



Listuguj Council Update

August 25, 2016

Hydro Quebec

In 2013, an agreement was signed between the Listuguj Mi'gmaq Government (LMG) and Hydro Quebec. The agreement states four conditions that need to be met by LMG before Hydro Quebec will sign a Power Purchase Agreement for the Mesgi'g Ugju's'n Wind Farm. The conditions are 1) LMG must pay all past due balances for LMG buildings 2) Provide office space and hire a community liaison officer 3) Encourage community members to make arrangements with Hydro Quebec 4) Allow the installation of smart meters.

Joseph Robert Metallic Memorial Rink

A proposal to install a roof over the JRM Memorial Outdoor Rink has been approved by Indian and Northern Affairs Quebec Region. \$159,000 will be received for the construction of a roof, expected to begin in the fall.

Hydrocarbon Development

A Memorandum of Understanding (MOU) between the Mi'gmawei Mawiomi Resources Limited Partnership and two oil and gas companies, Squatex and Petrolympic, has been approved by the Chiefs Executive Committee of the Mi'gmawei Mawiomi. A plain language summary, provided to Council, has been attached to this update.

Director of Operations

The Director of Operations position was posted internally to all LMG employees. After a two week period, the decision was made to make an external posting. The position will be posted on Monday, August 29th at the latest.

Council Meetings

The regular schedule for council meetings is every Tuesday at 6pm. Council meetings are open to the public.

Lands Management Regime

On August 16, 2016, LMG Council passed an Order In Council to access funding from INAC to exploring the option of a Land Management Code. The *Framework on First Nations Land Management* was negotiated between 14 First Nations and Canada in 1996, and ratified in 1999. This allows First Nations to opt out of 32 sections of the Indian Act relating to land management. This would allow the community of Listuguj to develop its own code to exercise control of reserve lands and resources. Funding for Phase I includes up to \$150,000 over two years to consult with the community and begin the development of a Land Management Code. \$215,000-\$300,000 per year is available for the Phase II implementation stage. There is no requirement to accept the new code if the community chooses not to.

Community Meeting

A community meeting is tentatively scheduled for September 15th at 6:00pm at the Listuguj Community Development Centre.

AFOA Training

Chief and Council and Directors of LMG attended a three-day training session, at LMDC, provided by the Aboriginal Financial Officers Association. The two courses delivered over three days are entitled *Effective Leadership* and *The Politics of Ethical Decision Making For Elected Aboriginal Leaders*.

Contact:

Mike Isaac, Communications Officer

misaac@listuguj.ca

418.788.2136

Memorandum of Understanding with Squatex and Petrolympic Plain language Summary

LMG Council
August 16, 2016

- A **memorandum of understanding (MOU)** is a nonbinding agreement between two or more parties outlining the terms and details of an **understanding**, including each parties' requirements and responsibilities. An **MOU** is often the first stage in the formation of a formal contract.
- Squatex Energy Resources Inc. and Petrolympic Ltd. are two separate oil and gas companies that have leases in Gaspesie and Bas St-Laurent. They are working together to develop and operate these leases. They are not merging together and they are remaining separate entities but are working in a joint venture (SPJV).
- The Mi'gmaq through the Mi'gmawei Mawiommi Resources Limited Partnership (MMR LP) is entering into a Memorandum of Understanding (MOU) with SPJV in regards to the exploring and exploiting the oil and gas resources in Gespe'gewa'gi.
- The terms of this agreement include the following components:
- MMR LP will receive a 5% carried interest. This means that MMR LP will receive 5% of profits after costs from each well in Mi'gmaq territory. It is not 5% share of the companies or ownership.
- Thus SPJV agrees to pay MMR LP 5% of their net revenue from each well after they have deducted their expenses, which include but are not limited to rents, royalties, and administrative costs.
- SPJV also agrees to pay MMR LP 5% of any other revenue raised on the leases that are related to the territory's natural resources.
- MMR LP will not be responsible for any costs related to exploration, development and completion.
- We get working interest, but we don't invest cash. If the company makes profit off the well, we get 5%, if it goes in the hole, we get zero. We are not liable for any investments that go into the negative. If any of the wells' revenue were to be negative the shortfall will deducted from future payments to MMR LP.

- Should Canada or Quebec law legally entitle the Mi'gmaq a royalty, or carried interest, or any other form of payment then the 5% payments from SPJV to MMR LP will be reduced by that amount to avoid double payment.
- SPJV will have full control over operations.
- Should Quebec decide to share a portion of their royalties with the Mi'gmaq it will not affect the 5% payments between SPJV and MMR LP.
- The Mi'gmaq have the right of first refusal should SPJV decide to farm out (subcontract) operations.
- SPJV agrees to hire as many Mi'gmaq as possible. Mi'gmaq will be considered favourably when bidding for procedures.
- MMR LP will be allowed to monitor SPJV's compliance with environmental regulations.
- Any revenue from wells that are in areas with multiple claims (Mi'gmaq, Maliseet and Metis) will be placed in escrow, custody of a third party, until the claim situation is resolved.
- Prior to any of the wells entering commercial development (commercial production) the SPJV and MMR LP will create and enter a detailed agreement that sets out the terms, conditions and processes necessary to implement this MOU.
- There is a Non-Disclosure agreement that stops SPJV from acknowledging or commenting on the content of this MOU without the written consent of the Mi'gmawei Mawiomi.
- Before transferring any rights or leases to another party SPJV will confirm with the MMR LP that this other party has agreed to the of the Master Agreement.
- This agreement does not hinder any aboriginal or treaty rights and title to Gespe'gewa'gi for the Mi'gmaq.