ANNUAL GENERAL MEETING

Kanaka Bar's Economic Development & Business Entities

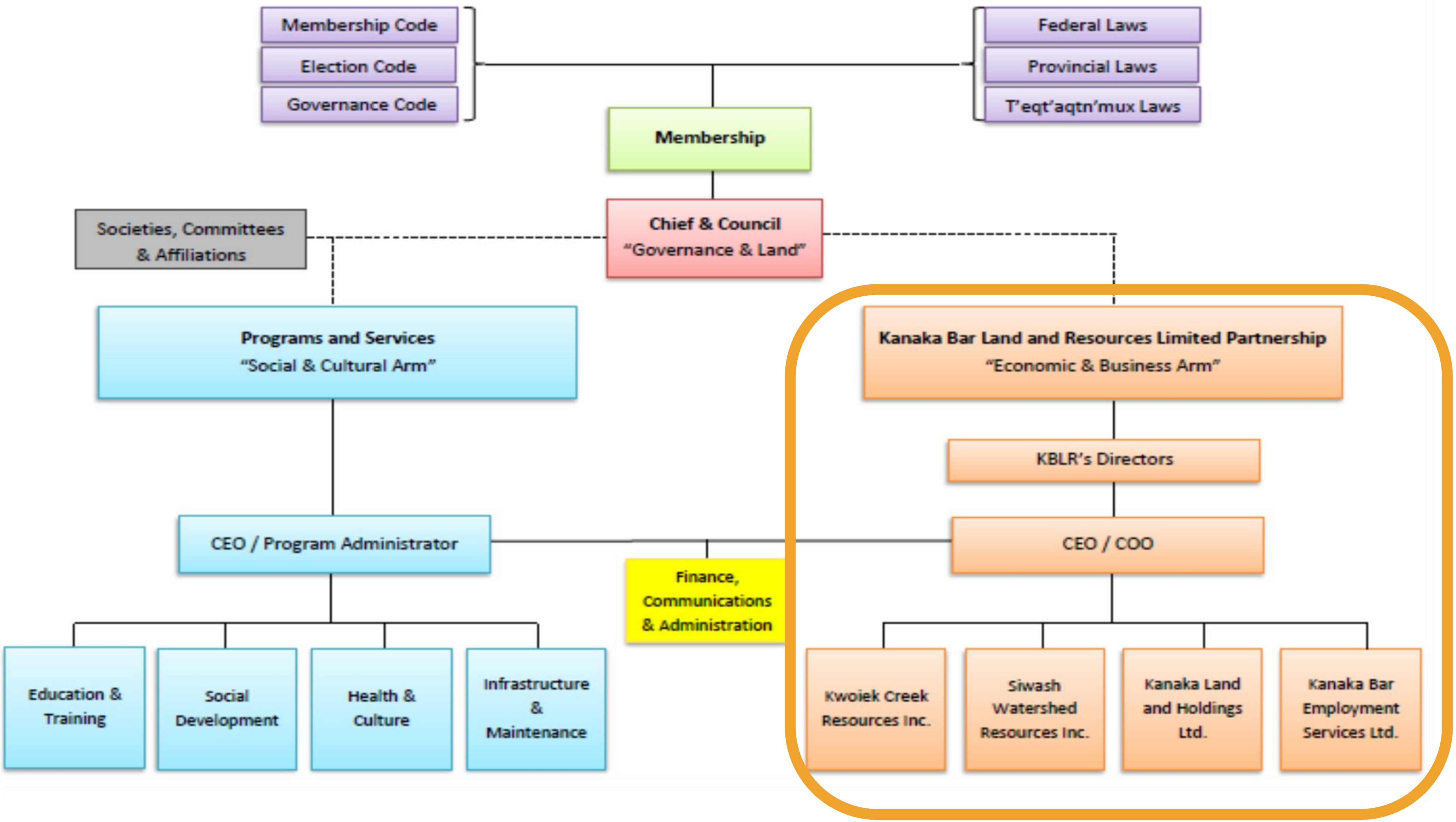
September 13, 2017

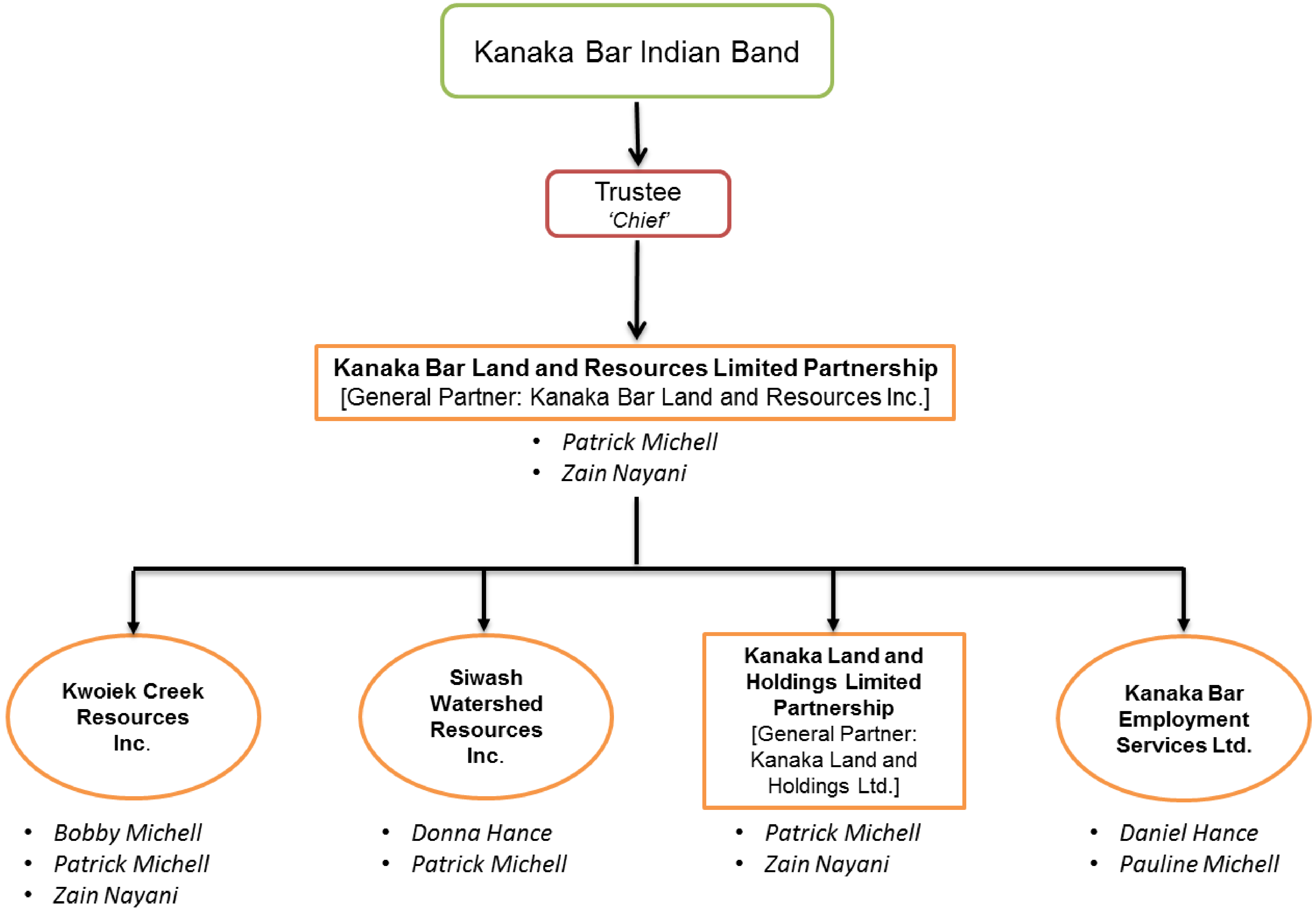
OBJECTIVE OF TODAY'S AGM

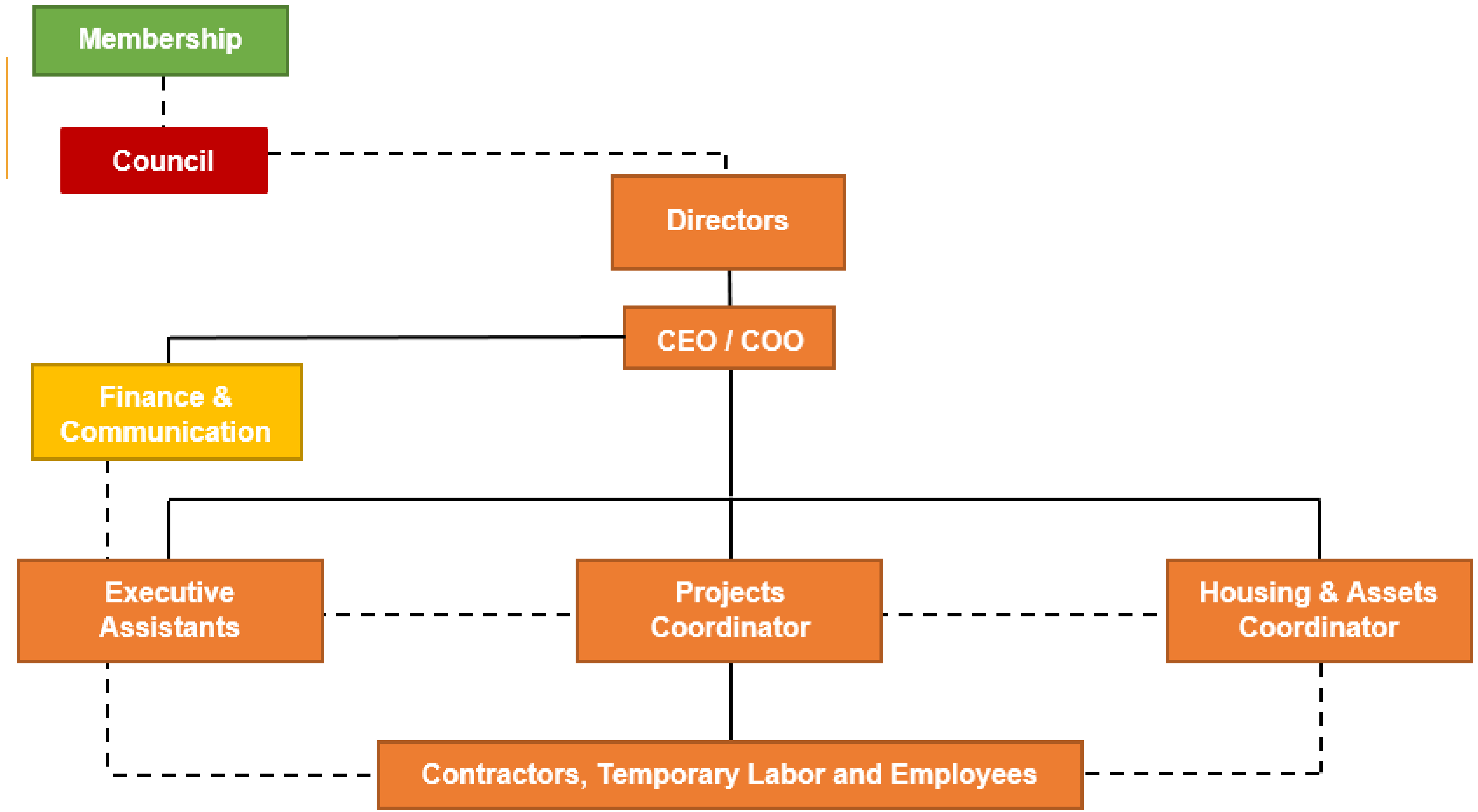
- Understand the organizational and management structures
- What is our objective as the economic development and business arm?
- Review and analysis of Kanaka's business entities:
  - Kanaka Bar Land and Resources LP and Inc.
  - Kwoiek Creek Resources Inc.
  - Siwash Watershed Resources Inc.
  - Kanaka Land and Holdings LP and Ltd.
  - Kanaka Bar Employment Services Ltd.
- Challenges and opportunities
- Take questions

Kanaka Bar Indian Band

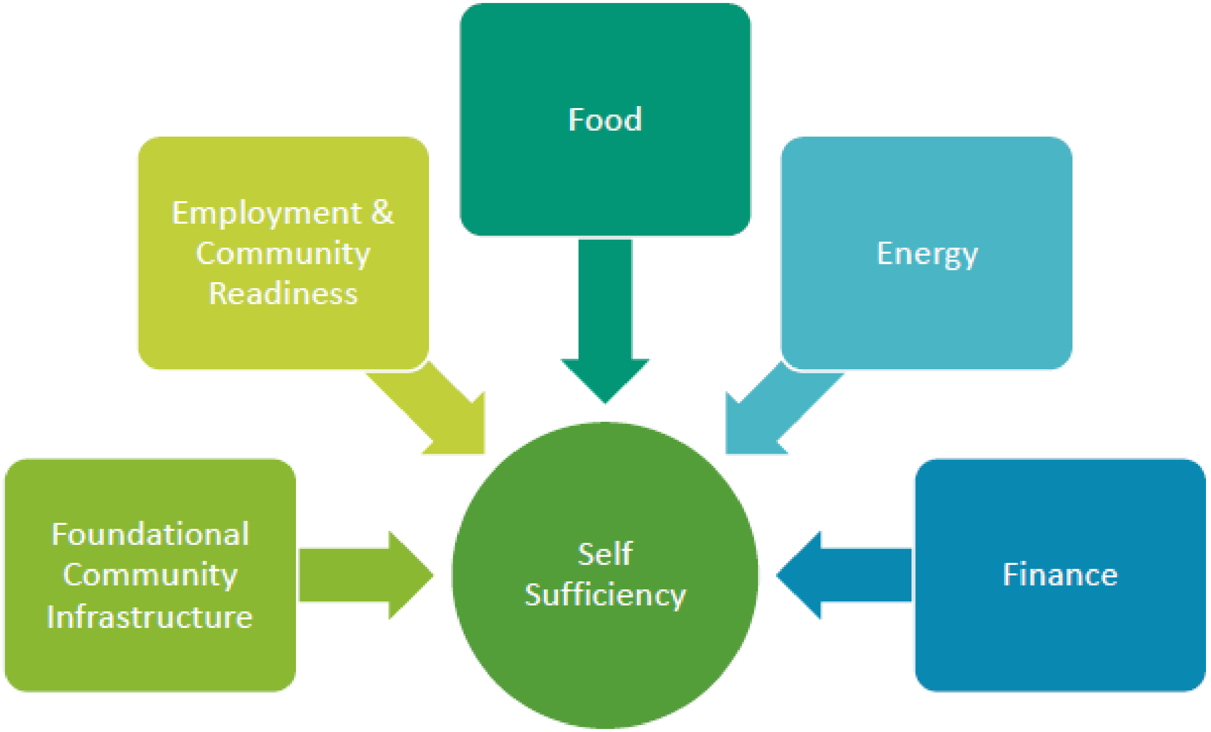
Organization Chart
As at May 2, 2016




Kanaka Bar Indian Band
Trustee
'Chief'
Kanaka Bar Land and Resources Limited Partnership
[General Partner: Kanaka Bar Land and Resources Inc.]
Patrick Michell
Zain Nayani
Kwoiek Creek Resources Inc.
Bobby Michell
Patrick Michell
Zain Nayani
Siwash Watershed Resources Inc.
Donna Hance
Patrick Michell
Kanaka Land and Holdings Limited Partnership
[General Partner: Kanaka Land and Holdings Ltd.]
Patrick Michell
Zain Nayani
Kanaka Bar Employment Services Ltd.
Daniel Hance
Pauline Michell


Membership
Council
Directors
CEO / COO
Finance & Communication
Executive Assistants
Projects Coordinator
Housing & Assets Coordinator
Contractors, Temporary Labor and Employees

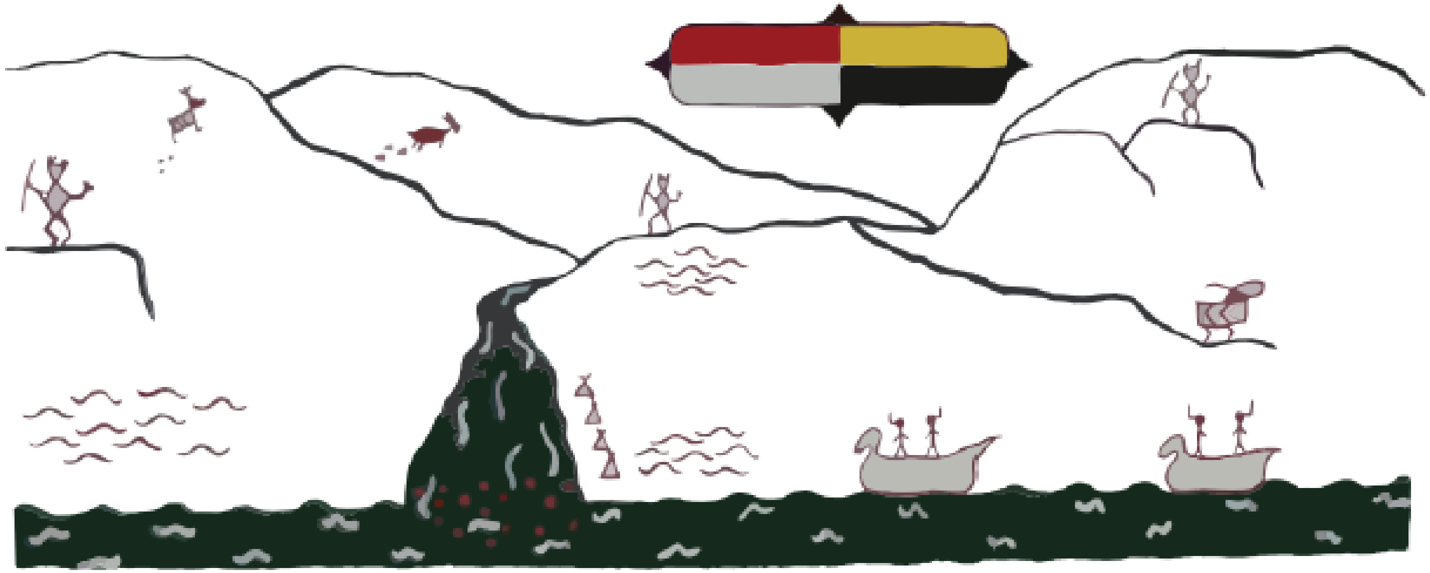
WHAT IS OUR OBJECTIVE?



- Support Kanaka's vision of attaining self-sufficiency, sustainability and vibrancy
- Carry out projects and initiatives that are in line with the CEDP
- Create opportunities and jobs for people in the community
- Develop capacity of workers in the office and out in the field
- Maintain and improve infrastructure assets
- Continue to develop own-source revenue streams for the community

KANAKA BAR LAND AND RESOURCES (KBLR)

- Parent entity that owns all four Subsidiaries i.e. KCRI, SWRI, KLH and KBES
- Provides financial oversight, management and administration support to Subsidiaries
- Generates money by collecting 'management fees' from profitable entities
- Spends money by investing and contracting to other Subsidiaries



KANAKA BAR LAND AND RESOURCES (KBLR)

	2017	2016
Revenues	$624,610	$131,948
Expenses	$255,108	$13
Net Income	**$369,502**	**$131,935**
Assets	$1,637,567	$1,268,067
Liabilities	$252	$254
Partner's Surplus and Shareholder's Equity	**$1,637,315**	**$1,267,813**

- Revenues increased because of charging 'management fees' to KCRI
- Expenses increased because of 'contracting' to subsidiaries and paying for 'admin' costs
- Assets increased because of subsidiary's performance, mainly KCRI's

KWOIEK CREEK RESOURCES INC. (KCRI)

- KCRI holds a lease on Whyeek IR-4 and owns 50% stake in Kwoiek Creek Hydro Project
- In return KCRI receives:
  - Lease payments
  - Royalty income
  - Interest on sub-debt
- As of July 2017, the Project made $7.3 million in actual revenues compared to $7.1 million that was budgeted

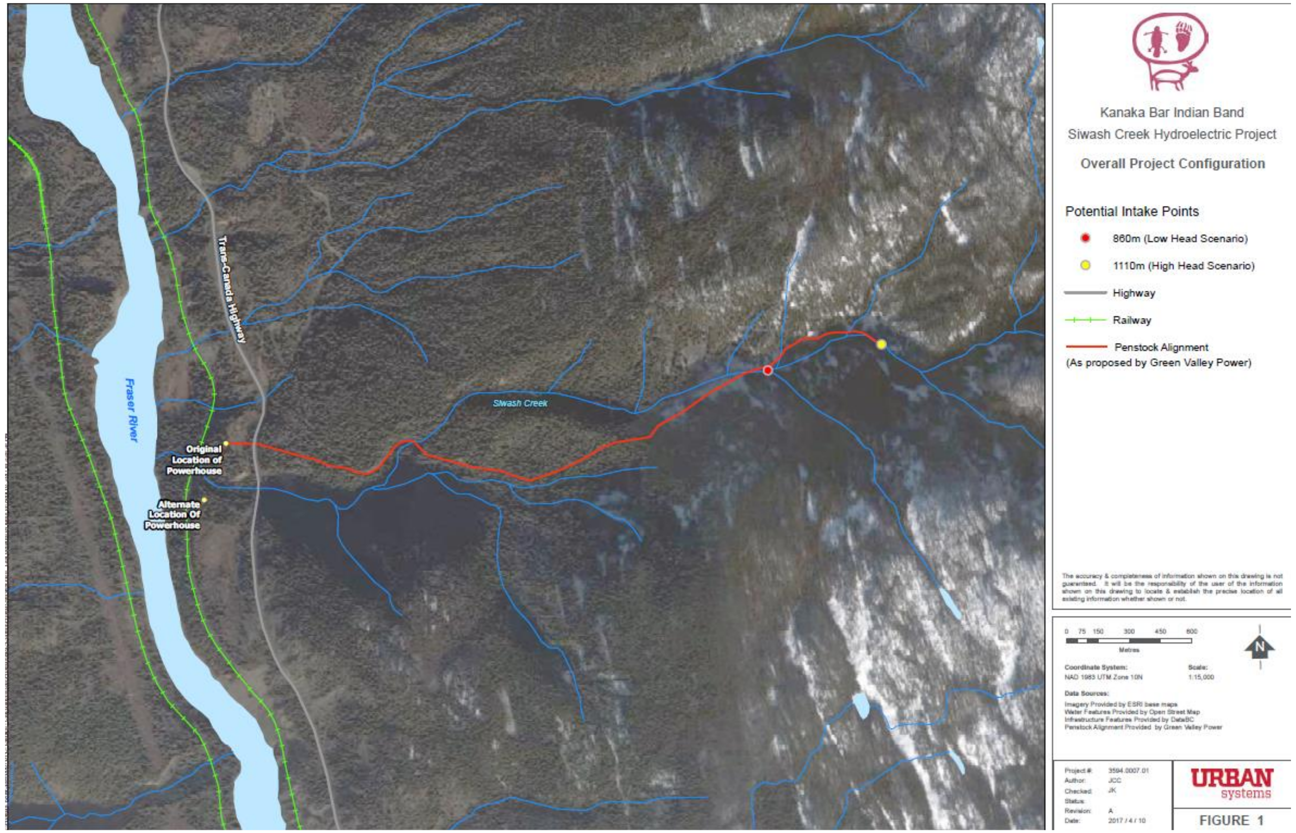
KWOIEK CREEK RESOURCES INC. (KCRI)

	2017	2016
Revenues	$848,061	$776,588
Expenses	$764,115	$625,176
Net Income	**$83,946**	**$151,412**
Assets	$4,521,157	$4,652,755
Liabilities	$3,603,979	$3,819,523
Shareholder's Equity	**$917,178**	**$833,232**

- Revenues increased mainly due to 28% increase in 'royalty' payments
- Increase in expenses is due to increase in 'management fees' paid to KBLR
- Assets went down because we withdrew a 'GIC' and transferred it to over to KBLR
- Liabilities decreased because of 'loan repayments' of $28,810 per month to BMO

SIWASH WATERSHED RESOURCES INC. (SWRI)

- SWRI owns 50% stake in Siwash Creek Hydro Project
- In 2016-17, Kanaka created a Project Development Strategy
- Key critical success factors yet to be determined by the Partnership
- This includes:
  - Hydrology of Siwash Creek
  - BC Hydro's Interconnection Costs
  - Water licence and Environment Permitting
  - Project Design, Engineering and Construction
  - Access to CNR and MoTI Right-of-Ways
  - Business Case



SIWASH WATERSHED RESOURCES INC. (SWRI)

	2017	2016
Revenues	$28	-
Expenses	$14,493	$21,056
Net Income / (Loss)	**($14,465)**	**($21,056)**
Assets	$604,579	$599,045
Liabilities	$520,099	$500,100
Shareholder's Equity	**$84,480**	**$98,945**

- Reduction in expenses is due to minimum business activity at the Partnership level
- Expenses include administrative costs and 50% share of Partnership costs
- Liabilities increased due to 'contributions' made by KBLR for operational purpose

KANAKA LAND AND HOLDINGS (KLH)

- KLH owns and manages ‘non-movable’ assets for Kanaka, except roads and WTP
- Owns 4 fee-simple properties with existing infrastructure on it
- Manages 15 tenancy agreements and 6 service agreements
- Main source of income is ‘rents’ and ‘service fee’ collected from residential and commercial tenants and users
- In return, KLH is required to maintain the lands and infrastructure on it
- Capital cost to maintain and improve building infrastructure was estimated at $450,000

KANAKA LAND AND HOLDINGS (KLH)

	2017	2016
Revenues	$72,452	$7,406
Expenses	$149,809	$5,636
Net Income / (Loss)	**($77,357)**	**$1,770**
Assets	$1,164,838	$342,012
Liabilities	$623,673	$6,185
Partner's Surplus and Shareholder's Equity	**$541,165**	**$335,827**

- Revenues improved by 10 times mainly because of charging 'rents' to tenants
- Expenses increased due to 'maintenance' of assets
- Assets increased because of acquiring Lot-4, Restaurant Lands and Old Deer Farm
- Liabilities increased because of 'financing' the acquisition of new assets

KANAKA BAR EMPLOYMENT SERVICES (KBES)

- KBES carries out projects such as:
  - Renovations
  - Construction
  - Land Clearing and Reclamation
  - Fuel Management
  - Community Maintenance
- Develops on-the-ground capacity and opportunities for people while working with professionals and experts
- Most important asset is the 'workers'

KANAKA BAR EMPLOYMENT SERVICES (KBES)

	2017	2016
Revenues	$400,368	$147,587
Expenses	$400,373	$147,776
Net Income / (Loss)	**($5)**	**($189)**
Assets	$40,966	$19,475
Liabilities	$41,159	$19,663
Shareholder's Equity	**($193)**	**($188)**

- Revenues and expenses increased due to new contracts with KBLR and KBIB
- Increase in assets and liabilities is due to inter-company contracts and a timing issue

CHALLENGES AND OPPORTUNITIES

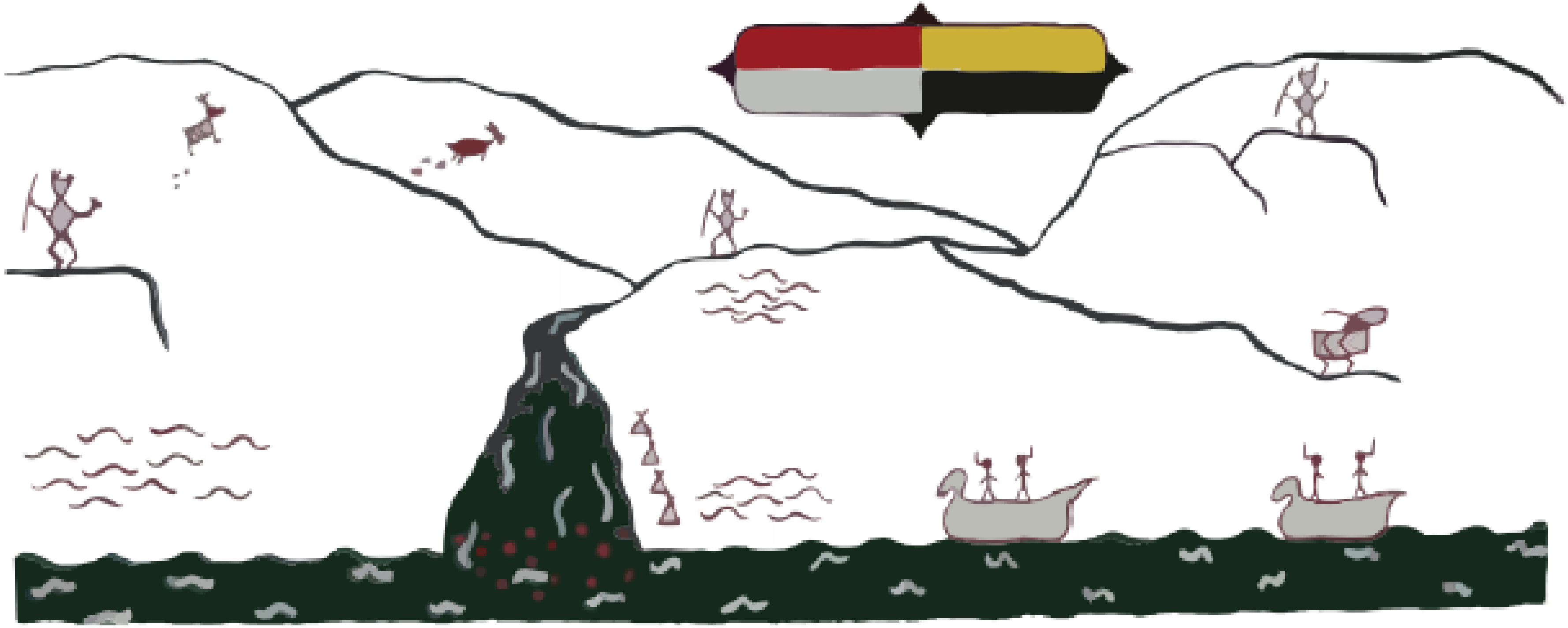
- **Climate change** surprises us every now and then. Snow and rain levels go up and down directly impacting the work, sudden high temperatures causes flooding

- We continue to work with **limited capacity** in people, train and mentor where possible but it still remains a challenge

- Existing **infrastructure** is coming to end of life, and new infrastructure is well, new! And we need to understand it

- Income generated is not enough to pay for the costs of maintaining the assets and new loans mean more money is needed for repayments. Need to find more **revenue** sources of and build on it

QUESTIONS?



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