
Pour cette bande le quorum est

consists of 2  
fixé à

Council Members  
Membres du Conseil

(Councillor - conseiller)

(Chief - Chef)

(Councillor - conseiller)

(Councillor - conseiller)

18th Floor  
Toronto-Dominion Tower  
Edmonton Centre  
Edmonton, Alberta T5J 3P9  
(403) 421-3611  
Telex 037-3032  
Cable DEHANDS

ACCOUNTANTS' COMMENTS

To the Trustees of  
The Sawridge Band Inter-Vivos Settlement Trust:

We have prepared the accompanying balance sheet as at December 31, 1986 and the statement of income and trust balance for the year then ended from the records of The Sawridge Band Inter-Vivos Settlement Trust and from other information supplied to us by the Trustees. In order to prepare these financial statements we made a review, consisting primarily of enquiry, comparison and discussion, of such information. However, in accordance with the terms of our engagement, we have not performed an audit and consequently do not express an opinion on these financial statements.

The investment in the subsidiary is recorded on the cost basis of accounting in the accompanying unaudited financial statements. In this case, generally accepted accounting principles require that the financial statements be prepared on a consolidated basis. The effects of this departure from generally accepted accounting principles on the accompanying unaudited financial statements have not been determined.

*Deloitte Haskins + Sells*

Chartered Accountants

May 5, 1987

THE SAWRIDGE BAND INTER-VIVOS SETTLEMENT TRUST

STATEMENT OF LOSS AND TRUST BALANCE

YEAR ENDED DECEMBER 31, 1986

(Unaudited - see Accountants' Comments)

	<u>1986</u>	<u>1985</u>
INCOME		
Interest	\$ -	\$ 3,324,725
EXPENSE		
Professional fees	<u>66,500</u>	<u>66,500</u>
NET (LOSS) INCOME (Note 6)	(66,500)	3,258,225
TRUST BALANCE, BEGINNING OF YEAR	27,761,254	23,753,062
CONTRIBUTION FROM BENEFICIARIES (Note 7)	<u>-</u>	<u>749,967</u>
TRUST BALANCE, END OF YEAR	<u>\$27,694,754</u>	<u>\$27,761,254</u>



THE SAWRIDGE BAND INTER-VIVOS SETTLEMENT TRUST

BALANCE SHEET

DECEMBER 31, 1986

(Unaudited - see Accountants' Comments)

	<u>1986</u>	<u>1985</u>
<u>ASSETS</u>		
CASH	\$ -	\$ 5,094
DUE FROM SAWRIDGE HOLDINGS LTD. (Note 3)	27,696,128	27,756,128
INVESTMENT (Note 4)	<u>32</u>	<u>32</u>
	<u>\$27,696,160</u>	<u>\$27,761,254</u>

TRUST BALANCE

BANK INDEBTEDNESS	\$ 1,406	\$ -
TRUST BALANCE (Note 5)	<u>27,694,754</u>	<u>27,761,254</u>
	<u>\$27,696,160</u>	<u>\$27,761,254</u>

Approved by the Board:

.....Trustee

.....Trustee

THE SAWRIDGE BAND INTER-VIVOS SETTLEMENT TRUST

STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED DECEMBER 31, 1986

(Unaudited - see Accountants' Comments)

	<u>1986</u>	<u>1985</u>
SOURCES OF CASH		
Operations	\$(66,500)	\$3,258,225
Contributions from beneficiaries	<u>749,967</u>	<u>-</u>
	683,467	3,258,225
USE OF CASH		
Increase in amounts due from subsidiary company	<u>689,967</u>	<u>3,258,127</u>
(DECREASE) INCREASE IN CASH	(6,500)	98
CASH, BEGINNING OF YEAR	<u>5,094</u>	<u>4,996</u>
(BANK INDEBTEDNESS) CASH, END OF YEAR	<u>\$ (1,406)</u>	<u>\$ 5,094</u>

THE SAWRIDGE BAND INTER-VIVOS SETTLEMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1986

(Unaudited - see Accountants' Comments)

1. OPERATIONS

The Sawridge Band Trust was established on April 15, 1982 and during 1985 changed its name to "The Sawridge Band Inter-Vivos Settlement" Trust.

2. SIGNIFICANT ACCOUNTING POLICY

The financial statements have been prepared in accordance with generally accepted accounting principles, except that these financial statements are not consolidated, and reflect the following policy:

Investment

The investment in a wholly-owned subsidiary is recorded on the cost basis of accounting whereby the investment is initially recorded at cost and earnings (from the investment) are recognized only to the extent received or receivable.

3. DUE FROM SAWRIDGE HOLDINGS LTD.

The amounts due from Sawridge Holdings Ltd., a wholly-owned subsidiary, are as follows:

	<u>1986</u>	<u>1985</u>
Promissory note, unsecured, payable on demand and bearing interest at prime plus 3%	\$ 1,067,354	\$ 1,067,354
Advances, bearing interest at prime plus 3% and secured by a demand debenture	<u>26,628,774</u>	<u>25,938,807</u>
	<u>\$27,696,128</u>	<u>\$27,006,161</u>

Interest on the above receivables was waived for the current year.

4. INVESTMENT

The trust owns 100% of Sawridge Holdings Ltd.

5. TRUST BALANCE

Under the terms of the Trust Agreement, the Trust is for the irrevocable benefit of all of the members, present and future, within the meaning of the Indian Act as such provisions existed on the 15th day of April, 1985, of the Sawridge Indian Band #19, who are descendants of the original signators of Treaty Number 8 and who remain as members of the Sawridge Indian Band #19.

THE SAWRIDGE BAND INTER-VIVOS SETTLEMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1986

(Unaudited - see Accountants' Comments)

6. INCOME TAXES

The trust is not taxable as the taxable income has been designated to be taxed in the hands of the beneficiaries.


7. CONTRIBUTIONS FROM BENEFICIARIES

The prior year's financial statements have been revised to correct as accounting error whereby a contribution of \$749,967 from beneficiaries was incorrectly recorded as an advance from Sawridge Holdings Ltd.

177X  
FILE

RCU BY:XEROX TELECOPIER 7010 ; 3-14-89 10:04AM ; 403 849 3446-  
03/14/89 10:06 403 849 3446 SAWRIDGE ADMIN

20707;H 3  
003/003

 **Revenue Canada** **Revenu Canada**  
**Taxation** **Impôt**

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T87AN  
REV. 87

NOTICE OF ASSESSMENT - AVIS DE COTISATION

Date of Mailing-Date d'expédition	Identification Number-Numéro d'identification	Taxation year Année d'imposition	Taxation Centre-Office-Centre fiscal-Bureau d'impôt
Mar 09 1989	N/A	1987	WINNIPEG

Sawridge Band Trust  
c/o Walter P Twinn  
PO Box 326  
Slave Lake AB  
T0G 2A0

RE: T3

TAX ON THE ABOVE REFERENCED RETURN HAS BEEN ASSESSED  
AS NIL, AS REPORTED BY YOU.

UN MONTANT NUL D'IMPÔT A ÉTÉ ÉTABLI À L'ÉGARD DE LA DÉCLA-  
RATION SUSMENTIONNÉE, CONFORMÉMENT À CE QUE VOUS AVIEZ  
DÉCLARÉ.

PIERRE GRAVELLE  
DEPUTY MINISTER, DEPARTMENT OF NATIONAL REVENUE, TAXATION  
SOUS-MINISTRE, MINISTÈRE DU REVENU NATIONAL, IMPÔT

IF YOU  
• NEED MORE INFORMATION  
• DISAGREE WITH THIS NOTICE  
SEE REVERSE

SI VOUS  
• DESIREZ OBTENIR PLUS DE DÉTAILS  
• N'ÊTES PAS D'ACCORD AVEC CET AVIS  
VOIR AU VERSO

Revenue Canada  
TaxationRevenu Canada  
ImpôtT3  
Rev. 87TRUST INCOME TAX RETURN  
AND INFORMATION RETURN

## Identification

a) Name of Trust  
Summidge Band Trust

b) Name of Trustee/Executor/Administrator  
Walter P. Turner

c) Address of Residence of Trust  
P.O. Box 326  
Province of Residence of Trust Slave Lake, Alberta Postal Code T0G 2A0 Telephone Number 849-9311

d) Mailing Address (if different from address above)  
Postal Code

For Departmental Use

For Departmental Use

e) Return for taxation year  
from 01 01 1987 to 31 12 1987  
Day Month Year

f) Has the fiscal period  
changed since last return filed? No ☒ Yes ☐

g) Is this the first year of filing? No ☐ Yes ☒

h) Is this an amended return? No ☒ Yes ☐

i) Taxation Office where the original return was filed

j) If the trust has been wound up, give date  
Day Month Year

k) A clearance certificate been requested? No ☒ Yes ☐

l) If this is the first return of a testamentary or inter vivos trust, has a copy of the will or trust document been filed with this return or the first T1 return? No ☒ Yes ☐

m) Type of Trust

A ☐ Inter vivos1 ☐ Spouse trust2 ☐ Unit trust3 ☐ Mutual fund trust4 ☐ Commercial Organization5 ☐ Insurance segregated fund trusta ☐ Fully registeredb ☐ Partially registeredc ☐ Non registered6 ☒ Other inter vivos trust (specify)

n) Date trust created

B ☐ Testamentary1 ☐ Spouse trust2 ☐ Other

n) Decedent taxpayer information

Date of death           19    

Social Insurance Number

Beneficial Trust

April 15 1985

## Summary of Tax and Credits

Taxable Income of the trust (Page 3, line 50)

TAX	Federal Tax Payable (Trust Schedule 2A, line 222 or Trust Schedule 2B, line 283)	81
	Provincial or Territorial Tax Payable (Trust Schedule 3A or 3B)	82
	Total Taxes Payable (add lines 81 and 82)	83
CREDITS	Payments on Account	84
	Total Tax Deducted per Information Slips	85
	Refundable Quebec Abatement (Trust Schedule 2A, line 223 or Trust Schedule 2B, line 284)	86
	Refundable Investment Tax Credit (Form T2038 (IND))	87
	Other Credits (Specify)	88
	Total Credits (add lines 84 to 88)	89
	Balance Owning or Refund (subtract line 89 from line 83) (a difference of less than a dollar is neither charged nor refunded)	90

Payment: Attach cheque or money order made payable to the Receiver General

## Non-Resident Withholding Tax (PART XIII)

Total Income Paid or Payable to Non-Resident Beneficiaries (from page 3, line 50)	91
Adjustment for non cash items included above (provide reconciliation)	92
Amounts paid or payable other than capital distributions (add/deduct lines 91 and 92)	93

Amounts not subject to Part XIII tax:

— Capital gains distributions of mutual fund trusts

— Distributions by certain trusts established before 1949

— Other (specify)

Sub-total

Amount Subject to Non-resident Tax (subtract line 94 from line 93)

Resident Tax Payable (line 95 multiplied by appropriate Rate of Tax, this amount must agree with amount reported on NR4-NR4A Summary and related forms NR4 Supplementary)

Deduct: Amounts previously remitted per form PD7AR-NR

Payer's Remittance No.

Balance owing for Part XIII Tax (subtract line 97 from line 96, remit with form PD7AR-NR)

CETTE FORMULE EST DISPONIBLE EN FRANÇAIS

# **Income and Deductions Before Designations/Allocations** **INCOME** (Guide lines 01 to 16)

Actual Amount of Eligible 1986 Dividends (Trust Schedule 6, line 601)	01	
Amount of Ineligible 1986 Dividends (Trust Schedule 6, line 603)	02	
1986 Dividends (add lines 01 and 02)		03
Actual Amount of Eligible 1987 Dividends (Trust Schedule 6, line 602)	04	
Actual Amount of Ineligible 1987 Dividends (Trust Schedule 6, line 604)	05	
Total 1987 Dividends (add lines 04 and 05)		06
Eligible Interest (Trust Schedule 6, line 605)		07
Ineligible Investment Income (Trust Schedule 6, line 606)		08
Taxable Capital Gains (Trust Schedule 5A, line 516)		09
Superannuation or Pension Payments		10
Business Income	Gross	G11 Net 11
Farming Income	Gross	G12 Net 12
Fishing Income	Gross	G13 Net 13
Real Estate Rental Income (Trust Schedule 7)	Gross	G14 Net 14
Other Income (specify and attach any information slip received)		15
<b>Total Income</b> (Add lines 03, to 15)		<b>16</b>
<b>DEDUCTIONS</b> (Guide lines 17 to 23)		
Carrying Charges (Trust Schedule 6, line 612)		17
Total Trustee Fees (all trustee fees are income to the recipient)		18
Trustee Fees Not Applicable to Income		19
Trustee Fees Deductible From Income (subtract line 19 from line 18)		20
Cost Allowance Not Designated to Beneficiaries (Trust Schedule 8, line 803)		21
Allowable Business Investment Loss		22
Other Deductions (specify)		23
<b>Total Deductions</b> (add lines 17 and 20 to 23)		<b>24</b>
<b>Net Income</b> (subtract line 24 from line 16)		<b>25</b>
Adjustment for Upkeep, Maintenance and Taxes of any Property Used or Occupied by any Beneficiary		26
<b>Net Income Before Designations/Allocations</b> (add line 26 and line 25, enter at line 40, page 3)		<b>27</b>

## **Application of Expenses Against Specific Types of Income Before Designations/Allocations**

Indicate Income Reported at Line	Direct Expenses (1)*	Indirect Expenses (2)**	Specify the type of expenses	Net available for designation/allocation
01	minus	minus		28
02		minus		28A
04	minus	minus		29
05		minus		29A
07	minus	minus		30
08		minus		31
09		minus		32
10		minus		33
11		minus		34
12		minus		35
13		minus		36
14		minus		37
		minus		38
<b>Total</b>	minus	(1) minus	(2)	<b>39</b>

\* (1) Direct expenses for the purpose of the interest and dividend income deduction.  
 \*\* (2) Other expenses incurred to earn income.

**Net Income Before Designation/Allocation page 2, line 27**

Summary of Designations/Allocations

Types of Income Designated/Allocated	Paid or Payable to Beneficiaries		III By Preferred Beneficiary Election	Total
	I Resident	II Non-Resident		
(A) Actual Amount of Eligible '87 Dividends page 2, line 29				41
(B) Actual Amount of Ineligible '87 Dividends page 2, line 29A				42
(C) Eligible Interest (page 2, line 30)				43
(D) Foreign Business Income				44
(E) Foreign Non-Business Income				45
(F) Net Taxable Capital Gains** (page 2, line 32)				46
(G) Other Income Allocated				47
(*) Actual Amount of Eligible '86 Dividends page 2, line 28				48
Actual Amount of Ineligible '86 Dividends page 2, line 28A				49
<b>Totals</b> (add lines 41 to 49)				50

\* 1986 Dividends are to be reported separately on 1987 T3 Supplementaries (refer to guide — Completion of Form T3 Supplementary)

\*\* Double these amounts on T3 Supplementaries (Box F)

Net Income After Designations/Allocations (subtract line 50 from line 40)

Add Grossed up amount of 1986 and/or 1987 Dividends retained by the trust (Schedule 1, line 120)

**NET INCOME OF TRUST** (add lines 50A and 50B)

50A

50B

50C

**Calculation of Taxable Income of Trust**
**Deductions to Arrive at Taxable Income**

Interest and Dividend Income Deduction (from Schedule 1, line 138)

Non-Capital Losses of Other Years (attach details if 1985 or earlier loss included)

Net Capital Losses of Other Years (attach details if 1985 or earlier loss included)

Taxable Capital Gains Deduction for Resident Spouse Trusts only (Schedule 5C)

Other Deductions (specify)

Total Deductions (add lines 51A to 51E)

**Taxable Income of Trust** (subtract line 52 from line 50C; and

if result is 0, enter on Trust Schedule 28, line 259 or,

if result is greater than 0, enter result on Trust Schedule 2A, line 201

51A

51B

51C

51D

51E

52

53

**Summary of Other Amounts Designated**

Summary of Other Amounts Designated	Designated to Beneficiaries		By Preferred Beneficiary Election
	Resident	Non-Resident	
(H) Taxable Amount of Eligible 1987 Dividends (Amount at line 41 $\times$ 1.333)			54
(I) Taxable Amount of Ineligible 1987 Dividends (Amount at line 42 $\times$ 1.333)			55
Total Taxable Amount of 1987 Dividends (add lines 54 and 55)			56
(J) Federal Dividend Tax Credit for 1987 Dividends (Amount at line 56 $\times$ 16.667%)			57
Taxable Amount of Eligible 1986 Dividends (Amount at line 48 $\times$ 1.5)			58
- Taxable Amount of Ineligible 1986 Dividends (Amount at line 49 $\times$ 1.5)			59
- Total Taxable Amount of 1986 Dividends (Add lines 58 and 59)			60
- Federal Dividend Tax Credit for 1986 Dividends (Amount at line 60) $\times$ 22.667%			61
(K) Foreign Business Income Tax Paid			62
(L) Foreign Non-business Income Tax Paid			63
(M) Capital Cost Allowance			64
(N1) RRSP Refund of Premiums			65
(N2) Superannuation and Pension Benefits			66
(N3) Death Benefits			67
(P) Insurance Segregated Fund Losses			68
(Q) Capital Gains Eligible for Deduction			69
(R) Investment in Qualified Property for I.T.C.			70
(S) Investment Tax Credit (I.T.C.)			71
<b>Tax Credits</b>			
- Share Purchase Tax Credit			72
- Manitoba Manufacturing Investment Tax Credit			73
- Employment Tax Credit			74
- Saskatchewan Livestock Investment Tax Credit*			75
- Saskatchewan Livestock Facilities Tax Credit*			76

\* for Communal Organizations only



# Schedules and Additional Information Required

All trusts MUST complete the following questionnaire and, for each question to which a reply is "yes", attach the appropriate Schedule providing full details. Failure to properly reply may cause unnecessary delays to the assessment of the return.

	Yes	No	Trust Schedule
1. a) Has there been a change in ownership of capital or income interests during the taxation year? If "yes", attach a statement showing changes for all trusts <b>OTHER THAN</b> unit trusts	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
b) Have the terms of the trust been amended or varied during the taxation year? If "Yes" attach copies of the documents giving effect to these changes.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
2. Have any capital additions by way of gift or bequest been received since June 18th, 1971?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
3. Has a loan or obligation been incurred in a non-arm's length transaction since June 18th, 1971?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
4. Has there been any disposition of capital property by the trust during the year?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	5A
5. Is the trust paying income to non-resident beneficiaries?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
6. Is the trust non-resident?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
7. Was there a distribution of estate assets (other than cash) to beneficiaries during the taxation year? (Attach statement showing values for assets distributed)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
8. Has the estate made a subsection 164(6) election? (to be filed with an amended T1 return for the deceased)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
9. Is the trust one of a multiple of trusts created as a consequence of contributions to the trusts by an individual?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
10. Is the trust required to allocate/designate all the income for the year?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
11. Is the trust claiming a Dividend Tax Credit?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1
12. Is the trust claiming the Interest and Dividend Income Deduction?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1
13. If this trust is a spouse trust and the spouse (beneficiary) died during the year, is the trust claiming a taxable capital gains deduction?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1 and 5C
14. Does the trust have taxable income (Trust Return, page 3, line 53)? NOTE: A trust may still be liable for Minimum Tax although no income is retained. Refer to Trust Schedule 2B for more details.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	2A, 3A, 5B
15. Is the trust allocating capital gains to beneficiaries?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	5B
16. Is the trust making a preferred beneficiary election? (if yes, ensure it is made in prescribed manner, Regulation 2800, and filed on time)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
17. Is the trust reporting investment income?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	6
18. Is the trust reporting rental income?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	7
19. Is the trust claiming Capital Cost Allowance?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	8
20. Which official language do you wish to be used in correspondence?	English <input checked="" type="checkbox"/>	French <input type="checkbox"/>	

## GUIDE TO THE T3 TRUST RETURN

Refer to the Guide for additional information. References are made by line number starting on page 2, of the Return, (lines 01 - 39), page 3, (lines 40 - 76) and page 1, (lines 80 - 98). The Schedules are also numbered in sequence, starting with line 101 on Schedule 1 through to line 803 on Schedule 8.

Name of Person or Company (other than Trustee/Executor/Administrator) who prepared this return <u>Delante Hashine and Sells</u>		<b>CERTIFICATION</b> <u>Chief W.P. Twinn</u> <small>(Print Name)</small> HEREBY CERTIFY that the information given in this T3 Return and related T3 Supplementary (when required) and in any documents attached is true, correct and complete and fully discloses the income from all sources for the period covered; and that non resident tax has been withheld where required and remitted to the Department.	
Address in full <u>2000 Mainline Place</u> <u>10180-101 Street Edmonton Alberta</u>			
Postal Code <u>T5J 4Y4</u>	Telephone Number <u>Y21-3611</u>	Signature of Authorized Person _____	
Date _____		19 ____	

**BAND COUNCIL RESOLUTION  
RÉSOLUTION DE CONSEIL DE BANDE**

NOTE: The words "From our Band Funds" "Capital" or "Revenue", whichever is the case, must appear in all resolutions requesting expenditures from Band Funds

NOTA: Les mots "des fonds de notre bande" "Capital" ou "revenu" selon le cas doivent paraître dans toutes les résolutions portant sur des dépenses à même les fonds des bandes

THE COUNCIL OF THE LE CONSEIL DE LA BANDE INDIENNE		SAWRIDGE BAND	Current Capital Balance Solde de capital	\$ _____
AGENCY DISTRICT		LESSER SLAVE LAKE	Committed - Engagé	\$ _____
PROVINCE		ALBERTA	Current Revenue balance Solde de revenu	\$ _____
PLACE NOM DE L'ENDROIT		SLAVE LAKE	Committed - Engagé	\$ _____
DATE	15	04	AD 19	85
	DAY - JOUR	MONTH - MOIS	YEAR - ANNÉE	

DO HEREBY RESOLVE:  
DECIDE, PAR LES PRÉSENTES:

WHEREAS Chief Walter P. Twinn holds as trustee for the Sawridge Indian Band a certain debenture dated the 21<sup>st</sup> day of JANUARY, 1985;

AND WHEREAS the aforesaid trust was created to protect the interests of the members of the Sawridge Indian Band;

AND WHEREAS it is deemed expedient and in the interest of the said members to pass this Résolution:

AND UPON IT BEING MOVED by George Twin and seconded by Walter Felix THEREFORE BE IT UNANIMOUSLY RESOLVED at this duly convened and constituted meeting of the Sawridge Band Council at the Band Office in Slave Lake, Alberta, this 15th day of April, A.D. 1985, that Chief Walter P. Twinn is hereby directed and authorized to transfer the aforesaid debenture to the Trustees of the trust dated the 15th day of April, A.D. 1985, to be held by the said Trustees as an accretion to the assets of the trust and subject in all respects to the terms and provisions thereof.

A quorum for this Bande  
Pour cette bande le quorum est

consists of 2

fixé à

Council Members  
Membres du Conseil

(Councillor - conseiller)

(Councillor - conseiller)

(Councillor - conseiller)

(Councillor - conseiller)

(Chief - Chef)

(Councillor - conseiller)

(Councillor - conseiller)

(Councillor - conseiller)

(Councillor - conseiller)

(Councillor - conseiller)

(Councillor - conseiller)

(Councillor - conseiller)

(Councillor - conseiller)

**FOR DEPARTMENTAL USE ONLY - RÉSERVÉ AU MINISTÈRE**

1. Band Fund Code Code du compte de bande	2. COMPUTER BALANCES - SOLDES D'ORDINATEUR	3. Expenditure Dépenses	4. Authority - Autorité Indian Act Sec Art. de la Loi sur les Indiens	5. Source of Funds Source des fonds
	A. Capital \$	B. Revenue - Revenu \$		<input type="checkbox"/> Capital <input type="checkbox"/> Revenue
6. Recommended - Recommandé		Approved - Approuvé		
Date		Date		
Recommending Officer - Recommandé par		Approving Officer - Approuvé par		

# Deloitte Haskins+Sells

Chartered Accountants

18th Floor  
Toronto-Dominion Tower  
Edmonton Centre  
Edmonton, Alberta T5J 3P9  
(403) 421-3611  
Telex 037-3032  
Cable DEHANDS

To the Band Council of  
Sawridge Indian Band #19:

We have examined the balance sheet of the Sawridge Indian Band #19 as at March 31, 1985 and the statements of revenue and expenditures and fund balance and of changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances, except as explained in the following paragraph.

Because the Government of Canada maintains the Band's agreements for oil and gas royalties and surface rights in confidence, we were unable to examine supporting documentation regarding revenue from oil and gas royalties and surface rights. Accordingly, our verification of revenue from this source consisted primarily of direct communication with the oil companies for amounts paid to the Government of Canada, on behalf of the Band.

In our opinion, except for the effect of adjustments, if any, which we might have considered to be necessary had income from oil and gas royalties and surface rights been susceptible to complete audit verification, these financial statements present fairly the financial position of the Band as at March 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles described in Note 1 applied on a basis consistent with that of the preceding year.

*Deloitte Haskins & Sells*

Auditors

May 20, 1985

SAWRIDGE INDIAN BAND #19

STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCE

YEAR ENDED MARCH 31, 1985

	<u>1985</u>	<u>1984</u>
REVENUE		
Gain on sale of investments	\$ 30,240	\$ -
Oil and gas royalties and surface rights	5,067,597	5,618,242
Interest income (Note 8)	3,154,173	2,475,970
Laundry	14,256	14,507
Property rental	56,151	87,287
Sundry	22,711	15,188
	<u>8,345,128</u>	<u>8,211,194</u>
EXPENDITURES		
General and administrative - Schedule 1	767,529	576,437
Capital expenditures - Schedule 2	476,415	380,395
	<u>1,243,944</u>	<u>956,832</u>
EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER ACTIVITIES	<u>7,101,184</u>	<u>7,254,362</u>
OTHER ACTIVITIES - EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES		
Arcom Plant Operations	-	(18,767)
Planer Mill Operations	-	(8,922)
Apartment Building Operations - Schedule 3	(1,843)	5,228
Truck Stop - Schedule 4	(13,880)	-
	<u>(15,723)</u>	<u>(22,461)</u>
EXCESS OF REVENUE OVER EXPENDITURES	7,085,461	7,231,901
FUND BALANCE, BEGINNING OF YEAR	<u>20,383,824</u>	<u>32,674,995</u>
	<u>27,469,285</u>	<u>39,906,896</u>
DISTRIBUTIONS TO BAND MEMBERS (Note 11)	(3,844,285)	(18,169,727)
DISTRIBUTIONS TO BAND MEMBERS ENFRANCHISED	-	(1,353,345)
	<u>(3,844,285)</u>	<u>(19,523,072)</u>
FUND BALANCE, END OF YEAR	<u>\$23,625,000</u>	<u>\$ 20,383,824</u>

SAWRIDGE INDIAN BAND #19

BALANCE SHEET

MARCH 31, 1985

	<u>1985</u>	<u>1984</u>
<u>ASSETS</u>		
CASH AND TERM DEPOSITS	\$ 4,660,428	\$ 5,269,431
ACCOUNTS RECEIVABLE	910,879	24,819
PREPAID EXPENSES	76,033	-
INVENTORY	93,168	-
FUNDS HELD BY THE GOVERNMENT OF CANADA (Note 3)	15,323,902	14,236,094
DUE FROM BAND MEMBERS	20,226	806
DUE FROM RELATED PARTIES (Note 4)	57,825	27,549
INVESTMENTS (Note 5)	99,864	109,779
PROPERTY AND EQUIPMENT (Note 6)	2,627,508	791,386
RIGHT OF WAY (Note 7)	<u>1</u>	<u>1</u>
	<u>\$23,869,834</u>	<u>\$20,459,865</u>
<u>LIABILITIES</u>		
ACCOUNTS PAYABLE AND ACCRUED CHARGES	\$ 241,050	\$ 72,191
RENTAL DEPOSITS	<u>3,784</u>	<u>3,850</u>
	244,834	76,041
<u>FUND BALANCE</u>		
FUND BALANCE	<u>23,625,000</u>	<u>20,383,824</u>
	<u>\$23,869,834</u>	<u>\$20,459,865</u>

Approved by:

.....Chief

.....Band Administrator

SAWRIDGE INDIAN BAND #19

STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED MARCH 31, 1985

	<u>1985</u>	<u>1984</u>
SOURCES OF CASH		
Operations		
Excess of revenue over expenditures	\$7,085,461	\$ 7,231,901
Gain on sale of investments, not affecting cash	<u>(30,240)</u>	<u>-</u>
	7,055,221	7,231,901
Increase in rental deposits	-	2,100
Proceeds from sale of equipment	-	785,228
Decrease in accounts receivable	-	15,777
Decrease in prepaid expenses	-	12,950
Decrease in due from Band members	-	45,622
Decrease in amounts due from related parties	-	12,132,475
Proceeds on sale of investments	100,000	82,391
Increase in accounts payable and accrued charges	<u>168,859</u>	<u>18,733</u>
	<u>7,324,080</u>	<u>20,327,177</u>
USES OF CASH		
Increase in prepaid expenses	76,033	-
Increase in accounts receivable	886,060	-
Increase in amounts due from related parties	30,276	-
Increase in funds held by Government of Canada	1,087,808	913,986
Advances to Band members	19,420	-
Increase in inventories	93,168	-
Increase in investments	59,845	39,979
Additions to property and equipment	1,836,122	1,573
Decrease in rental deposits	66	-
Repayment of long-term debt	-	30,433
Distributions to Band members	3,844,285	18,169,727
Distributions to Band members enfranchised	<u>-</u>	<u>1,353,345</u>
	<u>7,933,083</u>	<u>20,509,043</u>
DECREASE IN CASH	609,003	181,866
CASH AND TERM DEPOSITS, BEGINNING OF YEAR	<u>5,269,431</u>	<u>5,451,297</u>
CASH AND TERM DEPOSITS, END OF YEAR	<u>\$4,660,428</u>	<u>\$ 5,269,431</u>

SAWRIDGE INDIAN BAND #19

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 1985

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used by the Band are in accordance with the Department of Indian Affairs and Northern Development Accounting Guide on Indian Bands in Canada and include the following:

Inventory

Inventory is valued at the lower of cost and net realizable value.

Investments in unlisted securities

Investments in unlisted securities are recorded at cost.

Investment in partnership

The Band accounts for investment in partnership on the cost basis. The investment is initially recorded at cost and adjusted to recognize the Band's share of distributions received.

Property and equipment

All the property and equipment on the reserve, except for income-producing properties, are written off in the year of acquisition and carried at a nominal value of \$1.

Property and equipment located off the reserve and income-producing properties on the reserve are stated at cost. No depreciation is provided on these assets during the year.

Right of way

The right of way is carried at a nominal value of \$1.

2. RELATED PARTY

The Government of Canada controls funds held in the capital fund. Income from oil and gas royalties, surface rights, and interest income from investment of the Capital fund is received and controlled by the Government of Canada. Capital funds held by the Government of Canada cannot be disbursed or committed by the Band without approval of the Government of Canada.

SAWRIDGE INDIAN BAND #19NOTES TO THE FINANCIAL STATEMENTSMARCH 31, 1985

## 3. FUNDS HELD BY THE GOVERNMENT OF CANADA

	<u>1985</u>	<u>1984</u>
Capital funds	\$12,684,723	\$11,819,524
Revenue funds	<u>2,639,179</u>	<u>2,416,570</u>
	<u>\$15,323,902</u>	<u>\$14,236,094</u>

Capital funds held by the Government of Canada, cannot be disbursed or committed by the Band without approval of the Government of Canada. The Government of Canada has complete control over the investment of funds held by them.

The Minister of Indian Affairs and Northern Development has undertaken to the Societe General (Canada), who have a first mortgage on a hotel located in Jasper National Park and owned by Sawridge Enterprises Ltd., that the total of Capital and Revenue funds held by the Government of Canada on behalf of the Sawridge Band of Indians will not be less than \$3,000,000; and if necessary these funds will be applied against the above mortgage.

## 4. DUE FROM RELATED PARTIES

	<u>1985</u>	<u>1984</u>
Amounts due from Sawridge Developments (1977) Ltd. are unsecured with no specified terms of repayment		
- promissory note bearing interest at 8% commencing 30 days after demand	\$15,000	\$15,000
- non-interest bearing advance	<u>42,825</u>	<u>12,549</u>
	<u>\$57,825</u>	<u>\$27,549</u>

## 5. INVESTMENTS

	<u>1985</u>	<u>1984</u>
(1) Investments in unlisted securities	\$ -	\$ 40
(ii) Investment in Alberta Limited Partnerships		
TAI (1982) Resources Program	-	69,760
TAI (1983-1) Resources Program	19,864	39,979
TAI (1984-1) Resources Program	<u>80,000</u>	<u>-</u>
	<u>\$99,864</u>	<u>\$109,779</u>



SAWRIDGE INDIAN BAND #19NOTES TO THE FINANCIAL STATEMENTSMARCH 31, 1985

## 6. PROPERTY AND EQUIPMENT

	<u>1985</u>	<u>1984</u>
Aircraft *	\$ 1	\$ 1
Band housing *	1	1
Equipment and vehicles *	1	1
Furnishings *	1	1
Laundry facilities *	52,947	52,947
Northwood building *	104,914	69,773
Office building *	1	1
Sawridge apartments *	544,316	543,495
Storage shed *	1	-
Tennis court *	1	1
Television system *	1	1
Truck stop *	1,800,159	-
Waterline *	1	1
Financed vehicles *	1	1
Airplane hangar	<u>125,162</u>	<u>125,162</u>
	<u>\$2,627,508</u>	<u>\$791,386</u>

\* Located on the Sawridge Indian Band Reserve

## 7. RIGHT OF WAY

The Band granted a right of way through reserve lands to the Province of Alberta to construct a highway. The consideration for this right of way due to the Band is under negotiation and is not currently determinable.

## 8. INTEREST INCOME

Interest income consists of the following:

	<u>1985</u>	<u>1984</u>
Interest on term deposits and savings accounts	\$ 527,049	\$ 572,397
Interest from Sawridge Enterprises Ltd.	-	913,636
Interest from Sawridge Development Co. (1977) Ltd.	-	265,949
Interest from the Department of Indian and Northern Affairs	<u>2,627,124</u>	<u>723,988</u>
	<u>\$3,154,173</u>	<u>\$2,475,970</u>

SAWRIDGE INDIAN BAND #19NOTES TO THE FINANCIAL STATEMENTSMARCH 31, 1985

## 8. INTEREST INCOME (continued)

Interest from the Department of Indian and Northern Affairs is calculated on the following basis:

- (a) Calculate the average rate of those market yields of the Government of Canada bond issues as published each Wednesday by the Bank of Canada as part of its weekly financial statistics which have terms to maturity of 10 years or over for each quarter of the fiscal year.
- (b) Calculate quarterly month-end balances on deposit.
- (c) Calculate interest earned by multiplying the amount established in (b) by the rate of interest established in (a).
- (d) Credit quarters October-November-December and April-May-June of every fiscal year the Indian Band Fund's accounts with the interest earned from the two preceding quarters.

## 9. OPERATIONS

Sawridge Indian Band #19 was formed under the provisions of Treaty #8 signed with the Government of Canada. The Band provides local government and related services to its members.

## 10. INCOME TAXES

The Band is exempt from income taxes under Section 87 of the Indian Act and accordingly is not taxable during the current year.

## 11. DISTRIBUTIONS TO BAND MEMBERS

	<u>1985</u>	<u>1984</u>
Assets transferred to Sawridge Band Trust	\$3,706,060	\$17,951,590
Regular distributions to Band members	<u>138,225</u>	<u>218,137</u>
	<u>\$3,844,285</u>	<u>\$18,169,727</u>

## 12. SUBSEQUENT EVENT

During April 1985, a Band member was enfranchised and received \$369,127 in accordance with Section 109 of the Indian Act.

SCHEDULE 1SAWRIDGE INDIAN BAND #19SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENDITURESYEAR ENDED MARCH 31, 1985

	<u>1985</u>	<u>1984</u>
Aircraft	\$ 29,819	\$ 19,501
Audit fees	19,500	25,614
Bank charges	707	230
Consulting fees	43,628	1,270
Insurance	5,395	47,726
Interest	1,258	8,805
Laundry	6,155	7,887
Legal fees	137,770	9,332
Medical and welfare	7,145	9,886
Office and sundry	32,758	8,835
Promotion	1,348	1,987
Property taxes	8,121	5,228
Repairs and maintenance		
Vehicles and equipment	6,677	8,783
Housing	13,992	35,326
Office	34,939	34,606
Rent	10,045	16,000
Travel	30,452	31,353
Utilities		
Office	51,353	37,342
Band members	12,744	15,514
Other	12,926	8,411
Vehicle	17,946	36,130
Wages and employee benefits	282,851	206,671
	<u>\$767,529</u>	<u>\$576,437</u>

SCHEDULE 2SAWRIDGE INDIAN BAND #19SCHEDULE OF CAPITAL EXPENDITURESYEAR ENDED MARCH 31, 1985

	<u>1985</u>	<u>1984</u>
Airplane	\$ 45,000	\$ -
Automotive	-	28,500
Band housing	299,632	25,694
Equipment	6,058	94,599
Furnishings	72,783	15,437
Recreation facilities	-	24,588
Storage shed	39,982	-
Landscaping	-	23,158
Land improvements	<u>12,960</u>	<u>168,419</u>
	<u>\$476,415</u>	<u>\$380,395</u>

SCHEDULE 3SAWRIDGE INDIAN BAND #19APARTMENT BUILDING OPERATIONSYEAR ENDED MARCH 31, 1985

	<u>1985</u>	<u>1984</u>
RENTAL REVENUE	<u>\$40,282</u>	<u>\$28,333</u>
EXPENDITURES		
Janitor	8,250	7,050
Maintenance	19,082	3,446
Sundry	2,100	18
Utilities	<u>12,693</u>	<u>12,591</u>
	<u>42,125</u>	<u>23,105</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES	<u>\$(1,843)</u>	<u>\$ 5,228</u>

SAWRIDGE INDIAN BAND #19SCHEDULE OF TRUCK STOP OPERATIONSFOR THE PERIOD FROM COMMENCEMENT OF OPERATIONS, JANUARY 19, 1985,TO MARCH 31, 1985

REVENUE		
Restaurant		\$275,215
Service station		453,269
Shop		<u>10,391</u>
		738,875
 COST OF SALES		
Restaurant	\$123,678	
Service station	327,269	
Shop	<u>2,312</u>	<u>453,259</u>
 GROSS PROFIT		<u>285,616</u>
 PAYROLL		
Restaurant	91,648	
Service station	43,771	
Shop	<u>7,387</u>	<u>142,806</u>
 OTHER EXPENSES		
Restaurant	12,345	
Service station	4,137	
Shop	3,046	
Bus stop	477	
Administrative	100,617	
Building	<u>36,068</u>	<u>156,690</u>
		<u>299,496</u>
 NET LOSS FROM OPERATIONS		<u>\$ 13,880</u>

SAWRIDGE ENTERPRISES LTD.

(incorporated under the laws of the Province of Alberta)

DEMAND DEBENTURE - \$12,000,000.00

WHEREAS:

A. WALTER P. TWINN (herein called the "Holder") as Trustee for the SAWRIDGE INDIAN BAND a band of Indians maintaining a reserve at or near the Town of Slave Lake in the Province of Alberta, has advanced to SAWRIDGE ENTERPRISES LTD. formerly known as Sawridge Native Enterprises Ltd; (herein called the "Company") the sum (herein called the "Present Indebtedness") of TEN MILLION EIGHT HUNDRED SEVENTY THOUSAND (\$10,870,000.00) DOLLARS as evidenced by a series of demand promissory notes, which demand promissory notes were to be further collaterally secured by way of a debenture.

B. The Company has requested an additional sum of money (herein called the "Additional Indebtedness") in the amount of ONE MILLION ONE HUNDRED THIRTY THOUSAND (\$1,130,000.00) DOLLARS.

C. WHEREAS the Holder has agreed to advance the Additional Indebtedness only if the Company grants a debenture to the Holder in the principal amount of TWELVE MILLION (\$12,000,000.00) DOLLARS (herein called the "Principal Sum"), such debenture to secure the Present Indebtedness and to secure the Additional Indebtedness of the Company to the Holder.

FOR VALUE RECEIVED, the receipt and sufficiency of which is hereby acknowledged, the Company hereby covenants and agrees with the Holder as follows:

1. (a) The Company acknowledges itself indebted to and promises to pay to the Holder on demand, or on such earlier date as the indebtedness hereby secured becomes payable in accordance with

I hereby certify that the within document  
was duly signed and sealed by the  
a. Corporation for the Province of Alberta,  
b. City of Slave Lake, Alberta.

the terms of this debenture or by operation of law, at his office located at the Sawridge Indian Reserve, Slave Lake, Alberta or at such other address as the Company may receive written notice of from the Holder from time to time, the Principal Sum together with interest thereon or on so much thereafter as shall from time to time remain unpaid at the rate specified in clause 1(b), such interest being payable before and after demand, default and judgment. Interest at the rate specified shall accrue from and after June 1, 1984, being the interest adjustment date, and shall be calculated half-yearly not in advance on the 1st day of June and on the 1st day of December, in each and every year during which this debenture remains undischarged by the Holder (the first of which calculations and compounding shall be made on the first of such dates next following the interest adjustment date); and

- (b) Interest shall accrue at the rate per annum equal to Three (3%) per cent in excess of the "Prime Rate" as herein defined. The "Prime Rate" means the prime commercial lending rate published and charged by The Bank of Nova Scotia (a chartered bank of Canada with corporate head offices in the City of Halifax, in the Province of Nova Scotia) on substantial Canadian Dollar loans to its prime risk commercial customers. It is understood and agreed that the Prime Rate is a variable rate published and charged by The Bank of Nova Scotia from time to time and that if and whenever the Prime Rate is varied by The Bank of Nova Scotia the interest rate hereunder shall also be varied, so that at all times the interest rate hereunder, computed on the daily minimum balance, shall be the Prime Rate then in effect plus Three (3%) per annum. The Company by these presents, hereby waives dispute of and contest with the Prime Rate, and of the effective date of any change thereto, whether or not the Company shall have received notice in respect of any change. It being provided and agreed that interest at the Prime Rate in effect from time to time on the Principal Sum, or on such part thereof as has been



from time to time advanced and is then outstanding is computed from (and including) the date the Principal Sum or any part thereof is advanced.

2. The amount of the Principal Sum already advanced under and secured by this debenture is the Present Indebtedness and the rate of interest chargeable thereon is the Prime Rate plus Three (3%) per centum per annum calculated half yearly and not in advance. The amount of Principal Sum which remains to be advanced under and secured by this debenture is the Additional Indebtedness and the rate of interest chargeable thereon is the Prime Rate plus Three (3%) per centum per annum calculated half-yearly and not in advance.

3. As security for the due payment of the Principal Sum and interest and all other debts, liabilities and indebtedness of the Company to the Holder, whether such indebtedness arises under this debenture or not, from time to time owing on the security of these presents and for the due performance of the obligations of the Company herein contained:

- (a) The Company hereby mortgages by way of a fixed and specific mortgage and charge to and in favour of the Holder all its estate and interest in fee simple in possession of those parcels of land (herein called the "Lands") situate in the Town of Slave Lake, in the Province of Alberta, more particularly described in the First Schedule hereto and including all buildings, improvements, plant, erections, fixtures and fixed equipment of the Company now or at any time hereafter placed thereon and any and all rights, interests, licenses, franchises and privileges appertaining thereto or connected therewith, and any replacement property subject however to such encumbrances, liens and interests as are described in the first schedule hereto as "Permitted Encumbrances";

- (b) The Company hereby mortgages by way of a fixed and specific mortgage and charge to and in favour of the Holder its leasehold estate in possession and interest in that parcel of land (herein called the "Leased Lands") situate in the Town of Jasper, in the Province of Alberta, more particularly described in the Second Schedule hereto, and including all buildings, improvements, plant, erections, fixtures and fixed equipment of the Company now or at any time hereafter placed thereon and any and all rights, interests licenses, franchises and privileges appertaining thereto or connected therewith, and any replacement property subject however to such encumbrances, liens and interests as are described in the second schedule hereto as "Permitted Encumbrances"; and
- (c) The Corporation hereby grants, assigns, transfers sets over, mortgages, pledges, charges, confirms and encumbers, as and by way of a floating charge, to and in favour of the Holder, all its undertaking and all its property and assets, real and personal, movable and immovable, of whatsoever nature and wheresoever situate, both present and future, including, without in any way limiting the generality of the foregoing, its present and future goodwill, trademarks, inventions, processes, patents and patent rights, franchises, benefits, immunities, materials, supplies, inventories, furniture, equipment, revenues, incomes, contracts, leases, licences, credits, book debts, accounts receivable, negotiable and non-negotiable instruments, judgments, choses in actions, stocks, shares, securities, including without limiting the generality of the foregoing its uncalled capital and all other property and things of value tangible or intangible, legal or equitable, including without limitation all interests of the Company under any conditional sales, mortgage or lease agreements subject however to such encumbrances, liens and interests as are described in the third

schedule hereto as "Permitted Encumbrances"; Provided that the floating charge created in this clause 3(c) shall not in any way hinder or prevent the Company (until the security hereby constituted shall have become enforceable) from leasing, mortgaging, pledging, selling, alienating, assigning, giving security to its bankers under The Bank Act or otherwise charging, disposing of or dealing with that portion of the Mortgaged Property that is subject to the floating charge in the ordinary course of its business and for the purpose of carrying on the same and without limitation shall not hinder or prevent the Company from borrowing from bankers or others upon the security of the Company's accounts or bills receivable or mercantile documents or any other property, such sums of money as the Company may from time to time deem necessary in the ordinary course of the Company's business and for the purpose of carrying on the same.

- (d) It is acknowledged that the property charged by clauses 3(a), 3(b), and 3(c) is herein collectively called the "Mortgaged Property".

4. Neither the execution nor registration nor acceptance of this debenture, nor the advance of part of the monies secured hereby shall bind the Holder to advance the entire sum or any unadvanced portion thereof, but nevertheless this debenture and the mortgage and charge hereby created shall take effect forthwith upon the execution hereof, whether the monies hereby secured shall be advanced before, after or upon the date of execution of these presents, and if the Principal Sum or any part thereof shall not be advanced at the date hereof, the Holder may advance the same in one or more sums to the Company or to its order at any future date or dates, and the amounts of such advances when so made shall be secured hereby and be repayable with interest as herein provided.

5. This Debenture is issued subject to and with the benefit of the conditions and schedules hereto annexed which are deemed to be part of it.

In witness whereof the Company has executed this debenture by the hands of its duly authorized officers in that behalf and under its corporate seal this 21 day of January, 1985.

SAWRIDGE ENTERPRISES LTD.

Per: Walter P. Smith  
President

(corporate seal)

Per: G. J. Smith  
Secretary

CONDITIONS OF DEBENTURE

THE FOLLOWING ARE THE CONDITIONS REFERRED TO IN THE DEBENTURE DATED JANUARY 21, 1985 AND TO WHICH THESE CONDITIONS ARE ATTACHED.

THE COMPANY HEREBY COVENANTS AND AGREES WITH THE HOLDER THAT:

1. This debenture is a single debenture securing the Principal Sum of TWELVE MILLION (\$12,000,000.00) DOLLARS, interest and all other sums made payable by this debenture and is a charge upon the Mortgaged Property and the Company is not at liberty to create any mortgage or charge in priority to or pari passu with this debenture, save as specifically provided herein.
2. The Company lawfully owns and is lawfully in possession of the Mortgaged Property; that it has a good right and lawful authority to grant, convey, assign, transfer, hypothecate, mortgage, pledge and/or charge the Mortgaged Property as herein provided; that the Mortgaged Property is free and clear of any deed of trust, mortgage, lien or similar charge or encumbrance except such as are known to and permitted by the Holder and as set out in Schedules 1, 2 and 3 and called the "Permitted Encumbrances"; that on default the Holder shall have quiet possession of the Mortgaged Property, free from all encumbrances save as herein provided; and that it will warrant and defend the title of the Mortgaged Property and every part thereof, whether now owned or hereafter acquired by the Company, against the claims and demands of all persons whomsoever.
3. This debenture is given as additional and collateral security to and not in substitution for a series of 13 promissory notes (the "Notes") given by the Company payable to Holder and dated July 31, 1973, July 31, 1974, July 31, 1975, July 31, 1976, July 31, 1977, November 30, 1977, July 31, 1978, December 31, 1978, December 31, 1979, December 31, 1980, December 31, 1981, December 31, 1982, December 31, 1983 and any renewals, replacements or substitutions thereof. Payments made under the Notes shall be credited against payments due hereunder, and vice versa, and notwithstanding anything contained in the Notes or in any renewals,

hereby secured shall forthwith be due and payable upon any default or breach by the Company of any covenant, agreement or provision of this debenture, the whole of the Principal Sum and interest owing under the Notes or any renewals, replacements or substitutions thereof shall likewise and forthwith shall be due and payable.

4. The Company acknowledges that any monies advanced prior to the execution of this debenture were advanced on the condition that this debenture be granted to the Holder as security for such advance.

5. The Company will duly and punctually pay or cause to be paid to the Holder the Principal Sum together with interest accrued thereon, and in the case of default, compound interest, and any other monies due or payable under the debenture at the date and places and in the manner mentioned herein.

6. The Company will maintain its corporate existence, diligently preserve all its rights, powers, privileges, franchises and good will; carry on and conduct its business in a proper and efficient manner so as to preserve and protect the Mortgaged Property and the earnings, income, rents, issues and profits thereof; duly observe, and perform all valid requirements of any governmental or municipal authority relative to the Mortgaged Property or any part thereof and all covenants, terms and conditions upon or under which the Mortgaged Property is held; and exercise any rights of renewal or extensions of any lease, license, concession, franchise or other right, whenever, in the opinion of the Company, it is advantageous to the Company to do so.

7. The Company will punctually pay and discharge every obligation lawfully incurred by it or imposed upon it or the Mortgaged Property or any part thereof, by virtue of any law, regulation, order, direction or requirement of any competent authority or any contract, agreement, lease, license, concession, franchise or otherwise, the failure to pay or discharge which might result in any lien or charge against the Mortgaged

Property or any part thereof and will exhibit to the Holder when required a certificate of the Company's auditor or other evidence establishing such payment; provided that the Company may, upon furnishing such security, if any, as the Holder may require, refrain from paying and discharging any such obligation so long as it shall in good faith contest its liability therefor.

8. The Company does hereby indemnify and save harmless the Holder from all liability and damages of whatsoever nature which may be incurred or caused in connection with the use and operation of the Mortgaged Property or any part thereof.

9. The Company will fully and effectually maintain and keep maintained the security herein created as a valid and effective security at all times and it will not, save as herein permitted, permit or suffer the registration of any lien, privilege or charge of workmen, builders, contractors, architects or suppliers of materials upon or in respect of the Mortgaged Property or any part thereof which would rank prior to or pari passu with this debenture; provided that the registration of such lien, privilege or charge shall not be deemed to be a breach of this covenant if the Company shall desire to contest the same and shall give security to the satisfaction of the Holder for the due payment or discharge of the amount claimed in respect thereof in case it shall be held to be a valid lien, privilege or charge.

10. The Company will not, without prior written consent of the Holder permit any of its lessees to pay to the Company or to any party whomsoever other than the Holder, in advance of the time specified in any lease (or renewal thereof) of space or premises in the building situate on the Lands or Leased Lands the rentals payable thereunder or permit any such lessee to surrender any lease of such space or premises, or otherwise terminate the term granted by such lease or other renewal thereof, or materially alter or amend or agree to alter or amend any of the provisions of such lease or any renewal thereof.

11. The last day of any term of years or any extended term as the case may be reserved by any lease, verbal or written, or any agreement therefor, now held or hereafter acquired by the Company is excepted out of the Mortgaged Property but the Company shall stand possessed of any such reversion upon trust to assign and dispose thereof as the Holder may direct.

12. (a) The Company will keep proper books of account and make therein true and faithful entries of all dealings and transactions in relation to its business, permit the Holder by its agents, auditors and accountants to examine the books of account, records, reports and other papers of the Company or to conduct an audit of its books and accounts by a qualified accountant selected by the Holder and for such purposes the Company shall make available to such persons all books of record and all vouchers, books, papers and documents which may relate to the Company's business, who may make copies thereof and take extracts therefrom.

(b) The Company will during the continuance of this Debenture and until the same has been discharged by the Holder furnish to the Holder annually within ninety (90) days of the end of each of the Company's fiscal years, balance sheets and statements covering the operations of the Company upon the Lands and the Leased Lands for the preceding year, and in each case with supporting schedules, detailed profit and loss accounts and explanations of all items of an unusual nature, all audited by a chartered accountant or firm of chartered accountants satisfactory to the Holder; and as well copies of every audited financial statement or statements which may be prepared from time to time of the Company's affairs;

(c) The officers or authorized agents of the Holder shall have the right to visit and inspect the Mortgaged Property or any part thereof and discuss the affairs, finances and accounts of the



Company with the officers of the Company, all upon reasonable notice, at reasonable times and as often as the Holder may reasonably require.

13. The Company will pay when and as the same fall due all taxes, rates, assessments, liens, charges, encumbrances or claims which are or may be or become charges or claims against the Mortgaged Property, or which may be validly levied, assessed or imposed upon it or upon the Mortgaged Property; provided that in respect of municipal taxes against the Mortgaged Property or any part thereof upon default of payment by the Company of taxes as aforesaid, then the Holder may pay such taxes and also any liens, charges and encumbrances which may be charged against the Mortgaged Property, but shall not be obligated so to do, and all monies expended by the Holder for any such purposes shall be added to the Principal Sum hereby secured and be repaid by the Company to the Holder forthwith and interest on the unpaid amount shall be at the Prime Rate plus Three (3%) per centum per annum until such sum together with interest is paid calculated from the date of payment by the Holder.

14. All erections, buildings, fences, machinery, plant and improvements, fixed or otherwise, now or hereafter put upon the Lands and Leased Lands including, but without limiting the generality of the foregoing, all furnaces, boilers, plumbing, heating and airconditioning equipment, elevators, light fixtures, storm windows, storm doors and screens and all apparatus and equipment appurtenant thereto, are and will, in addition to any other fixtures thereon, become fixtures and form part of the realty and of the security of this debenture, and the Company will not permit any act of waste thereon.

15. The Company will repair and keep in good order and condition all buildings, erections, machinery and other plant and equipment and appurtenances thereto, the use of which is necessary or advantageous in connection with its business, up to a modern standard of usage and maintain the same consistent with the best practice of other companies working similar undertakings; renew and replace all and any of the same

which may be worn, dilapidated, unserviceable, obsolete, inconvenient or destroyed, or may otherwise require renewal or replacement and at all reasonable times allow the Holder or its representatives access to its premises in order to view the state and condition the same are in, and in the event of any loss or damage thereto or destruction thereof the Holder may give notice to the Company to repair, rebuild, replace or reinstate within a time to be determined by the Holder to be stated in such notice and upon the Company failing to so repair, rebuild, replace or reinstate within such time such failure shall constitute a breach of covenant hereunder.

16. The Company will not remove or destroy the buildings or any machinery, fixtures or improvements thereon now or hereafter in, upon or under the buildings or the Lands and Leased Lands, unless the same be worn out or rendered unfit for use or unless such removal is with a view to immediately replace the same by other property of greater or of at least equal value, unless it shall appear by a certificate of the Company delivered to the Holder and the Holder concurs, that such property is no longer useful in the conduct of the Company's business, and need not be replaced.

17. If the Company shall fail to perform any covenant on its part herein contained the Holder may in its discretion, but shall not be obligated to perform any of the said covenants capable of being performed by it, and if any such covenant requires the payment or expenditure of money it may make such payments or expenditures and all sums so expended or advanced shall be at once repayable by the Company and shall bear interest calculated from the date such sums are expended by the Holder at the Prime Rate plus Three (3%) per annum until paid and shall be secured hereby as is the Principal Sum, but no performance or payment shall be deemed to relieve the Company from any default hereunder.

18. All proper inspectors', lawyers, valuers' and surveyors' fees and expenses for examining the Mortgaged Property and the title thereto and for making or maintaining this debenture and charge upon the Mortgaged Property, together with all sums which the Holder may and does from time

to time advance, expend or incur hereunder for principal, insurance premiums, taxes, rates or in or towards payment of prior liens, charges, encumbrances or claims charged or to be charged against the Lands, Leased Lands or other Mortgaged Property, or in repairing, replacing or reinstating the Mortgaged Property as hereinbefore provided, or in inspecting, leasing, managing or improving the Mortgaged Property or in exercising or enforcing or attempting to enforce or in pursuance of any right, power, remedy or purpose hereunder including legal costs as between solicitor and his own client relative thereto are to be secured hereby and shall be a charge upon the Mortgaged Property together with interest at the Prime Rate plus three (3%) per annum, and all such monies shall be repayable to the Holder on demand.

19. (a) The Company shall at its sole expense forthwith insure and during the continuance of this security keep insured against loss or damage by fire, lightning, explosion, smoke, tornado, cyclone, boiler or such other risks or perils as the Holder may deem expedient or require, with extended coverage and replacement cost endorsements, each and every building now or hereafter erected or placed on the Lands and Leased Lands (and if the property of the Company, the said contents) to their full insurable value, excluding in the case of buildings the cost of excavations and foundations, and in any event to the extent of at least the full insurable value thereof with an insurance company or companies to be approved by the Holder and subject thereto the Company shall duly maintain the amount of insurance thereon that may be required by any co-insurance clause in any such policy.

(b) The Company shall at its sole expense forthwith insure and during the continuance of this security shall maintain public liability insurance policies in an amount which shall be satisfactory to the Holder and shall name the Holder as an insured under those policies.

20. In the event of loss, the Holder at its option and as it in its sole discretion may deem appropriate, may apply the insurance proceeds regressively against the balance outstanding against the Company or release said proceeds to the Company to repair, replace or rebuild, or apply the said proceeds or any part thereof to repair, replace or rebuild or partly one and partly the others, and that nothing done under this paragraph shall operate as payment or novation or in any way affect the security hereof or any other security for the amount hereby secured.

21. The Company shall also insure and keep insured against loss or damage by the same perils in like manner in like companies or by other approved insurers and to their full insurable value all of its property which is of a character usually insured by same or similar locations and carrying on a business similar to that of the Company.

22. The Company shall promptly pay as they become due all premiums and all other sums payable for maintaining all such insurance and will not do or suffer anything whereby such insurance may be vitiated. The loss under such policy or policies of insurance shall, where appropriate, be made payable to the Holder as its interest may appear and subject to a standard mortgage clause. The Company will forthwith deliver to the Holder such policy or policies of insurance or certified copies thereof and the receipts proving payment of the premiums thereto appertaining. Each policy may be kept by the Holder during the currency of this debenture and until the debenture is discharged by the Holder and should an insurer at any time cease to have the approval of the Holder the Company will forthwith effect such new insurance as the Holder may desire. Notwithstanding anything to the contrary herein contained, if the Company does not keep the Mortgaged Property insured as aforesaid, or pay the said premiums, or deliver such receipts and produce to the Holder at least thirty (30) days before the termination of the insurance then existing proof of renewal thereof, then the Holder will be entitled, but not obligated, to insure the Mortgaged Property or any part of them, and all monies expended by it shall be repaid by the Company on demand, and in the meantime the amount of such payments shall be added to the Principal Sum

hereby secured and shall bear interest at the Prime Rate plus three (3%) per cent per annum from the time of such payment and all such payments shall become a part of the Principal Sum secured by this Debenture and shall be a charge upon the Mortgaged Property. All monies received by virtue of any such policy or policies may at the option of the Holder either be forthwith applied in or towards the payment of the Principal Sum. And in case of surplus then it may be paid over in whole or in part to the Company. On the happening of any loss or damage to Mortgaged Property the Company shall forthwith notify the insurer and the Holder and the Company at its expense shall complete all the necessary proofs of loss and do all necessary acts to enable the Holder to obtain payment of the insurance monies.

23. The Holder may release any part or parts of the Mortgaged Property at its discretion, either with or without any consideration therefor, without being accountable for the value thereof, or any monies except those actually received by it, and without releasing thereby any other part of the Mortgaged Property or any other securities and without releasing the Company from any other covenants herein expressed or implied.

24. That the Company shall when so directed by the Holder execute, acknowledge, issue and deliver unto the Holder by the proper officers of the Company, deeds or indentures supplemental hereto which thereafter shall form part hereof for any one or more of the following purposes:

- (a) correcting or amplifying the description of any property specifically mortgaged, pledged or charged or intended so to be;
- (b) making any corrections or changes as Counsel advises are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provisions or clerical omission or mistake or manifest error contained herein or in any deed or indenture supplemental or ancillary hereto; and

- (c) executing any other documents or performing any other acts which are reasonably required to better secure the Holder under the debenture.

C. IT IS AGREED BETWEEN THE PARTIES HERETO THAT:

25. The whole of the Principal Sum and interest and other monies owing under the debenture hereby secured, shall at the option of the Holder, immediately become due and payable without demand and the security hereby constituted shall become enforceable:

- (a) if the Company makes default in the payment of the Principal Sum, interest or other monies hereby secured, or in the observance or performance of any covenant, condition or proviso binding upon the Company by virtue of these presents or makes default under any of the covenants contained in any security collateral, supplemental or separate to this debenture, whether or not the Company is in default hereunder;
- (b) if an order is made or an effective resolution passed for the winding up of the Company;
- (c) if the Company becomes insolvent or makes an authorized assignment or commits an act of bankruptcy or is subject to the provisions of the Bankruptcy Act or any successor or replacement legislation or any other bankruptcy or insolvency legislation;
- (d) if any process of execution is enforced or levied upon the Mortgaged Property or any part thereof and remains unsatisfied for a period of five (5) days as to personal property and three (3) weeks as to real property, provided that such process of execution is not in good faith disputed by the Company and in that event provided further that nonpayment shall not, in the sole discretion of the Holder, jeopardize or impair its interests, and that further the Company shall in that event also

give additional security which in the discretion of the Holder shall or may be sufficient to pay in full the amount claimed under any such execution in the event that it shall be held to be valid;

- (e) if a receiver of the Company's undertaking or any part thereof shall be appointed or if the security constituted by any mortgage, bond, trust deed or other debenture or debentures of the Company heretofore or hereafter issued shall become enforceable pursuant to the terms and conditions therein contained;
- (f) if the Company shall except as may be specifically allowed herein sell or dispose of or in any way part with possession of the Mortgaged Property, or any substantial portion thereof or make a bulk sale of its assets, or remove or suffer the removal of the furnishings, chattels and equipment forming a part of the Mortgaged Property or any part thereof from the Lands or Leased Lands;
- (g) if a charge, or encumbrance created or issued by the Company having the nature of a floating or fixed charge upon the Mortgaged Property shall become enforceable;
- (h) if the Company ceases or threatens to cease to carry on its business;
- (i) if the Company shall without the consent of the Holder make or attempt to make any alterations in the provisions of its By-Laws or Articles of Incorporation which might in the sole discretion of the Holder detrimentally affect its security;
- (j) if the Company shall, without the permission of the Holder, create or propose or attempt to create, any charge or mortgage

ranking or which may be made to rank pari passu with or in priority to the security hereby constituted;

(k) if the Company is in default in respect of any indebtedness to any creditor of the Company; and

(l) in any circumstance in which the Holder, in his sole discretion, deems it necessary to protect his security.

26. All payments made by the Company to the Holder shall be applied to interest then outstanding, and the remainder, if any, against the principal.

27. This debenture shall be assignable by the Holder without notice to the Company. Further the Holder may negotiate the debenture without notice to the Company at any time during the currency of the debenture and until the same has been discharged by the Holder.

28. The Company shall immediately, upon request by the Holder, pledge the debenture to the Holder.

29. Upon the happening of any event upon which the security hereby constituted becomes enforceable as in clause 25 hereof, and in addition to all other rights and remedies to which the Holder is entitled either at law or equity the Holder may, without notice to the Company, enter upon and take possession of the Mortgaged Property or any part thereof, either by itself or its agents and may, in its discretion, whether in or out of possession, and either before or after making any such entry, lease or sell, call in, collect or convert into money the same or any part thereof for such terms, periods and at such rents as the Holder shall think proper. Any such sale or conveyance of all or any part of the Mortgaged Property may be either a sale en bloc or in such parcels and either by public auction or by private contract and with or without any special conditions as to upset price, reserve bid, title or evidence of title or other matter as from time to time the Holder in its discretion thinks fit,



with power to vary or rescind any such contract of sale or buy in at any such auction and resell with or without being answerable for any loss. The Holder may at any sale of the Mortgaged Property or any part thereof, sell for a purchase consideration payable by installments either with or without taking security for the second and subsequent installments and may make and deliver to the purchaser good and sufficient transfers, assurances, and conveyances of such Mortgaged Property and give receipts for the purchase money, and any such sale shall be a perpetual bar both at law and in equity against the Company and all others claiming the Mortgaged Property or any part thereof by, from or under the Company. The Holder may become purchaser at any sale of the Mortgaged Property made pursuant to judicial proceedings. Nothing herein contained shall curtail or limit the remedies of the Holder as permitted by any law or statute to a mortgagee or creditor.

30. After the security hereby constituted shall have become enforceable and the Holder shall have determined to enforce the same, the Holder may without notice to the Company, by writing appoint a receiver or receivers of the Mortgaged Property or any part thereof and may remove any receiver so appointed and appoint another in his stead and the following provisions shall take effect:

- (a) such appointment may be made at any time either before or after the Holder shall have entered into or taken possession of the Mortgaged Premises or any part thereof;
- (b) any such receiver may be vested with any of the powers and discretions of the Holder;
- (c) such receiver may carry on the business of the Company or any part thereof;
- (d) such receiver shall have, possess and may exercise all powers vested or herein conferred upon the Holder including its power of sale of the security or part or parts thereof;

- (e) such receiver may, with the consent of the Holder borrow money for the purpose of carrying on the business of the Company, or the maintenance of the Mortgaged Premises or any part of parts thereof, or for other purposes approved by the Holder and any amount so borrowed together with interest thereon shall form a charge upon the Mortgaged Property in priority to the security of this debenture;
- (f) the Holder may from time to time fix the remuneration of every such receiver and direct the payment thereof out of the Mortgaged Property or the proceeds thereof; and
- (g) every such receiver shall, so far as concerns responsibility for his acts, be deemed to be the agent of the Company.

The term "receiver" as used in this debenture includes a receiver and manager.

31. In case the amount realized under any sale of the Mortgaged Property shall be insufficient to pay the whole of the principal, interest, costs, charges and expenses then due, the Company shall and will forthwith pay or cause to be paid unto the Holder any such deficiency.

32. For better securing the punctual payment of the Principal Sum and interest, and other amounts hereby secured the Company hereby attorns and becomes tenant to the Holder in regard to the Lands at a rental equivalent to the amounts hereby secured, and if the whole of the balance of the monies hereby secured shall become immediately due and payable and the security hereby constituted shall become enforceable as hereinbefore provided then such rental shall, if not already payable, be payable immediately thereafter. The legal relationship of landlord and tenant is hereby constituted between the Holder and the Company. The Holder may at any time after default hereunder enter upon the Lands and determine the tenancy hereby created without giving the Company any notice to quit. Neither this clause or anything by virtue thereof or any acts of the

receiver shall render the Holder a mortgagee in possession or accountable for any monies except those actually received.

33. The taking of a judgment or judgments under any of the covenants hereunder or pursuant to any collateral, additional or separate security will not operate as a merger of the said covenants or affect the Holder's right to interest at the rate and upon the terms aforesaid, and compound interest in the manner aforesaid, and the exercise or attempted exercise of one or more of the Holder's rights or remedies will not operate as a waiver of the remainder thereof and any and all of the said rights or remedies may be exercised successively or concurrently.

34. The Company hereby covenants and agrees with the Holder that it will at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all and every such further acts, deeds, mortgages, transfers and assurances in law as the Holder hereof shall reasonably require for the better assuring, mortgaging, assigning, and confirming unto the Holder the Mortgaged Property hereby mortgaged and charged or intended so to be or which the Company may hereafter become bound to mortgage and charge in favour of the Holder and for the better accomplishing of the intentions of this debenture.

35. In the event of default the Company hereby irrevocably appoints the Holder to be the attorney of the Company in the name and on behalf of the Company to execute and do any and all deeds, transfers, conveyances, assignments, assurances and things which the Company ought to execute and do under the covenants and provisions herein contained, and generally to use the name of the Company in the exercise of any or all of the powers hereby conferred on the Holder.

36. No remedy herein or in any collateral, additional or separate security conferred upon or reserved to the Holder is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under any security collateral hereto or now existing or hereafter to

exist by law or by statute, and the Holder may proceed to realize upon such security howsoever created and to enforce the rights of the Holder thereunder by any one or more of such remedies or any combination of them and in such order as it may deem expedient and shall not release or effect any other security held by the Holder for the payment of the Principal Sum, interest and other sums to be paid hereunder.

37. Except as otherwise herein provided, the monies arising from any sale or other realization of the whole or any part of the Mortgaged Property after default, whether under any sale by the Holder or by judicial process or otherwise shall be applied:

- (a) firstly, in payment of all sums extended or advanced by the Holder and interest thereon as in this debenture provided including the remuneration, costs and expenses of any receiver, the costs and expenses of the sale and the proceedings incidental thereto and all encumbrances, taxes, dues, rates, assessments and other charges on the Mortgaged Property (except those subject to which such sale shall have been made), ranking in priority to this debenture and the interest thereon;
- (b) secondly, in payment of the accrued and unpaid interest and interest on overdue interest;
- (c) thirdly, in payment of the Principal Sum pursuant to this debenture; and
- (d) fourthly, as to the surplus (if any) of such monies in payment to the Company or its assigns.

38. No person dealing with the Holder or the receiver or their agents, shall be under any obligation to inquire whether the security hereby constituted has become enforceable or whether the powers which the Holder or receiver is purporting to exercise have become exercisable, or whether any money remains due upon the security of this debenture, or as to the necessity or expediency of the stipulations and conditions subject to which any sale shall be made or otherwise as to the propriety or

regularity of any sale or of any other dealing by the Company or receiver with the Mortgaged Property.

39. Every request, notice, account, bill or other communication provided for in this debenture or arising in connection therewith shall be in writing and shall be mailed or delivered to such parties addressed as follows:

The Company: Sawridge Enterprises Ltd.  
P.O. Box 326  
Slave Lake, Alberta

The Holder: Sawridge Indian Band  
Sawridge Indian Reserve  
Slave Lake, Alberta

Any party may change its mailing and/or delivery address or addresses by giving to the other party written notice to that effect. Every notice, request, account or other communication mailed at any Post Office in Canada in prepaid registered post in an envelope addressed to the party or parties to whom the same is directed, shall be deemed to have been given to and received by the addressee on the second business day following mailing as aforesaid.

40. No action or inaction on the part of the Holder shall constitute a waiver of any default under the debenture by the Company unless the holder notifies the Company in writing that the Holder is waiving that particular default.

41. Time shall be of the essence.

42. If any obligation, covenant or agreement in this debenture or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this debenture or the application of such covenant, obligation and agreement to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each covenant, obligation

and agreement shall be separately valid and enforceable to the fullest extent permitted by law.

43. This debenture shall be construed in accordance with and shall be governed by the laws of the Province of Alberta.

44. Words importing the singular number only shall include the plural and vice versa and words importing the masculine gender shall include the feminine and neuter genders and words importing persons shall include companies and trusts as the context may require.

45. This debenture shall enure to the benefit of the Holder and its successors and assigns and shall be binding upon the Company, and its successors and assigns.

IN WITNESS WHEREOF the Company has executed these Conditions under its corporate seal duly attested by the hands of its proper officers in that behalf, this 21 day of January, A.D. 1985.

SAWRIDGE ENTERPRISES LTD.

(corporate seal)

Per: Walt St. John

Per: G. V. Smith

FIRST SCHEDULE

FIRSTLY: LOT ONE (1)  
CONTAINING ONE AND TWELVE HUNDREDTHS (1.12) ACRES  
MORE OR LESS  
IN BLOCK FIVE-A (5-A)  
ON PLAN 3225 T.R.  
EXCEPTING THEREOUT:

ACRES	PLAN	NUMBER
0.01	SUBDIVISION	752 0877

(SLAVE LAKE - SE 36-72-6-5)

EXCEPTING THEREOUT ALL MINES AND MINERALS.

Permitted Encumbrances:

1. Mortgage in favour of Her Majesty the Queen in Right of Canada registered as instrument #3673 SS
2. Caveat registered in favour of the Societe Generale (Canada) and registered as instrument #832202427.

SECONDLY: LOT TWO (2)  
CONTAINING FOUR AND NINETY SIX HUNDREDTHS (4.96) ACRES  
MORE OR LESS  
IN BLOCK FIVE-A (5-A)  
ON PLAN 3225 T.R.  
(SLAVE LAKE - SE 36-72-6-5)

EXCEPTING THEREOUT ALL MINES AND MINERALS.

Permitted Encumbrances:

1. Mortgage in favour of Her Majesty the Queen in Right of Canada registered as instrument #3673 SS
2. Mortgage in favour of Alberta Opportunity Co. registered as instrument #5399 U.B.
3. Postponement registered as instrument #1545 UK and
4. Caveat in favour of Societe Generale (Canada) registered as instrument #832202427.

29/1-97182/5.25-031084spm

SECOND SCHEDULE - LEASEHOLD

PLAN 4458 R.S.  
THE WHOLE OF PARCEL CG  
CONTAINING 1.17 HECTARES, MORE OR LESS  
JASPER

Permitted Encumbrances:

1. Mortgage registered as instrument No. 832187939 to Societe Generale (Canada)
2. Caveat in favour of Societe Generale (Canada) registered as instrument No. 832202425



THIRD SCHEDULE-

Permitted Encumbrances:

1. a debenture in the principal amount of FIVE HUNDRED THOUSAND (\$500,000.00) DOLLARS in favour of the Alberta Opportunity Company and registered on the mortgage register at the Corporations Branch on September 19, 1973.
2. a chattel mortgage in favour of the Societe Generale (Canada) and registered at the Central Registry as instrument No. 432294 and in the mortgage register at the Corporations Branch on August 4, 1983 in the principal amount of Eleven Million, Five Hundred Thousand (\$11,500,000.00) Dollars; and
3. an assignment of book debts in favour of the Societe Generale (Canada) and registered at the Central Registry as instrument No. 432573.

MINUTES OF A MEETING OF THE DIRECTORS of  
SAWRIDGE HOLDINGS LTD. held at the offices of  
David A. Fennell, Professional Corporation,  
#910, 10310 Jasper Avenue, Edmonton, Alberta,  
on the 16th day of April, A.D. 1985, at the hour of  
10:00 o'clock in the forenoon.

PRESENT:


WALTER P. TWINN  
GEORGE TWIN  
SAM TWIN

being all of the Directors.

All the Directors being present, formal notice calling the meeting was dispensed with and the meeting declared to be regularly called. WALTER P. TWINN acted as Chairman, and called the meeting to order and GEORGE TWIN acted as secretary.

On motion duly made, seconded and unanimously carried, it was resolved that a resolution be passed authorizing the issuance of 15 Class "A" Common shares pursuant to the Transfer Agreement and authorizing the issuance of the Promissory Notes pursuant to the Transfer Agreement attached hereto as Schedule "A".

There being no further business, the meeting then adjourned.

  
WALTER P. TWINN

  
GEORGE TWIN

  
SAM TWIN

THIS AGREEMENT made with effect from the 19<sup>th</sup> day of December  
A.D. 1983.

TRANSFER AGREEMENT

BETWEEN:

WALTER PATRICK TWINN, SAM TWINN, and GEORGE TWINN  
(together being the Trustees of the Sawridge Band  
Trust, herein referred to as the "New Trustees")

OF THE FIRST PART

and:

SAWRIDGE HOLDINGS LTD. (a federally incorporated  
Company maintaining its head office on the Sawridge  
Indian Band Reserve near Slave Lake, Province of  
Alberta, hereinafter referred to as the  
"Purchaser")

OF THE SECOND PART

WHEREAS:

1. The New Trustees are the legal owners of certain assets  
(herein referred to as the "property") described in Schedule "A"  
annexed to this Agreement, and hold the property in trust for the  
members of the Sawridge Indian Band.
2. The New Trustees have agreed to transfer to the Purchaser all  
of their right, title and interest in and to the property and the  
Purchaser has agreed to purchase the property upon and subject to  
the terms set forth herein;

3. The New Trustees and the Purchaser have agreed to file jointly an Election under subsection 85(1) of the Federal Income Tax Act in respect of the property and the amount to be elected in respect of the property as set forth in Schedule "A" to this Agreement, the said Election and amounts having been made and agreed to only for tax purposes of the parties hereto;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT:

1. For good and valuable consideration as more particularly set forth in Schedule "A" hereto, now paid by the Purchaser to the New Trustees (the receipt and sufficiency of which is hereby acknowledged) and being fair market value of the property described and referred to in the said Schedule "A", the New Trustees hereby grant, bargain, sell, assign, transfer, convey and set over unto the Purchaser, its successors and assigns, the property owned by the New Trustees as described and referred to in Schedule "A" hereto annexed.

2. The purchase price for the property shall be paid as follows:

- (a) by promissory note or notes drawn by the Purchaser in favour of the New Trustees equal in value to the aggregate of the adjusted cost bases to the New Trustees of all items of the said property;
- (b) by the issuing by the Purchaser to the New Trustees of one or more Common Shares of the Purchaser.

.../3

3. The new Trustees hereby covenant, promise and agree with the purchaser that the New Trustees are or are entitled to be now rightfully possessed of and entitled to the property hereby sold, assigned and transferred to the purchaser, and that the New Trustees have covenant good right, title and authority to sell, assign and transfer the same unto the Purchaser, its successors and assigns, according to the true intent and meaning of these presents, and the Purchaser shall immediately after the execution and delivery hereof have possession and may from time to time and at all times hereafter peaceably and quietly have, hold, possess and enjoy the same and every part thereof to and for its own use and benefit without any manner of hindrance, interruption, molestation, claim or demand whatsoever of, from or by the New Trustees or any person whomsoever, and the Purchaser shall have good and marketable title thereto, free and clear and absolutely released and discharged from and against all former and other bargains, sales, gifts, grants, mortgages, pledges, security interests, adverse claims, liens, charges and encumbrances of any nature or kind whatever (except as specifically agreed to between the parties).

4. For the purposes hereof:

(i) "fair market value" of the property:

- (a) shall mean the fair market value thereof on the effective date of this Agreement;
- (b) subject to (c) below, the fair market value of the property which is being mutually agreed upon by the New Trustees and the Purchaser is listed and as described in Schedule A attached hereto;
- (b) In the event that the Minister of National Revenue or any other competent authority at any time finally determines that the fair market value of the property referred to in (a) above differs from the mutually agreed upon value in (b) above, the fair market value of the property shall for all purposes of this Agreement be deemed always to have been equal to the value finally determined by the said Minister or other competent authority.

- (ii) "tax cost" of the property shall mean the cost amount of the property for income tax purposes, as of the effective date of this Agreement.
- (iii) The "purchase price" for the property shall be the fair market value thereof as determined under (i) above.

5. The New Trustees and the Purchaser shall jointly complete and file Form T2057 (Election on Disposition of Property to a Canadian Corporation, herein referred to as "Election") required under subsection 85(1) of The Federal Income Tax Act in respect of the property with the Edmonton district offices of Revenue Canada - Taxation on or before such dates as may be required by the said Income Tax Act.

6. The Purchaser shall, upon execution of this Agreement, cause to be issued and allotted to the New Trustees the shares set out in Schedule A hereto.

7. The New Trustees covenant and agree with the Purchaser, its successor and assigns, that they will from time to time and at all times hereafter, upon every reasonable request of the Purchaser, its successors and assigns, make, do and execute or cause and procure to be made, done and executed all such further acts, deeds or assurances as may be reasonably required by the Purchaser, its successors and assigns, for more effectually and completely vesting in the Purchaser, its successors and assigns, the property hereby sold, assigned and transferred in accordance with the terms hereof, and the Purchaser makes the same undertaking in favour of the New Trustees.

.../5

IN WITNESS WHEREOF this Agreement has been executed on the dates indicated by the New Trustees and the Purchaser effective as of the date first above written.

Dec 19/83  
Date

M Capenhurst  
Witness

Walter P. Twinn  
Walter Patrick Twinn

Dec 19/83  
Date

M Capenhurst  
Witness

Sam Twinn  
Sam Twinn

Dec 19/83  
Date

M Capenhurst  
Witness

George Twinn  
George Twinn

Dec 19/83  
Date

Witness (c/s)

Sawridge Holdings Ltd.  
Walter P. Twinn

SCHEDULE "A"

<u>Description</u>	<u>Adjusted Cost Base</u>	<u>Consideration</u>
1. <u>The Zeidler Property</u> All that portion of the Northeast quarter of Section 36, Township 72, Range 6. West of the 5th Meridian which lies between the North limit of the Road as shown on Road Plan 946 E.O. and the Southwest limit of the right-of-way of the Edmonton Dunevegan and British Columbia Railway on shown on Railway Plan 4961 B. O. containing 28.1 Hectare (69.40 acres) more or less  excepting thereout:  (a) 22.6 Hectares (55.73 acres) more or less described in Certificate of Title No. 227-V-136;  (b) 0.158 Hectares (1.28 acres) more or less as shown on Road Plan 469 L.Z.	\$100,000.00	Primissory Note in the amount of \$100,000.00 1 Common share in Sawridge Holdings Ltd.
<u>The Planer Mill</u> Plan 2580 T.R., Lot Four (4), containing 7.60 Hectares (18.79 acres) more or less (P.T. SECS. 29 and 30-72-4-W5TH, Mitsue Lake Industrial Park) excepting thereout all mines and minerals.	Land \$ 64,633.00  Equipment \$135,687.00	Promissory Note in the amount of \$200,320.00 1 Common Share in Sawridge Holdings Ltd.



<u>Description</u>	<u>Adjusted Cost Base</u>	<u>Consideration</u>
<u>Mitsue Property</u>		
Plan 2580 T.R. Lot Eight (8) containing 6.54 Hectares more or less (part of Sections 29 and 30-72-4- W5TH, Mitsue Lake Industrial Park) excepting thereout all mines and minerals and the right to work the same.	Land \$ 55,616.00  Building \$364,325.00	Promissory Note in the amount of \$419,941.00 1 Common Share in Sawridge Holdings Ltd.
<u>The Residences</u>		
Lot 3, Block 7, Plan 1915 H.W. (305-1st St. N.E.)	Land \$ 24,602.00  House \$ 30,463.00	Promissory Note in the amount of \$40,000.00 1 Common Share in Sawridge Holdings Ltd.
Lot 18, Block 35, Plan 5928 R.S. (301-7th St. S.E.)	\$ 20,184.00	Promissory Note in the amount of \$4,620.00 Mortgage assumed \$15,564 1 Common Share in Sawridge Holdings Ltd.
Lot 17, Block 35, Plan 5928 R.S. (303-7th St. S.E.)	\$ 20,181.00	Promissory Note in the amount of \$4,564.00 Mortgage assumed \$15,617.00 1 Common Share in Sawridge Holdings Ltd.

Description

Consideration

Shares in Companies

1. Sawridge Holdings Ltd.

Walter Patrick Twinn -  
20 Class "A" common

George Twinn -  
2 Class "A" common

Walter Felix Twinn -  
10 Class "A" common

2. Sawridge Enterprises Ltd.

Walter P. Twinn -  
1 share

G. Twinn -  
1 share

George Twinn -  
1 share

1 common share in  
Sawridge Holdings Ltd.

1 common share in  
Sawridge Holdings Ltd.

1 common share in  
Sawridge Holdings Ltd.

3. Sawridge Development Co. (1977) Ltd.

Walter P. Twinn -  
8 common

Sam Twinn -  
1 common

Walter Felix Twinn -  
1 common

1 common share in  
Sawridge Holdings Ltd.

1 common share in  
Sawridge Holdings Ltd.

1 common share in  
Sawridge Holdings Ltd.

<u>Description</u>	<u>Adjusted Cost</u> <u>Base</u>	<u>Consideration</u>
<u>Sawridge Hotels Ltd.</u>		
Walter P. Twinn, 1059	\$8,138.00	Promissory Note from Sawridge Holdings Ltd. \$8,138.00 1 Common Share in Sawridge Holdings Ltd.
David A. Fennell, 1	\$ 1.00	1 Common Share in Sawridge Holdings Ltd.
<u>Slave Lake Developments Ltd.</u>		
Band holds 22,000 shares	\$ 44,000	Promissory Note from Sawridge Holdings Ltd. in the amount of \$44,000 1 common share in Sawridge Holdings Ltd.
Walter Twinn holds 250 shares	\$ 250.	1 common shares in Sawridge Holdings Ltd.

# IDENTIFICATION SHEET

FOR C/A STARTER KIT

SAWRIDGE BAND

INTER VIVOS

SETTLEMENT  
NOTE: For Bank Use Only  
Tear Off Before  
Issuing To Customer

THE BANK OF NOVA SCOTIA  
P. O. BOX 728  
SLAVE LAKE, ALTA. T0G 2A0

CHECK FOR  
CORRECT ADDRESS

CHECK ACCOUNT NUMBER  
WITH CONTROL SHEET  
BEFORE ISSUING TO CUSTOMER

⑆80739⑆002⑆00618⑆16⑆

1040316 110/821

Scotiabank  
THE BANK OF NOVA SCOTIA

## RECEIPT OF DEPOSIT

ACCOUNT NUMBER	618-16
TRANSIT NUMBER (IF ABB)	
AMOUNT	100.00

TELLER'S STAMP

00705-002

RESOLUTION OF DIRECTORS OF

SAWRIDGE HOLDINGS LTD.

The following is a resolution of the Directors of Sawridge Holdings Ltd., duly passed at a meeting of the Directors on the 16 day of APRIL, 1985.

IT WAS RESOLVED AS A RESOLUTION THAT:

1. That Sawridge Holdings Ltd. issue 13 new Class "A" Common shares from Treasury as per Transfer Agreement attached.

2. That the aforementioned shares be issued in the following manner:

- 10 Class "A" Common shares to Walter P. Twinn,
- 2 Class "A" Common shares to Sam Twin
- 1 Class "A" Common share to George Twin
- 1 Class "A" Common Share to David A. Fennell

DATED at the City of Edmonton, in the Province of Alberta, this 16 day of APRIL, A.D. 1985.

Walter P. Twinn

29/1-97182/4-161184jah

CANADA )  
PROVINCE OF ALBERTA )  
TO WIT: )

IN THE MATTER OF the Debenture  
(the Debenture") executed the 21  
day of January, 1985 granted by  
Sawridge Enterprises Ltd. in  
favour of the Sawridge Indian Band  
(hereinafter collectively referred  
to as the "Holder")

STATUTORY DECLARATION

I, Walter B. Twinn, of the Sawridge Indian Band Reserve near Slave Lake in the Province of Alberta, having been duly sworn, do hereby depose and say:

1. THAT I am the President of Sawridge Enterprises Ltd. (the "Corporation"), and as such have knowledge of the affairs of the Corporation.
2. THAT I have examined the debenture of even date.
3. THAT all machinery, and equipment owned by or in the possession of the Corporation or used by it in connection with its business is wholly owned by the Corporation, the purchase price thereof having been paid in full and no mortgage, privilege, lien, charge, encumbrance, right, title or interest therein is claimed by or vested in any other person, except for:
  - (a) the Alberta Opportunity Company pursuant to a debenture in the principal amount of \$500,000.00 and registered at the Corporations Branch on September 19, 1973; and
  - (b) a chattel mortgage in favour of the Societe Generale (Canada) in the principal amount of \$11,500,000.00 and registered at the Corporations Branch and at Central Registry on August 4, 1983.
4. THAT the Corporation is not the proprietor or owner of any other real property or chattels in the Province of Alberta or elsewhere, other than as described in the Debenture.
5. THAT the Corporation is a valid and subsisting corporation in good standing is registered under the laws of the Province of Alberta the only jurisdiction in which it carries on business and it does not hold assets or carry on business in any other provincial jurisdiction and the Corporation has the corporate power and authority to carry on its business as now conducted and holds any permits necessary for the conduct of its business; that I know of no proceedings to condemn, expropriate, purchase or otherwise acquire the business or any property of the Corporation; and that the Corporation, is not in default in the payment of any taxes, rates or assessments having priority over the Debenture.

6. THAT the following person(s), has(have) been and is(are) duly and properly authorized by the Corporation, to execute the Debenture and other related documents and the signatures shown opposite their names are their signatures:

\_\_\_\_\_  
Sample Signature

Walter P. Twinn  
President, Walter P. Twinn

\_\_\_\_\_  
Sample Signature

George Twin  
Secretary, George Twin

7. THAT the Corporation is as of the date hereof indebted to the shareholders in the amounts specified below:

Shareholder

Amount

Not known

8. THAT the resolutions adopted by the Corporation respecting the issuance and granting of the Debenture and the signing of any other Agreements all in favour of the Holder were duly and properly adopted by the Board of Directors of the Corporation and ratified by the Shareholders of the Corporation and are of full force and effect.

9. That the shareholders and directors of the Corporation have not and will not grant any security which ranks in priority to the Debenture except for the security described below, being already consented to by the Holder:

- (a) a mortgage in favour of Her Majesty The Queen in right of Canada, registered at the Land Titles Office ("L.T.O.") as Instrument No. 3673 SS;
- (b) a caveat in favour of the Societe Generale (Canada) registered at the L.T.O. as Instrument No. 832202427.
- (c) a mortgage in favour of the Alberta Opportunity Company registered at the L.T.O. as Instrument No. 5399 UB;
- (d) a postponement registered at the L.T.O. as Instrument No. 1545 U.K.;
- (e) a mortgage in favour of the Societe Generale (Canada) registered at the L.T.O. as Instrument No. 832187939;
- (f) a caveat in favour of the Societe Generale (Canada) registered at the L.T.O. as Instrument No. 832202425.
- (g) a debenture in the principal amount of \$500,000.00 in favour of the Alberta Opportunity Company registered at the Corporations Branch on September 19, 1973;

- (h) a chattel mortgage in favour of the Societe Generale (Canada) and registered at Central Registry as Instrument No. 432294 and at the Corporations Branch on August 4, 1983;
- (i) an assignment of book debts in favour of the Societe Generale (Canada) and registered at the Central Registry as Instrument No. 432573.

10. That the Articles and By-laws of the Corporation do not restrict the authority of the Directors of the Corporation to borrow money secured by the credit of the Corporation as may be provided for pursuant to s.98.1 of the Business Corporations Act of Alberta.

11. That there is no Unanimous Shareholder's Agreement in effect which restricts the authority of the Directors of the Corporation to borrow money secured by the credit of the Corporation as may be provided for pursuant to s.98.1 of the Business Corporations Act of Alberta.

12. That the issuance, execution and delivery of the Debenture and the issuance, execution and delivery of all ancillary documentation does not constitute a breach of covenant or default and will not result in the acceleration of any payment or obligation under any agreement or instrument securing indebtedness of the Corporation.

AND I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath under and by virtue of The Canada Evidence Act.

SEVERALLY DECLARED BEFORE ME by )  
the said Waler P. Twinn in the )  
City of Edmonton, in the )  
Province of Alberta 21 day )  
of December, 1984. )

Janet Klein  
Kathy Klein  
(A Commissioner for Oaths in and  
for the Province of Alberta).

KATHY KLEIN

Oct 20/85

Waler P. Twinn



Sawridge Enterprises Ltd. represents and warrants to the Lender that each of the statements contained in the above Declaration is true and correct.

DATED AT Slave Lake, in the Province of Alberta,  
this 21 day of January, A.D. 1985.

SAWRIDGE ENTERPRISES LTD.

Per: Walt P. J. c/s

ASSIGNMENT OF DEBENTURE

THIS INDENTURE MADE THIS 15<sup>th</sup> day of April, A.D. 1985

BETWEEN:

WALTER P. TWINN  
as Trustee of the Sawridge Indian Band  
(hereinafter called the "Assignor")

OF THE FIRST PART

AND:

WALTER P. TWINN, SAM TWIN, AND GEORGE TWIN  
As Trustees for the Sawridge Band Inter Vivos Settlement

(hereinafter called "the Assignees")

OF THE SECOND PART

WHEREAS the Assignor holds a certain debenture made in writing and executed on the 21st day of January, 1985, between Sawridge Enterprises Ltd. and the Sawridge Indian Band through its Chief Walter P. Twinn acting Trustee as holder, in the principal amount of \$12,000,000.00.

AND WHEREAS the Assignor has agreed to assign all of its interest in the aforesaid debenture to the Assignees.

AND WHEREAS the Assignees have consented to such assignment.

NOW THEREFORE, in consideration of the sum of \$1.00 together with other good and valuable consideration the adequacy and sufficiency whereof is hereby acknowledged, the Parties hereto covenant and agree as follows:

1. The said Assignor does hereby assign all its interest in the said debenture as hereinbefore described to the said Assignees to have and to hold the said interest in the said debenture, unto and to the use of the Assignees, their heirs and assigns forever, subject to the terms, covenants contained in the said debenture.


2. The said Assignor hereby covenants with the said Assignees that there is now due or accruing due and unpaid under the said debenture, the sum of \$13,157,219.89.

3. The said Assignor covenants that it has done no act or permitted any act to encumber its interest in the said debenture, and it has not done or permitted any act, neither has it been guilty of any omission or laches whereby the said debenture has become in part or entirely in any way impaired or invalid and has not released, assigned, hypothecated or discharged nor has any covenant, condition, or proviso contained in the said debenture been discharged or waived or any breach or non-performance of any covenant contained in the said debenture been waived or condoned and that the Assignor will, upon the request to do so from the Assignees do, perform, or execute every act necessary to enforce the full performance of the covenants or any other matter contained in the said debenture. For the purposes of enforcing all rights of the Assignor, being the SAWRIDGE INDIAN BAND, in the said debenture, the said Assignor does hereby nominate, constitute and appoint the Assignees its true and lawful attorney, irrevocable and to use the name of the Sawridge Indian Band in securing the enforcement of all such rights contained in the debenture.

NOW WHEREFORE the Assignor and Assignee have hereunto affixed  
their signatures on the day and month and year first written above.




SAWRIDGE INDIAN BAND

Per:

Walter J.   
Byron J.

SAWRIDGE BAND INTER VIVOS SETTLEMENT

Per:

Walter J.   
Byron J.   
Sam J. 

DECLARATION OF TRUST MADE THIS 16th day of April, A.D. 1985.

BETWEEN:

WALTER PATRICK TWINN, SAM TWIN AND GEORGE TWIN

(hereinafter referred to collectively as the "Old Trustees")

OF THE FIRST PART

and

WALTER PATRICK TWINN, SAM TWIN AND GEORGE TWIN

(hereinafter referred to collectively as the "New Trustees")  
OF the Sawridge Inter Vivos Settlement

OF THE SECOND PART

WHEREAS the "Old Trustees" of the Sawridge Band Trust (hereinafter referred to as the "trust") hold legal title to the assets described in Schedule "A" and Settlor Walter P. Twinn by deed in writing dated the 15th day of April, 1985 created the Sawridge Inter Vivos Settlement (hereinafter referred to as the "Settlement")

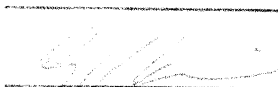


AND WHEREAS the Settlement was ratified and approved at a general meeting of the Sawridge Indian Band held in the Band Office at Slave Lake, Alberta on April 15, A.D. 1985

NOW THEREFORE this deed witnesseth as follows:


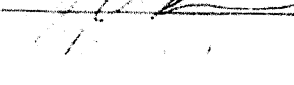

The undersigned hereby declare that as New Trustees they now hold and will continue to hold legal title to the assets described in Schedule "A" for the benefit of the Settlement, in accordance with the terms thereof.

Further, each Old Trustee does hereby assign and release to the New Trustees any and all interest in one or more of the promissory notes attached hereto as Schedule "B".

OLD TRUSTEES

NEW TRUSTEES

DECLARATION OF TRUST MADE THIS 16th day of April, A.D. 1985.

BETWEEN:

WALTER PATRICK TWINN, SAM TWIN AND GEORGE TWIN

(hereinafter referred to collectively as the "Old Trustees")

OF THE FIRST PART

and

WALTER PATRICK TWINN, SAM TWIN AND GEORGE TWIN

(hereinafter referred to collectively as the "New Trustees")

OF the Sawridge Inter Vivos Settlement

OF THE SECOND PART

WHEREAS the "Old Trustees" of the Sawridge Band Trust (hereinafter referred to as the "trust") hold legal title to the assets described in Schedule "A" and Settlor Walter P. Twinn by deed in writing dated the 15th day of April, 1985 created the Sawridge Inter Vivos Settlement (hereinafter referred to as the "Settlement")



AND WHEREAS the Settlement was ratified and approved at a general meeting of the Sawridge Indian Band held in the Band Office at Slave Lake, Alberta on April 15, A.D. 1985

NOW THEREFORE this deed witnesseth as follows:

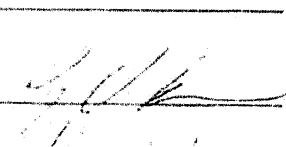
The undersigned hereby declare that as New Trustees they now hold and will continue to hold legal title to the assets described in Schedule "A" for the benefit of the Settlement, in accordance with the terms thereof.

Further, each Old Trustee does hereby assign and release to the New Trustees any and all interest in one or more of the promissory notes attached hereto as Schedule "B".

OLD TRUSTEES

NEW TRUSTEES



INCUMBENCY CERTIFICATE

I, Geroqe Twin, do hereby certify that as of the date of this Certificate, the Shareholders, officers and directors of Sawridge Enterprises Ltd., are as detailed below:

<u>1. Shareholders</u>	<u>Number</u>	<u>Category</u>
Walter P. Twinn	1	Class "A" Common
George Twin	1	Class "A" Common
Sam Twin	1	Class "A" Common

2. Directors -

Walter P. Twinn  
Sam Twin  
George Twin

3. Officers -

Walter P. Twinn - President  
George Twin - Secretary

DATED at the City of Edmonton, in the Province of Alberta, this  
21 day of January , 1985.

Per: 

George Twin-Secretary

18th Floor  
Toronto-Dominion Tower  
Edmonton Centre  
Edmonton, Alberta T5J 3P9  
(403) 421-3611  
Telex 037-3032  
Cable DEHANDS

ACCOUNTANTS' COMMENTS

To the Trustees of

The Sawridge Band Inter-Vivos Settlement Trust:

We have prepared the accompanying balance sheet as at December 31, 1986 and the statement of income and trust balance for the year then ended from the records of The Sawridge Band Inter-Vivos Settlement Trust and from other information supplied to us by the Trustees. In order to prepare these financial statements we made a review, consisting primarily of enquiry, comparison and discussion, of such information. However, in accordance with the terms of our engagement, we have not performed an audit and consequently do not express an opinion on these financial statements.

The investment in the subsidiary is recorded on the cost basis of accounting in the accompanying unaudited financial statements. In this case, generally accepted accounting principles require that the financial statements be prepared on a consolidated basis. The effects of this departure from generally accepted accounting principles on the accompanying unaudited financial statements have not been determined.

*Deloitte Haskins & Sells*

Chartered Accountants

May 5, 1987



THE SAWRIDGE BAND INTER-VIVOS SETTLEMENT TRUST

STATEMENT OF LOSS AND TRUST BALANCE

YEAR ENDED DECEMBER 31, 1986

(Unaudited - see Accountants' Comments)

	<u>1986</u>	<u>1985</u>
INCOME		
Interest	\$ -	\$ 3,324,725
EXPENSE		
Professional fees	<u>66,500</u>	<u>66,500</u>
NET (LOSS) INCOME (Note 6)	(66,500)	3,258,225
TRUST BALANCE, BEGINNING OF YEAR	27,761,254	23,753,062
CONTRIBUTION FROM BENEFICIARIES (Note 7)	<u>-</u>	<u>749,967</u>
TRUST BALANCE, END OF YEAR	<u>\$27,694,754</u>	<u>\$27,761,254</u>

THE SAWRIDGE BAND INTER-VIVOS SETTLEMENT TRUST

BALANCE SHEET

DECEMBER 31, 1986

(Unaudited - see Accountants' Comments)

	<u>1986</u>	<u>1985</u>
<u>ASSETS</u>		
CASH	\$ -	\$ 5,094
DUE FROM SAWRIDGE HOLDINGS LTD. (Note 3)	27,696,128	27,756,128
INVESTMENT (Note 4)	32	32
	<u>\$27,696,160</u>	<u>\$27,761,254</u>

TRUST BALANCE

BANK INDEBTEDNESS	\$ 1,406	\$ -
TRUST BALANCE (Note 5)	<u>27,694,754</u>	<u>27,761,254</u>
	<u>\$27,696,160</u>	<u>\$27,761,254</u>

Approved by the Board:

.....Trustee

.....Trustee

THE SAWRIDGE BAND INTER-VIVOS SETTLEMENT TRUST

STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED DECEMBER 31, 1986

(Unaudited - see Accountants' Comments)

	<u>1986</u>	<u>1985</u>
SOURCES OF CASH		
Operations	\$(66,500)	\$3,258,225
Contributions from beneficiaries	<u>749,967</u>	<u>-</u>
	683,467	3,258,225
USE OF CASH		
Increase in amounts due from subsidiary company	<u>689,967</u>	<u>3,258,127</u>
(DECREASE) INCREASE IN CASH	(6,500)	98
CASH, BEGINNING OF YEAR	<u>5,094</u>	<u>4,996</u>
(BANK INDEBTEDNESS) CASH, END OF YEAR	<u>\$ (1,406)</u>	<u>\$ 5,094</u>

THE SAWRIDGE BAND INTER-VIVOS SETTLEMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1986

(Unaudited - see Accountants' Comments)

1. OPERATIONS

The Sawridge Band Trust was established on April 15, 1982 and during 1985 changed its name to "The Sawridge Band Inter-Vivos Settlement" Trust.

2. SIGNIFICANT ACCOUNTING POLICY

The financial statements have been prepared in accordance with generally accepted accounting principles, except that these financial statements are not consolidated, and reflect the following policy:

Investment

The investment in a wholly-owned subsidiary is recorded on the cost basis of accounting whereby the investment is initially recorded at cost and earnings (from the investment) are recognized only to the extent received or receivable.

3. DUE FROM SAWRIDGE HOLDINGS LTD.

The amounts due from Sawridge Holdings Ltd., a wholly-owned subsidiary, are as follows:

	<u>1986</u>	<u>1985</u>
Promissory note, unsecured, payable on demand and bearing interest at prime plus 3%	\$ 1,067,354	\$ 1,067,354
Advances, bearing interest at prime plus 3% and secured by a demand debenture	<u>26,628,774</u>	<u>25,938,807</u>
	<u>\$27,696,128</u>	<u>\$27,006,161</u>

Interest on the above receivables was waived for the current year.

4. INVESTMENT

The trust owns 100% of Sawridge Holdings Ltd.

5. TRUST BALANCE

Under the terms of the Trust Agreement, the Trust is for the irrevocable benefit of all of the members, present and future, within the meaning of the Indian Act as such provisions existed on the 15th day of April, 1985, of the Sawridge Indian Band #19, who are descendants of the original signators of Treaty Number 8 and who remain as members of the Sawridge Indian Band #19.

THE SAWRIDGE BAND INTER-VIVOS SETTLEMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1986

(Unaudited - see Accountants' Comments)

6. INCOME TAXES

The trust is not taxable as the taxable income has been designated to be taxed in the hands of the beneficiaries.

7. CONTRIBUTIONS FROM BENEFICIARIES

The prior year's financial statements have been revised to correct as accounting error whereby a contribution of \$749,967 from beneficiaries was incorrectly recorded as an advance from Sawridge Holdings Ltd.