

Government to Government Agreement

Between:

McLeod Lake Indian Band, as represented by
Chief and Council
("MLIB")

And

Her Majesty the Queen in right of the Province of British Columbia, as represented
by the Minister of Aboriginal Relations and Reconciliation
("British Columbia")

WHEREAS:

- A. MLIB is an adherent to Treaty No. 8 and has rights which are recognized and affirmed by s. 35(1) of the *Constitution Act, 1982*;
- B. MLIB's territory is situated within the Agreement Area where continuing natural resource development is anticipated during the term of this Agreement;
- C. The Parties are committed to building an enduring government-to-government relationship based on principles of mutual respect, recognition and cooperation; and
- D. The Parties wish to establish a process to reconcile MLIB Treaty Rights with proposed activities that fall within provincial jurisdiction, without prejudice to each Party's interpretation of Treaty No. 8.

PART 1 – DEFINITIONS

1.1 Definitions. In this Agreement:

"Agreement Area" means the area outlined in the map attached as Schedule 2, Appendix 2A;

"Application" means any approval or authorization within the Agreement Area which is not subject to consultation under an Other Agreement;

"Decision" means a decision with respect to an Application that may potentially adversely affect MLIB Treaty Rights;

"Dispute" means any disagreement regarding the interpretation or implementation of this Agreement, but does not include disagreements arising during the consultation process under 5.1 relating to an Application or Decision;

"EBPS" means the economic benefits payment structure under Schedule 3;

“Effective Date” means the date on which both this Agreement and the Oil & Gas Consultation Agreement have been signed by the Parties;

“Fiscal Year” means a period beginning on April 1st of a calendar year and ending on March 31st of the next calendar year;

“Legal Proceeding” means any demand, claim, cause of action or action made before a court or any proceeding before a court, including a judicial review or appeal of a court decision, or any hearing before a board, commission, tribunal, arbitrator or other judicial, quasi-judicial or administrative decision-maker;

“Member” means an individual who is a “member of a band”, as that phrase is defined in the *Indian Act*, of MLIB and under the *MLIB Membership Code*;

“MLIB Treaty Rights” means the rights of the MLIB as an adherent to Treaty No. 8 and as recognized and affirmed by s. 35(1) of the *Constitution Act, 1982*;

“Oil and Gas Consultation Agreement” means the Oil and Gas Consultation Agreement between BC and MLIB dated February 3, 2014

“Omineca Area” means the area outlined in the map attached as Schedule 2;

“Other Agreement” means an agreement listed in Schedule 4 of this Agreement:

“Parties” means MLB and British Columbia and **“Party”** means either one of them.

1.2 Schedules. The following Schedules are attached to and form part of this Agreement:

Schedule 1 – Government to Government (“G2G”) Committees

Schedule 2 – Maps

- Appendix 2A - Agreement Area
- Appendix 2B – Omineca Area
- Appendix 2C - MLIB Area of Critical Community Interest

Schedule 3 – EBPS

- Appendix 3A (Calculation of Quarterly Annual Payments)
- Appendix 3B (Maximum Payable by BC in a Fiscal Year)
- Appendix 3C (Forecasting BC Final Domestic Demand Implicit Price Index)
- Appendix 3D (Economic Benefits Map)

Schedule 4 – Other Agreements

PART 2 – PURPOSES AND PRINCIPLES

2.1 Purposes. The purposes of this Agreement are to:

- (a) establish and implement a consultation process relating to Applications that:
 - (i) balances the protection of MLIB Treaty Rights with land and natural resource development in the Agreement Area;
 - (ii) ensures that MLIB has a meaningful role in, and opportunity to participate in the economic opportunities associated with, the development of land and natural resources in the Agreement Area, including resource revenue sharing; and
 - (iii) facilitates British Columbia's fulfilment of its legal obligation to consult, and where appropriate accommodate, in respect of Decisions;
- (b) establish G2G committees to review and discuss strategic level issues within the Agreement Area;
- (c) support the Parties' objective of collaboration on wildlife management issues; and
- (d) support the Parties' objective of improving the social and economic well-being of the MLIB community and its members.

PART 3 – TERM AND TERMINATION

- 3.1 **Term.** This Agreement takes effect on the Effective Date and expires on March 31, 2024, subject to renewal under 3.2.
- 3.2 **Renewal.** Before the expiry of the term of this Agreement, the Parties will review the renewal of this Agreement on the same or substantially the same terms as this Agreement.
- 3.3 **Termination for Dispute.** Either Party may terminate this Agreement if a Dispute is not resolved in accordance with the dispute resolution process under Part 10.
- 3.4 **Termination by MLIB.** MLIB may, on 120 business days' notice to British Columbia, terminate this Agreement if:
 - (a) the oil and gas royalty regime established under the *Petroleum and Natural Gas Act* is eliminated or amended in a manner that results in a material reduction in the amount of the Annual Payments under the EBPS; or
 - (b) it is finally determined by a court that British Columbia is not in material compliance with its obligations under this Agreement or any representation or warranty made by British Columbia under this Agreement is untrue or incorrect.
- 3.5 **Termination by British Columbia.** British Columbia may, on 120 business days' notice to MLIB, terminate this Agreement if:

- (a) the Oil & Gas Consultation Agreement is terminated or expires without renewal or replacement;
- (b) it is finally determined by a court that MLIB is not in material compliance with its obligations under this Agreement or any representation or warranty made by MLIB under this Agreement is untrue or incorrect; or
- (b) MLIB, on its own behalf or on behalf of its Members, commences any Legal Proceeding against British Columbia contrary to its covenants under this Agreement.

3.6 Obligations on Termination. If this Agreement is terminated by either Party:

- (a) British Columbia will have no further obligations to MLIB under this Agreement after the effective date of the termination, other than the payment of any Annual Payment due in accordance with the EBPS up to the date of termination; and
- (b) MLIB will have no further obligations British Columbia under this Agreement with the exception of the commitments, obligations and covenants of the MLIB under the provisions of the EBPS in Schedule 1, section 9.6(c).

3.7 Not a Dispute. Termination under 3.4 or 3.5 will not constitute a Dispute and, for greater certainty, Part 10 will not apply.

PART 4 – REPRESENTATIONS AND WARRANTIES

4.1 British Columbia Representations. British Columbia represents and warrants that it has the authority to enter into this Agreement and that this Agreement is a valid and binding obligation on British Columbia.

4.2 MLIB Representations. MLIB represents and warrants that:

- (a) it is a duly constituted band under the *Indian Act*;
- (b) it has the legal power, capacity and authority to enter into this Agreement on its own behalf and on behalf of its members and that this Agreement is a valid and binding obligation on MLIB; and
- (c) it has taken or will take all necessary actions, including obtaining a band council resolution, and obtaining all necessary community approvals, to enter into this Agreement for and on behalf of its members;

4.3 Documentation. On British Columbia's request, MLIB will provide British Columbia with a copy of the band council resolution and confirmation of community approval under 4.2(c).

PART 5 – CONSULTATION PROCESS

- 5.1 **Consultation Process.** Applications which are not subject to an Other Agreement will be referred to MLIB for consultation in accordance with the Updated Procedures (2010).
- 5.2 Where BC and MLIB enter into any additional consultation agreement or agreements and where BC and MLIB agree in writing to add that consultation agreement to Schedule 4, this Agreement is deemed to be amended to incorporate the added consultation agreement in Schedule 4.
- 5.3 **Role of G2G Committees.** For the purposes of 5.1, all Applications will be provided to MLIB and, for greater certainty, the G2G committees under 6.1 will not participate in or otherwise oversee the consultation process.
- 5.4 **Fulfilment of Obligations.** The consultation process under 5.1 will constitute the means by which the Parties will fulfill the procedural and information-sharing obligations arising from British Columbia's obligation to consult MLIB regarding the potential impact of an Application or Decision on MLIB Treaty Rights.
- 5.5 **Without Prejudice.** MLIB's agreement with the consultation process under 5.1 will not constitute express or implied agreement or consent to any Application or Decision.

PART 6 - GOVERNMENT TO GOVERNMENT RELATIONSHIP

- 6.1 **Committees.** The Parties will establish the following committees in accordance with Schedule 1:
- (a) a G2G Forum;
 - (b) a G2G Executive;
 - (c) a G2G Working Group; and
 - (d) a Collaborative Management Committee.
- 6.2 **Annual Review.** As soon as practical following the first anniversary of this Agreement, and annually thereafter, MLIB Chief and Council and the Minister of the Ministry of Aboriginal Relations and Reconciliation will meet to the effectiveness of the G2G committees under 6.1.
- 6.3 **Triennial Review.** As soon as practical following the third anniversary of this Agreement, and each third year thereafter, British Columbia will undertake to convene a multi-ministry meeting of Ministers representing the natural resource agencies with MLIB Chief and Council for the purpose of the effectiveness of the G2G committees under 6.1.
- 6.4 **Additional Meetings.** Nothing in the Agreement prevents the Parties from agreeing to other government-to-government meetings.

PART 7 - COLLABORATIVE MANAGEMENT

7.1 Omineca Area. The Parties acknowledge that the Omineca Area is an area of historic and continuing cultural significance to the MLIB community and, having regard for its importance to the forest economy, share a common goal of maintaining the availability of timber.

7.2 Area of Critical Community Interest. MLIB has identified an area, within the Omineca Area, which is of historic and continuing cultural significance to the MLIB community.

7.3 Collaborative Management Committee. The G2G Working Group will establish the Collaborative Management Committee in accordance with Schedule 1 which may develop collaborative management approaches and recommendations in relation to:

- (a) cumulative effects;
- (b) stewardship initiatives, including:
 - (i) Mackenzie stewardship initiatives; and
 - (ii) Spruce beetle action plans;
- (c) fish and wildlife habitat inventory, studies, enhancement and restoration including Management of identified priority species;
- (d) water management, including strategic water issues and sustainable management;
- (e) timber supply review, including early engagement with the Ministry of Forests Lands and Natural Resource Operation to ensure MLIB interests are incorporated into current and future timber supply reviews; and
- (f) other strategic level matters agreed to by the Parties.

7.3 Sub-Committees. In addition to the responsibilities under 7.2, the G2G Working Group may establish sub-working groups to undertake collaborative work between Collaborative Management Committee meetings.

PART 8 - ECONOMIC BENEFITS

8.1 Economic Benefits. Subject to 8.2, British Columbia will provide MLIB with the following funding:

- (a) economic benefits or revenue sharing:

- (i) Equity Payments as defined in and payable in accordance with the terms and conditions set out in the EBPS in Schedule 3; and
 - (ii) Annual Payments as defined in and payable in accordance with the terms and conditions set out in the EBPS in Schedule 3;
- (b) implementation funding in the amount of \$1,000,000 payable as follows:
 - (i) \$125,000 as soon as practical following the Effective Date;
 - (ii) \$125,000 within 30 business days of the first anniversary of the Effective Date; and
 - (iii) \$125,000 after payment in section 8.1(b)(ii) and within 30 business days each subsequent anniversary of the effective Date.

8.2 Payment Conditions. British Columbia's payments under 8.1, or under any other provision of this Agreement, are subject to:

- (a) sufficient monies being available in an appropriation, as defined in the *Financial Administration Act*, to enable British Columbia in any fiscal year, when any expenditure in respect of an obligation may be required, to make that expenditure; and
- (b) MLIB participating in the Consultation Process and being in material compliance with its obligations under this Agreement and the EBPS.

PART 9 – ACKNOWLEDGEMENTS

9.1 No Additional Payments. With the exception of any payments that may become due and payable under this Agreement, Other Agreements or any agreements between MLIB and British Columbia entered into or pending on the Effective Date, MLIB will not seek from British Columbia any capacity funding related to implementation of this Agreement, including the consultation process under 5.1 and the development of and participation in the committees under 6.1.

9.2 Eligibility for Other Benefits. Notwithstanding 9.1, nothing in this Agreement precludes MLIB from:

- (a) negotiating agreements, including consultation and revenue-sharing agreements, with proponents which have submitted an Application;
- (b) entering into agreements, including revenue sharing agreements, with British Columbia relating to clean energy projects pursuant to the *Clean Energy Act*, the *First Nations Clean Energy Business Fund Regulation* or provincial policies relating to clean energy; or

- (c) accessing or participating in any economic opportunities or provincial programs for which MLIB may be eligible and which are not otherwise contemplated under this Agreement.

9.3 Release. MLIB, on behalf of itself and its Members:

- (a) acknowledges and agrees that the consultation process under 5.1 will be the consultation processes that the Parties will follow in relation to all Applications and Decisions;
- (b) acknowledges and agrees not to commence Legal Proceedings during the term of the Agreement with respect to any Application or Decision on the basis that British Columbia has failed to fulfil procedural aspects of its duty to consult MLIB, except for any potential Legal Proceeding based on a claim of non-adherence to the consultation process under 5.1; and
- (c) releases and discharges British Columbia from any and all claims that the Province has failed to fulfill procedural aspects of its duty to consult MLIB in relation to any Application or Decision, except for any potential Legal Proceeding based on a claim of non-adherence to the consultation process under 5.1.

9.4 Member Actions. MLIB will not support, financially or otherwise, any Legal Proceeding initiated by a Member in which the consultation process under 5.1 is challenged and, where MLIB becomes aware that a Legal Proceeding has been or may be commenced, MLIB will make reasonable efforts to prevent, resolve or remedy those actions.

PART 10 – DISPUTE RESOLUTION

10.1 Informal Process. The Parties recognize that the successful implementation of this Agreement will depend on their ability and willingness to recognize, explore and resolve differences which may arise between them, and will endeavour to resolve such differences in an informal manner that fosters an improved, ongoing and respectful government-to-government relationship between them.

10.2 Notice of Dispute. If a Dispute has not been resolved through informal discussion under 10.1, and a Party wishes to initiate the Dispute Resolution process, that Party will notify the other Party, setting out the Dispute, its perspective on the Dispute, and any proposed options for resolving the Dispute.

10.3 Referral to G2G Working Group. If, within 15 business days of notice, the Parties have not resolved the Dispute, either Party may, refer the Dispute to the G2G Working Group Co-chairs.

10.4 Facilitated Process. The G2G Working Group Co-chairs will meet within 30 business days from receipt of notice under 10.3 and, if they are unable to resolve

the Dispute within 30 business days, may, by mutual agreement, resolve the Dispute through:

- (a) non-binding facilitation or mediation, or both, under terms agreeable to both Parties; or
- (b) other dispute resolution measures as appropriate to the nature of the Dispute and as may be mutually agreeable to the Parties.

10.5 Referral to G2G Executive. If the Dispute is not resolved after completion of the process under 10.4, the G2G Working Group Co-chairs will refer the matter to G2G Executive for resolution.

10.6 Termination. If the G2G Executive is unable to resolve the Dispute within 30 business days of its referral from the G2G Working Group, either Party may terminate this Agreement on 30 business days' notice.

PART 11 – INTERPRETATION

11.1 Interpretation. For the purposes of this Agreement:

- a) “including” means “including, but not limited to” and “includes” means “includes, but not limited to”;
- b) the use of the singular includes the plural and the use of the plural includes the singular; and
- c) in the calculation of time under this Agreement, “business days” means any day from Monday to Friday, except any such day that is National Aboriginal Day, a statutory holiday in British Columbia or December 15 to January 1.

11.2 No Presumption. There will be no presumption that any doubtful or ambiguous expressions, terms or provisions in this Agreement are to be resolved in favour of any Party.

11.3 No Waiver. Any waiver of a provision of this Agreement, the performance by a Party of an obligation under this Agreement or a default or breach by a Party of an obligation under this Agreement, will be in writing and signed by the Party giving the waiver and will not be a waiver of any other provision, obligation or subsequent default or breach.

11.4 Not a Treaty. This Agreement does not:

- a) constitute a treaty or land claims agreement within the meaning of section 25 or 35 of the *Constitution Act, 1982* (Canada); or

- b) define, amend or deny the existence of MLIB Rights or any responsibilities of the Parties except as set out in this Agreement.

PART 12 – GENERAL

12.1 Without Prejudice. This Agreement does not:

- (a) limit the position a Party may take in any discussions or negotiations between the Parties or in any Legal Proceedings except as set out in this Agreement; or
- (b) constitute an acknowledgement or admission by British Columbia of any obligation to provide financial or other compensation as part of any obligation to consult or, if applicable, accommodate with respect to any Application or Decision.

12.2 No Fettering. Nothing in this Agreement will be interpreted in a way that fetters the discretion given to any decision-making authority.

12.3 Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter of this Agreement.

12.4 Governing Law. This Agreement will be governed by and construed in accordance with the applicable laws of the Province.

PART 13 – NOTICE AND DELIVERY

13.1 Delivery. Any notice or other communication that is required to be given by a Party under this Agreement will be in writing and will be deemed to be validly given to and received by the other Party if given:

- (a) personally or by mail, on the date of delivery;
- (b) by facsimile or email, on the date the facsimile or email is received.

13.2 Addresses. The address, facsimile numbers and email addresses are:

for McLeod Lake Indian Band:

McLeod Lake Indian Band
61 Sekani Drive,
McLeod Lake, B.C. V0J 2G0
Attention: Chief and Council

Fax:
Email:

for the Province:

Ministry of Aboriginal Relations and Reconciliation
PO Box 9100 Stn Prov Govt
Victoria, BC V8W 9B1
Attention: Assistant Deputy Minister, Negotiations and Regional
Operations Division, MARR

Fax: (250) 387-6073
Email:

Ministry of Natural Gas Development
PO Box 9320 Stn Prov Govt
Victoria, BC V8W 9N3
Attention: Assistant Deputy Minister, Upstream Oil and Gas Division

Fax: (250) 952-0491
Email:

Ministry of Forests, Lands and Natural Resource Operations
PO Box 9352 Stn Prov Govt
Victoria, BC V8W 9M1
Attention: Assistant Deputy Minister, North Area, Regional Operations
Division

Fax: (250) 847-7501
Email:

- 13.3 **Change of Address.** A Party may at any time give notice to the other Party of any change of information in accordance with this Part.

PART 14 - SIGNING

- 14.1 **Counterparts.** The Parties may sign a faxed or scanned copy of this Agreement which has been signed by the other Party, or may sign a separate copy of this Agreement, which taken, together will be deemed to constitute one document.

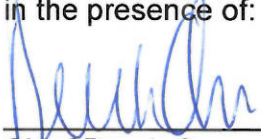
SIGNED this 30 day of March, 2017
in the presence of:)


Witness

HER MAJESTY THE QUEEN IN RIGHT
OF THE PROVINCE OF BRITISH
COLUMBIA, as represented by the
Minister of Aboriginal Relations and
Reconciliation


Witness

SIGNED this 21 day of March, 2017
in the presence of:



Chief Derek Orr

Councillor Joe Alderliesten



Councillor Destiny Bear

Councillor Zepheria Isadore

Councillor Yasmin Prince



Councillor Elizabeth Solonas



Councillor Vern Solonas

MCLEOD LAKE INDIAN BAND,
as represented by its Chief and Council



Witness

Witness



Witness

Witness

Witness



Witness



Witness

SCHEDULE 1 - G2G COMMITTEES

G2G FORUM

1. **Relationship.** The G2G Forum will be a bilateral committee which will continue to build the government-to-government relationship between the Parties.
2. **Membership.** The G2G Forum will be comprised of the members of the G2G Executive and the G2G Working Group.
3. **Meetings.** The G2G Forum may invite other ministry or agency representatives to attend G2G Forum meetings to support discussions pertaining to strategic issues or agenda items.

G2G EXECUTIVE

4. **Membership.** The Parties will each appoint two representatives to the G2G Executive, namely:
 - (a) for MLIB: two Council members, which may include the Chief; and
 - (b) for British Columbia: one or more Deputy Ministers, Assistant Deputy Ministers or Regional Executive Directors.
5. **Co-Chairs.** Each Party will appoint one of its representatives under paragraph 3 to act as a Co-Chair.
6. **Responsibilities.** The G2G Executive will be responsible for overseeing this Agreement, including:
 - (a) approving the terms of reference and the annual work plan for the G2G Working Group;
 - (b) overseeing the implementation of the Consultation Process, including seeking approval from the Parties for amendments to the Consultation Process;
 - (c) undertaking reviews of strategic issues and providing direction to the G2G Forum as appropriate; and
 - (d) facilitating the resolution of Disputes under the Dispute Resolution process.
7. **Meetings.** The G2G Executive will meet at least once a year, and as necessary, to carry out its responsibilities.

G2G WORKING GROUP

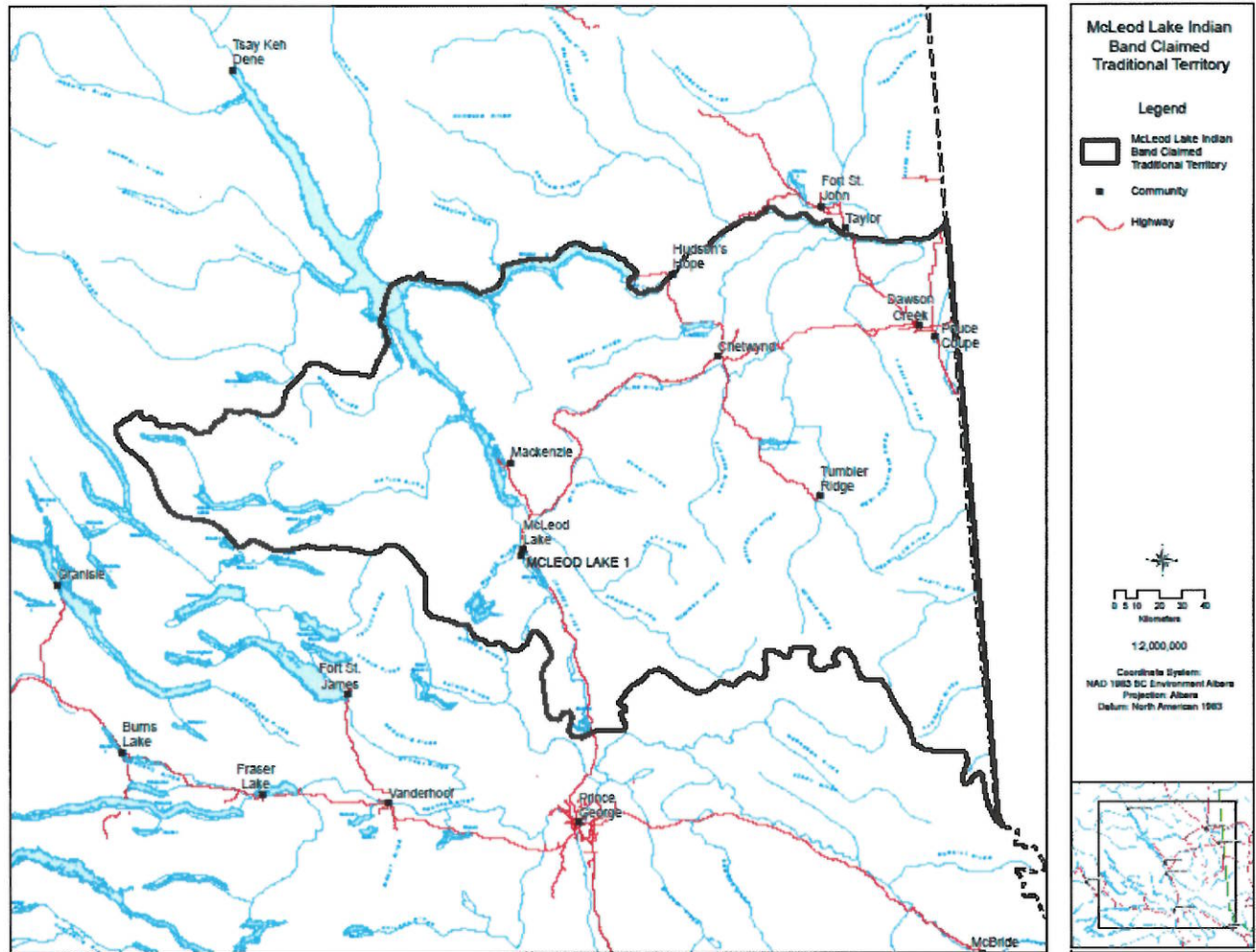
8. **Membership.** The Parties will each appoint three senior managers as representatives to the G2G Working Group.
9. **Co-Chairs.** Each Party will appoint one of its representatives under paragraph 3 to act as a Co-Chair.
10. **Responsibilities.** The G2G Working group is responsible for:
 - (a) preparing an annual work plan for review and approval by the G2G Executive;
 - (b) overseeing the work under the annual work plan and (c) identifying work required to support implementation of the annual work plan, including the assignment of tasks as appropriate;
 - (c) facilitating information sharing between the Parties related to land and resource management and associated issues and, where appropriate, with other Treaty 8 First Nations and stakeholders including non- aboriginal organizations;
 - (d) identifying and undertaking analysis of strategic issues and initiatives; and
 - (e) establishing and overseeing a Collaborative Management Committee.
11. **Meetings.** The G2G Working group will meet as necessary during the first two years of this Agreement and at least once per calendar year thereafter.

COLLABORATIVE MANAGEMENT COMMITTEE

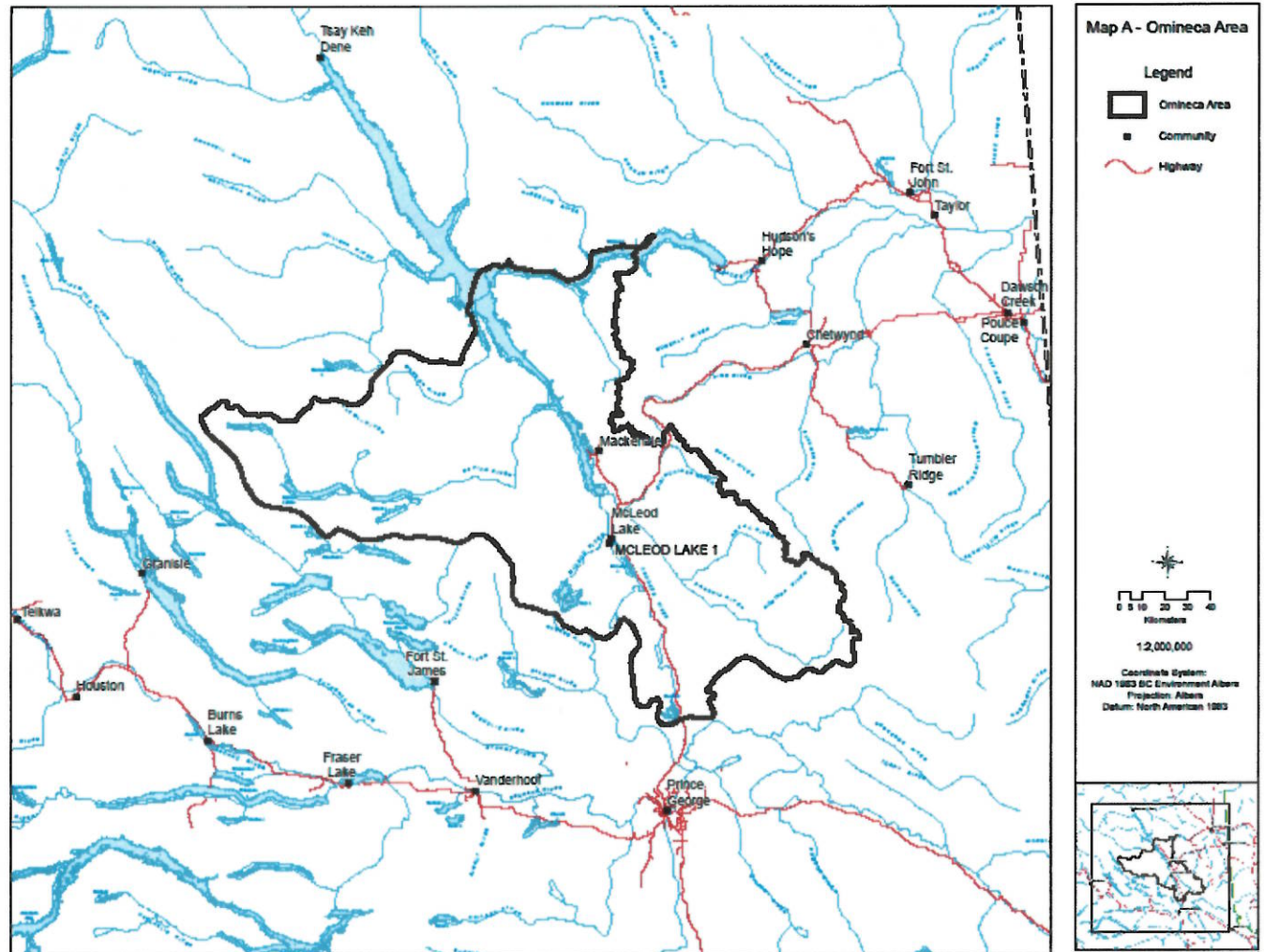
12. **Membership.** The Parties will each appoint two representatives to the Collaborative Management Committee, namely:
 - (a) for MLIB: senior representatives; and
 - (b) for British Columbia: senior representatives from its resource ministries.
13. **Co-Chairs.** Each Party will appoint one of its representatives under paragraph 12 to act as a Co-Chair.
14. **Responsibilities.** The Collaborative Management Committee is responsible for undertaking the initiatives described in Part 7.2.

15. **Meetings.** The Collaborative Management Committee will meet as necessary during the first year of this Agreement and at least twice per calendar year thereafter.
16. **Meeting Invitees.** The Collaborative Management Committee may invite other ministry or agency representatives to attend meetings to support its work.

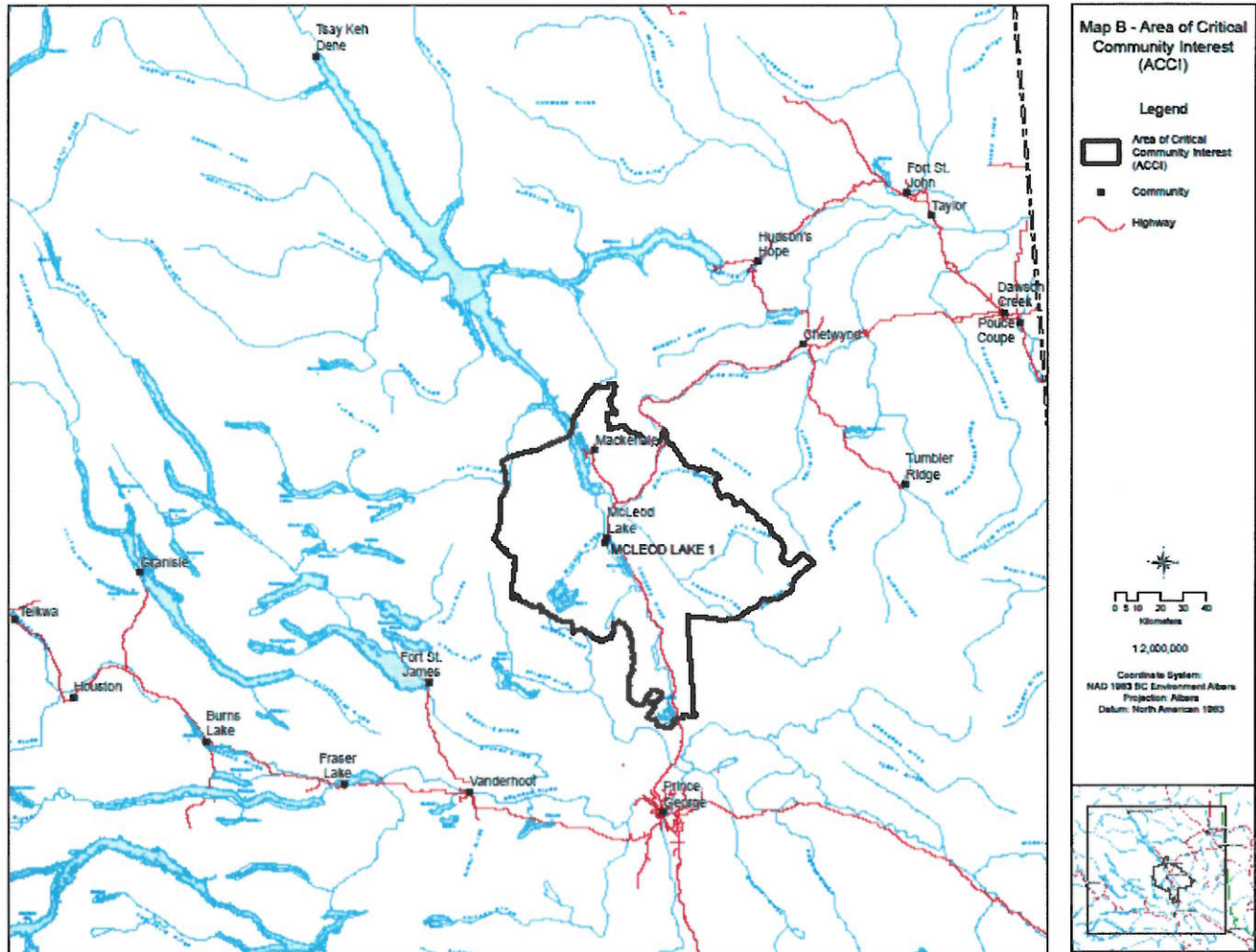
SCHEDULE 2 – MAPS
Appendix 2A



Appendix 2B



Appendix 2C



SCHEDULE 3 - ECONOMIC BENEFITS PAYMENT STRUCTURE

DEFINITIONS

1. In this Agreement:

“Annual Payment Reconciliation” means the amount calculated in accordance with Appendix 1A of the EBPS for each full Fiscal Year during which the Agreement is in effect;

“Annual Payments” means the payments to be made by British Columbia pursuant to Part 3 of this Schedule which is the aggregate of the four quarterly payment amounts and the amount of any Annual Payment Reconciliation (which payments are subject to those adjustments described herein), and “Annual Payment” means any one such payment;

“Equity Payment” means the payments made or to be made by British Columbia as described in Part 2 of this Schedule; and

“Trust” means the MLIB Education trust established by MLIB pursuant to Schedule 3 (EBPS).

Part 2 - Equity Payment

A. Obligations of the Province

- 2.1 Subject to section 5.2 of this Agreement, the terms and conditions set out in this Agreement and section 2.3 of this Schedule, British Columbia agrees to provide the sum of \$5,800,000 to MLIB, in two instalments, namely:
 - (a) a first instalment of \$2,900,000, which the Parties acknowledge was paid to MLIB, on its direction, by payment in trust to its solicitor on December 23, 2014, and which the Parties agree will be remitted by MLIB to the Trust forthwith on its establishment in accordance with this Agreement; and
 - (b) a second installment of \$2,900,000 to the Trust, which is payable within thirty (30) days of the Effective Date of the Agreement.
- 2.2 For greater certainty, the second installment of the Equity Payment will be payable after the last to occur of the following: the Effective Date of the Agreement and MLIB having established the Trust in accordance with section 2.3 of this Schedule to the reasonable satisfaction of the Province.

B. Obligations of MLIB

- 2.3 MLIB will establish, prior to or as soon as practical after the signing of the

Agreement, and maintain throughout the term of the Agreement, a Trust to receive the Equity Payment and provide to the Province a legal opinion stating that:

- (a) the Trust is validly constituted according to the terms of the Agreement;
 - (b) the trustees of the Trust are legally capable of accepting rights granted and obligations imposed under the Agreement;
 - (c) the Trust may not be collapsed before the fifth anniversary of the Effective Date of the Agreement or the date on which the Agreement has otherwise been terminated; and
 - (d) the primary purpose of the Trust is to benefit MLIB.
- 2.4 MLIB will repay or will cause the Trust to repay the Equity Payment, if the Agreement is terminated prior to the fourth anniversary of its Effective Date. This repayment obligation will be reduced by 20% on the Effective Date of the Agreement and thereafter, by 20% on each following anniversary of the Effective Date of the Agreement.

Part 3 - Annual Payments

- 3.1 Annual Payments are to be made to MLIB as follows:
- a. Payment for the Fiscal Year ending March 31, 2017 to the McLeod Lake Indian Band, and
 - b. All subsequent Annual Payments to the MLIB Provincial Revenues Trust.
- 3.2 Each Annual Payment to be made under this Agreement will be subject to a minimum payment amount as described in section 3.2 of this Schedule, and a maximum payment amount, as described in section 3.7 of this Schedule.
- 3.3 The minimum payment amount of the Annual Payment for a Fiscal Year will be equal to the sum of the four quarterly payments for the Fiscal Year as set out in Appendix 1A, if the Agreement is in effect for the whole of the Fiscal Year.
- 3.4 Subject to section 5.2 of this Agreement and the terms and conditions set out in this Agreement, the Province will provide to MLIB the following funding if, when the Annual Payment for the applicable Quarter otherwise becomes payable, MLIB is in material compliance with its obligations under this EBPS, Part 9 (Acknowledgements and Covenants), and participating in the Consultation Process:
- (a) if the Effective Date of the Agreement is more than thirty (30) days after the end of any of Quarter 1, Quarter 2 or Quarter 3 during Fiscal Year 2016/17, then with respect to each such Quarter, the amount shown in Appendix 1A for the applicable Quarter, within thirty (30) days following the Effective Date of the Agreement;

- (b) commencing with Fiscal Year 2016/17 Quarter 4 and for each Fiscal Year during the Term, the amount shown for the applicable Quarter, within thirty (30) days following the end of the relevant Quarter; and
 - (c) commencing with Fiscal Year 2016/17 for each full Fiscal Year during the Term, the Annual Payment Reconciliation amount calculated in accordance with Appendix 1A, within one hundred and eighty (180) days following the end of the applicable Fiscal Year. For greater certainty, if the Agreement is terminated on or prior to the last day of a Quarter, no partial Annual Payment will be payable for that Quarter.
- 3.5 In the event of termination of the Agreement, the payment of Annual Payments in accordance with the formula set out in Appendix 1A are subject to the following rules:
- (a) if the Agreement is terminated on or prior to the last day of Quarter 1 of a Fiscal Year, no partial Annual Payment will be payable for that Quarter;
 - (b) if the Agreement is terminated on or prior to the last day of Quarter 2 of a Fiscal Year, the minimum Annual Payment for that Fiscal Year is equal to the "Quarter 1 Annual Payment";
 - (c) if the Agreement is terminated on or prior to the last day of Quarter 3 of a Fiscal Year, the minimum Annual Payment for that Fiscal Year is equal to the "Quarter 1 Annual Payment" plus the "Quarter 2 Annual Payment"; and,
 - (d) if the Agreement is terminated on or prior to the last day of Quarter 4 of a Fiscal Year, the minimum Annual Payment for that Fiscal Year is equal to the "Quarter 1 Annual Payment" plus the "Quarter 2 Annual Payment" plus the "Quarter 3 Annual Payment".
- 3.6 For each Fiscal Year during the term of this Agreement, when the Annual Payment Reconciliation is provided in accordance with section 3.3 (c), the Province will provide to MLIB a statement setting out the documents, reports, figures and calculations relied upon by the Province to calculate the Annual Payment in accordance with Appendix 1A for that Fiscal Year.
- 3.7 Annual Payments will be subject to adjustment by the Province from time to time on the following basis:
- (a) with respect to the calculation of each Annual Payment made by the Province during the Term, the value imputed to the variable identified in Appendix 1A as OGRt will, on the basis of available updated information, be reviewed and re-calculated by the Province on one occasion which is six (6) years following the end of that Fiscal Year;
 - (b) if the review and re-calculation reveals an overpayment by the Province, the Province will adjust the next occurring Annual Payment to offset the overpayment (and if there is no subsequent Annual Payment, MLIB will repay

the amount of the overpayment to the Province); and,

- (c) if the review and re-calculation reveals an underpayment by the Province, the Province will adjust the next occurring Annual Payment to compensate for the underpayment (and if there is no subsequent Annual Payment, the Province will pay to the MLIB the amount of the underpayment).

3.8 The Annual Payment for each Fiscal Year made pursuant to Part 3 of this Schedule will be subject to a cap in the amount determined in accordance with Appendix 1B (which amount is subject to adjustment in the manner set out in Appendices 1B and 1C). For clarity, the actual calculations to be made pursuant to Appendix 1A are to be based on actual totals, not the cap. For further clarity, the maximum payment amount for a Fiscal Year is based on the Agreement remaining in effect on the last day of each Quarter of that Fiscal Year; and for illustration purposes, the maximum payment is \$5,000,000.00 (in 2016 dollars).

Appendix 3A - Calculation of Quarterly Annual Payments

Quarter 1 Annual Payment = Q1EBPt = \$300,000

Quarter 2 Annual Payment = Q2EBPt = \$300,000

Quarter 3 Annual Payment = Q3EBPt = \$300,000

Quarter 4 Annual Payment = Q4EBPt = \$300,000

Annual Payment Reconciliation =EBPR

$$= \frac{[(MLIBP/T8P \times EB1t \times 0.5) + (1/8 \times EB1t \times 0.5)] - (Q1EBPt + Q2EBPt + Q3EBPt + Q4EBPt)}{}$$

Where:

Q1, Q2, Q3 and Q4 represent the Quarters 1 through 4.

MLIBP is the McLeod Lake Indian Band population from Indigenous and Northern Affairs Canada (INAC) Population Statistics Report, Indian Registration System, for 2016/04, region British Columbia, Total by Gender, which the Parties agree is 545.

T8P is the sum of populations from AANDC Population Statistics Report, Indian Registration System, for 2016/04, region British Columbia, Total by Gender for Saulteau First Nations, Fort Nelson First Nation, Prophet River First Nation, West Moberly First Nations, Halfway River First Nation, Blueberry River First Nations, Doig River First Nation and McLeod Lake Indian Band, which the Parties agree is 4,165.

t = Fiscal Year for which payment is being made under this agreement.

Specifically:

t = 1 = April 1, 2016 to March 31, 2017

t = 2 = April 1, 2017 to March 31, 2018

t = 3 = April 1, 2018 to March 31, 2019

t = 4 = April 1, 2019 to March 31, 2020

t = 5 = April 1, 2020 to March 31, 2021

t = 6 = April 1, 2021 to March 31, 2022

t = 7 = April 1, 2022 to March 31, 2023

t = 8 = April 1, 2023 to March 31, 2024

$$EB1_t = 3\% \times (OGR_t)$$

Where:

OGR_t = collected provincial royalties, calculated in accordance with, as applicable, the Petroleum and Natural Gas Royalty and Freehold Production Tax Regulation and the Net Profit Royalty Regulation made pursuant to the Petroleum and Natural Gas Act, as either may be amended or replaced from time to time, collected from oil and gas activities within the area set out in Appendix 1D that is bounded by the “British Columbia/Alberta Border”, the “British Columbia Northern Border” and the “Royalty Line”. This variable will be measured by estimates from the Oil Ledger Report and the Gas Ledger Report as extracted from the Ministry of Finance’s Petroleum Royalty Management System (PRMS).

The Parties acknowledge and agree that the methods used to collect and record provincial royalty information, as set out in the EBPS, may change from time to time. In the event of changes to any of these methods, British Columbia will, as soon as practicable, provide McLeod Lake Indian Band with a written statement describing the revised method for collecting and recording the data and the date the revised method comes into effect.

Appendix 3B - Maximum Payable by BC in a Fiscal Year

Annual Payment Ceiling = $EBPC_t = \$5,000,000_{2016\$}$

Where:

t = Fiscal Year for which payments are being made

Specifically:

$t = 1$ = April 1, 2016 to March 31, 2017

$t = 2$ = April 1, 2017 to March 31, 2018

$t = 3$ = April 1, 2018 to March 31, 2019

$t = 4$ = April 1, 2019 to March 31, 2020

$t = 6$ = April 1, 2020 to March 31, 2021

$t = 6$ = April 1, 2021 to March 31, 2022

$t = 7$ = April 1, 2022 to March 31, 2023

$t = 8$ = April 1, 2023 to March 31, 2024

Note:

For periods $t = 1$ through to $t = 8$ inclusive the ceiling value of $\$5,000,000_{2016\$}$

will be adjusted annually by changes in annual British Columbia Final Domestic Demand Implicit Price Index (BCFDDIPI) published by Statistics Canada as follows:

Ceiling value in Fiscal Year $t = \$5,000,000 \times [BCFDDIPI_n / BCFDDIPI_{2016}]$

Where: $BCFDDIPI_{2016}$ is the value of BCFDDIPI for the calendar year 2016 published by Statistics Canada, or estimated according to Appendix 1C if not available, at the same time that values for $BCFDDIPI_n$ are published or estimated in accordance with Appendix 1C.

For clarity, BCFDDIPI for calendar year 2016 will apply to Fiscal Year 2016/17. (See Appendix 1C)

Appendix 3C - Forecasting BC Final Domestic Demand Implicit Price Index

British Columbia Final Domestic Demand Implicit Price Index (BCFDDIPI) published by Statistics Canada is available on a time-lagged basis. For the purposes of this agreement the BCFDDIPI estimate for calendar year n will be calculated as follows:

- If a British Columbia estimate of BCFDDIPI is not available, of Year n , and the most recent estimate is for Year $n-1$, then

- $BCFDDIPI_n = (BCFDDIPI_{n-1}) \times (BCFDDIPI_{n-1} / BCFDDIPI_{n-2})$

- If a British Columbia estimate of BCFDDIPI is not available, of Year n , and the most recent estimate is for Year $n-2$, then

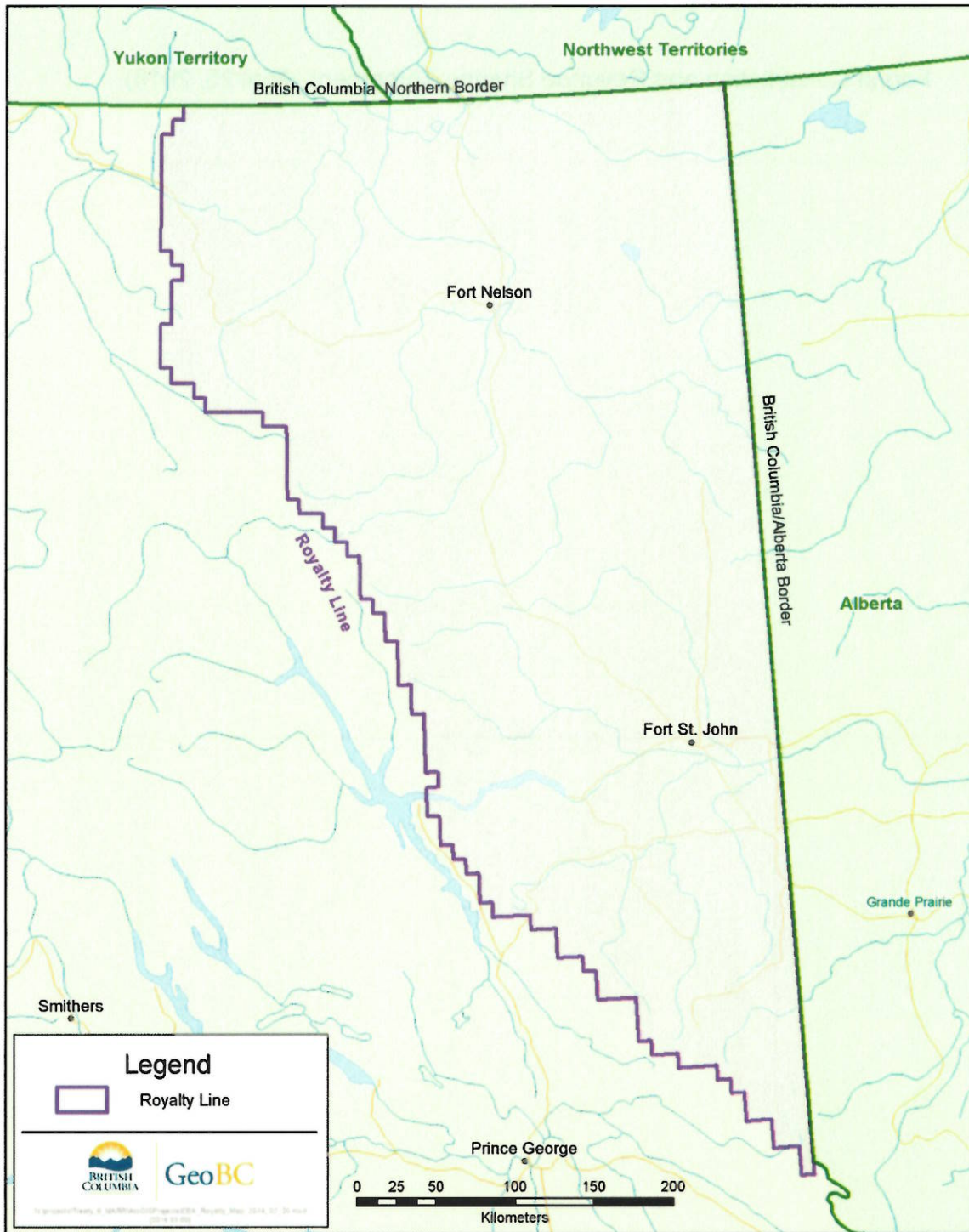
- $BCFDDIPI_n = (BCFDDIPI_{n-2}) \times (BCFDDIPI_{n-2} / BCFDDIPI_{n-3})^2$

Where:

n=1= Calendar 2016	n=6= Calendar 2021
n=2= Calendar 2017	n=7= Calendar 2022
n=3= Calendar 2018	n=8= Calendar 2023
n=4= Calendar 2019	
n=5= Calendar 2020	

Appendix 3D – Economic Benefits Map

ECONOMIC BENEFITS AGREEMENT



SCHEDULE 4 - Other Agreements

- (a) Oil & Gas Consultation Agreement (February 3, 2014);
- (b) Forest Consultation and Revenue Sharing Agreement (April 25, 2016).