



Homalco Update

Focus on Forestry

September 2011

Homalco Forestry Vision

To provide integrated resource management for our core area of Bute Inlet by managing the land and forests within our traditional territory in a respectful way that provides for sustainable growth of all resources.

Our Forestry Goals:

- Participate in the management of our traditional territory (co-manage)
- Participate in the harvest activities, and
- Obtain a share of the profits.

We are pleased to provide this forestry update on Homalco forestry initiatives as promised in recent updates from Chief and Council. This brief update will provide you with information on:

- Forest Revenue Sharing Agreement
- Port Neville Logging Company Ltd. (PNL)
- Forest License Acquisition
- TimberWest Partnership
- Interfor Contract
- Treaty Land Selection
- Training
- Looking to the Future ...

We are well on our way to achieving our forestry goals and we're looking forward to the growth of our Homalco forestry operations so that we can provide our Nation with a substantial annual income stream and a large number of long-term well-paid direct community jobs and owner/operator opportunities for Homalco members.



Forest Revenue Sharing Agreement

Homalco has negotiated a Revenue Sharing Agreement with the Province of BC that gives our nation a share of the stumpage revenue collected from our traditional territory. This has given Homalco the following benefits:

1. Homalco now receives a percentage of the stumpage or forestry tax that is collected from all licensees that harvest timber in Homalco Territory.
2. This not only provides revenue to Homalco but is a clear message that Government recognizes our territorial boundaries and is willing to share with us the resource tax revenue collected from companies working in our Territory.

Port Neville Logging Company Ltd. (PNL)

Homalco took control and ownership of Port Neville Logging Company Ltd. on July 1, 2011. We purchased a well-managed timber harvesting company with in excess of \$2,000,000 of equipment and assets and capable of harvesting 150,000 m3 per year.

Doing everything we could to make sure we had a good deal (“due diligence”) was a major factor in negotiating and purchasing PNL. Aboriginal BC funding was provided to ensure that business planning and legal issues were completed with industry professionals. On the strength of the business plans, Indian and Northern Affairs Canada was able to contribute \$400,000 towards the purchase of PNL. This is a great advantage that will allow PNL to be profitable from year one.

The previous manager/owner of PNL, George Uzzell has managed his group of companies operating from Campbell River for over 30 years and is well recognized and reputed in the forest industry. George has agreed to stay on with PNL in a management role and has agreed to sit on the board of directors for PNL. Working with George will be PNL’s Logging Manager, Neil McIver. Neil has worked in the forest industry since 1974, mostly with TimberWest and brings a wealth of logging, construction and forest management experience to Homalco. Neil is looking forward to being involved in training programs offered to Homalco and other First Nation members and is looking forward to the opportunity to mentor trainees and newly trained forestry workers.

PNL has been operating now for almost three months and progress has well-exceeded our budget expectations. We have watered 65,000 m3 to date (50% ahead of budget) and as a result Interfor has agreed to increase our volume this year by 50%. We will publish quarterly financial statements and plan to have the July-September quarterly statement published in late October.



Forest License Acquisition

Homalco is negotiating a five-year forest license with the government. This license is expected to be offered early next Spring and will give Homalco the right to harvest and sell 64,000 m3 of logs from our traditional territory. We will use our own timber company, PNL to harvest the timber and will then sell the logs on the open market for additional profit.

TimberWest Partnership

We have been negotiating with TimberWest over the past three years and are very close to an agreement whereby Homalco will provide operational management to TimberWest on Sonora Island. This will double the harvesting volume for PNL from 80,000 m3/year to 160,000 m3 and as important will provide PNL with a suitable winter show resulting in an eleven-month operating season. This is a significant benefit to Homalco that will lower operating costs and provide additional jobs and training opportunities.

Interfor Contract

Homalco has negotiated a five year renewable timber harvesting contract with Interfor. The contract is to harvest a minimum of 80,000 m3 of logs each year from Bute Inlet. We commenced work on this contract on July 1, this year and have done so well that Interfor has agreed to increase our volume to ensure our men and equipment can operate through the winter. This contract gives Homalco the right to log in Bute Inlet for Interfor rather than other contractors. We have the flexibility to renew this agreement after three years of operation for a further five years on a continual basis.

Treaty Land Selection

Homalco has an opportunity to include forest land as a major component of our Treaty Land Selection. Good site forestry land is an invaluable asset that will earn Homalco a significant income stream from the day the land is acquired. It will also afford Homalco the opportunity to expand our business and become a major player in the Forest Industry on Vancouver Island.

We need membership input to decide on the best areas for our Treaty Land. We plan to communicate with our citizens and base our discussions on who we are and where we come from (not the Indian Act). Land selection does not just involve forestry, it comes with recreation, cultural and heritage values as well as other resource values such as fisheries, energy. It is expected that our forestry program will double in size and revenue once our treaty land selection is decided upon and implemented



Training

We are presently meeting with BC and Canada in an effort to develop a comprehensive training and mentoring plan. We realize that there is a huge demand for experienced forest workers and if we intend to grow our business we will have to train our people. We envision a 6-12 month program that offers safety, environmental management, fire protection, power-saw and equipment operator training from both an academic office setting through to training on the job in the woods.



Looking to the Future ...

Forestry is not just “working in the woods”. We need a strong management team with administrative support. This includes clerical, secretarial, accounting, transportation (land, water air), surveying, environmental, mapping, safety/1st aid and professional disciplines such as Biology and Geology. The wealth created from our forestry program will assist our young people to continue their education with the knowledge that there is a job within our community to go home to. Training programs will be available within the next few months and will offer the unemployed an opportunity to acquire the skills needed to get back to work. Let us know your work aspirations so our training programs can be tailored to your needs.

As previously stated our goals in forestry are to participate in the management of our traditional territory (co-manage), participate in the harvest activities, and obtain a share of the profits. We intend to implement training and mentoring programs for those Homalco members interested in forestry and we will continue to “grow” our forestry operations through additional forestry contracts and acquisitions so that we can provide our Nation with a substantial annual income stream and a large number of long-term well-paid direct community jobs and owner/operator opportunities.



Updates to follow:

Council is committed to providing information on our initiatives on an on-going basis. We are trying to keep the updates brief and concise, but of course we are open to hearing your questions and requests for more detailed information, so please feel free to contact our offices with any questions or requests. Watch for updates to follow on:

- Financial updates
- Treaty negotiations
- Comprehensive Community Planning
- Other general updates (let us know what you want to hear more about)

Contact us:

Please be sure that your address is up to date so we can continue to send updates to all members.

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