

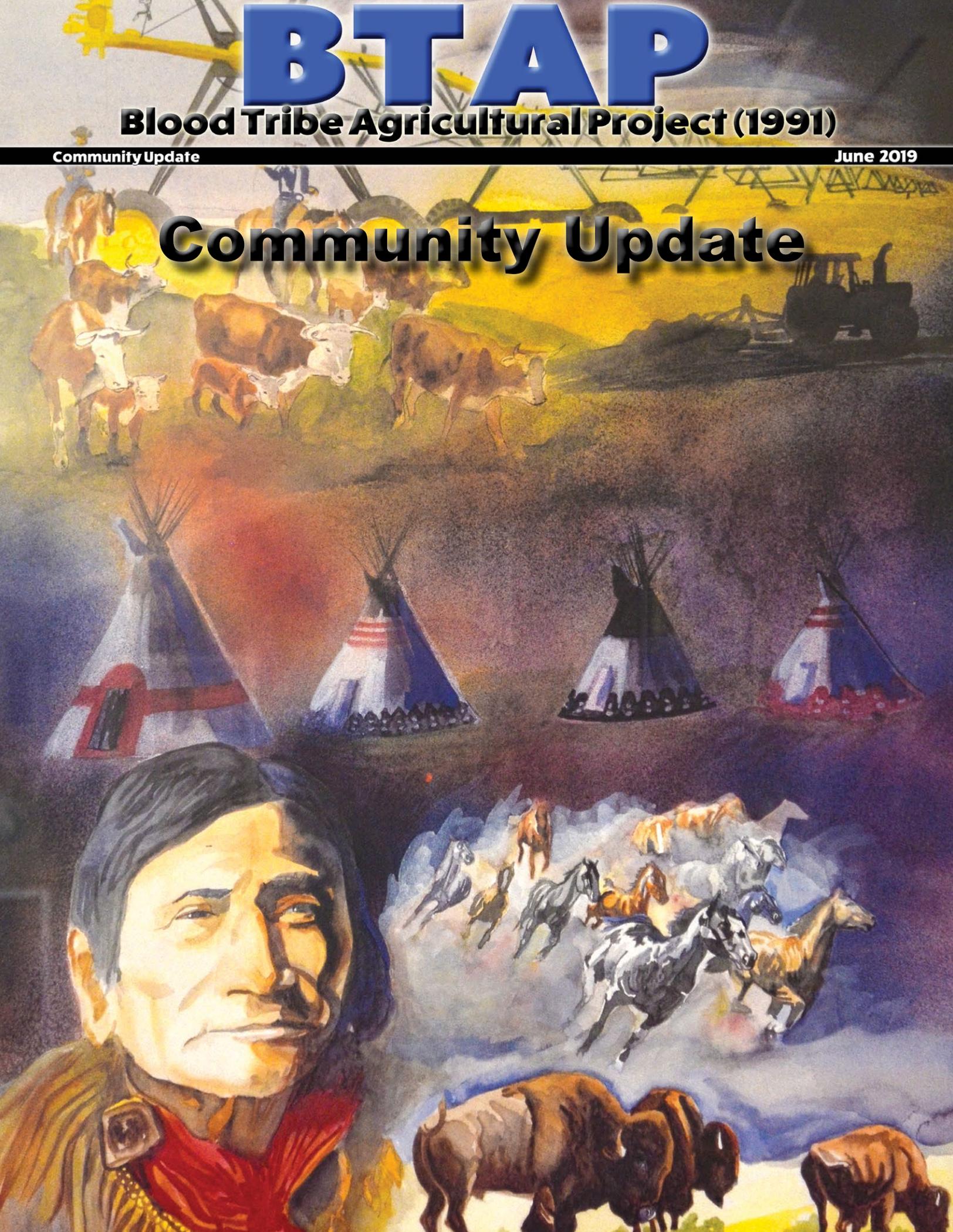
BTAP

Blood Tribe Agricultural Project (1991)

Community Update

June 2019

Community Update





BLOOD TRIBE
AGRICULTURAL
PROJECT (1991)

BTAP(1991)
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Published by Blood Tribe
Administration
COMMUNICATIONS
Department



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Printed by

graphcom
PRINTERS (2011) LTD.

Community Update

June 2019

table of contents

3. **Chief's Message**
4. **President's Report**
5. **General Manager's Report**
6. **General Manager's Report**
7. **General Manager's Report**
8. **Irrigation Systems**
9. **Irrigation Systems**
10. **Operation and Maintenance Update**
11. **Operation and Maintenance Update**
12. **Map**
13. **Map**
14. **Forage Plant Partnership**
15. **Forage Plant Partnership**
16. **Forage Plant Partnership**
17. **Forage Plant Partnership**
18. **Production Coordinator Report**
19. **Quality Control Officer**
20. **Pete Standing Alone Tribute**
21. **Timeline**
22. **History of Agriculture on the Blood Reserve**
23. **Board of Trustees**

cover photo

The artwork featured on the front page is from Blood artist Henry Standing Alone (1935-2010). Standing Alone was a famed artist whose drawings are featured in many galleries.

In recognition for the grand opening of the Blood Tribe Agricultural Project 1991 – Makinnima Building, June 9th, 1994.

Front Page Artwork: Henry Standing Alone

Additional Photographers:
Tom Russell, Myron Fox

**OKI NI'KSKIOKOWA KAINAIWA**

On behalf of our Council and Board of Directors, I am proud of the progress that we have all made in turning around the business operations of BTAP towards a profitable venture again.

We thank the Board, Management, Staff, Farmers, Advisors and business partners in the success that we have accomplished through proper planning and hard work. When our new Council and Board took over two and a half years ago, we took up the challenge of making BTAP into a profitable operation again and over-turn the millions of dollars that it had lost previously.

We have ensured that our irrigation project become successful again and we have proven that through the millions of dollars that it has earned and profited over the last 2 years.

We will continue to develop and expand the total operations of our irrigation project through smart planning and negotiations and utilizing the capacity and expertise that we have developed and acquired.

We are now entering the next exciting phase of expanding our total project and we have negotiated with trusted and proven business partners in increasing the forage crop operations. Our goal is to eventually grow and process over 125,000 metric tonnes of forage crops for global markets & exports in Asia and the Middle East.

We have entered into a business partnership with Indigena Capital and they have provided the necessary money, expertise and business acumen in ensuring that we become the biggest exporter of processed forage crops in Canada.

This is the kind of agricultural development and profitable business operations that I had envisioned when we originally negotiated the Irrigation Project several decades ago.

I thank the membership of Kainai / Blood Tribe in allowing our Council, Board, Staff, Advisors, Farmers and trusted business partners the opportunity to make our Blood Tribe Agricultural Project into what it was meant to be - A proud example of our historic business capabilities and path towards Financial Sovereignty.

Makinima

Chief Roy Fox

PRESIDENT'S REPORT

In line with our commitment to transparency to Blood Tribe members, it gives me great pleasure to provide a brief update.

It took about three years to get BTAP back into a profitable position. Credit goes to the co-management board, the co-management team and our present board, staff and technical working group. In addition to those individuals, some of the original founders were heavily involved. The original business model was sound and that was the key to the incredible turnaround.

When the irrigation component of BTAP became stable, we began to focus on the processing plant. A solid 5 - 6 year strategic plan, expanding into marketing and securing other components of the value chain attracted a partner that was willing to invest in our forage export opportunity. We are now poised to be a global player with great growth potential.

Now that we have rebuilt the organization it would be a mistake to continue operations with the vulnerabilities the present structure poses. Our challenge is to insulate the

organization from what we call the "Political Cycle". We feel we have achieved this by placing the shares/assets of the processing plant into a business trust. These assets will be managed by Trustees instead of a Board. The Blood Tribe will be the beneficiary of the trust and will enter into an agreement with the Trustees who must meet performance standards to continue. For example, the Business Trust must pay the Tribe \$1.3m a year for the rent of the BTAP lands. The Business Trust must pay the Tribe an annual dividend of no less than \$200,000 a year. Failure to meet minimum performance standards will result in the dissolution of the Trust. In essence, the Blood Tribe will now contractually hold BTAP accountable to the membership.

HANK SHADE



BLOOD TRIBE AGRICULTURAL PROJECT (1991)

COMMUNITY UPDATE

JUNE 2019

Levi Blackwater - General Manager



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Oki, on behalf of the Trustees of Blood Tribe Agri-Business Trust and the staff members of Aohkii (2018) Ltd and the new Kainai Forage LP, I extend greetings to the Elders, Shareholders and Blood Tribe membership. Much change has occurred to the organization since 2016. At times change has been difficult and times when change has given support and a path towards becoming a viable business entity. The latter has been the focus of Leadership and all members of the Management team, great strides have been accomplished.

This report will cover the following items;

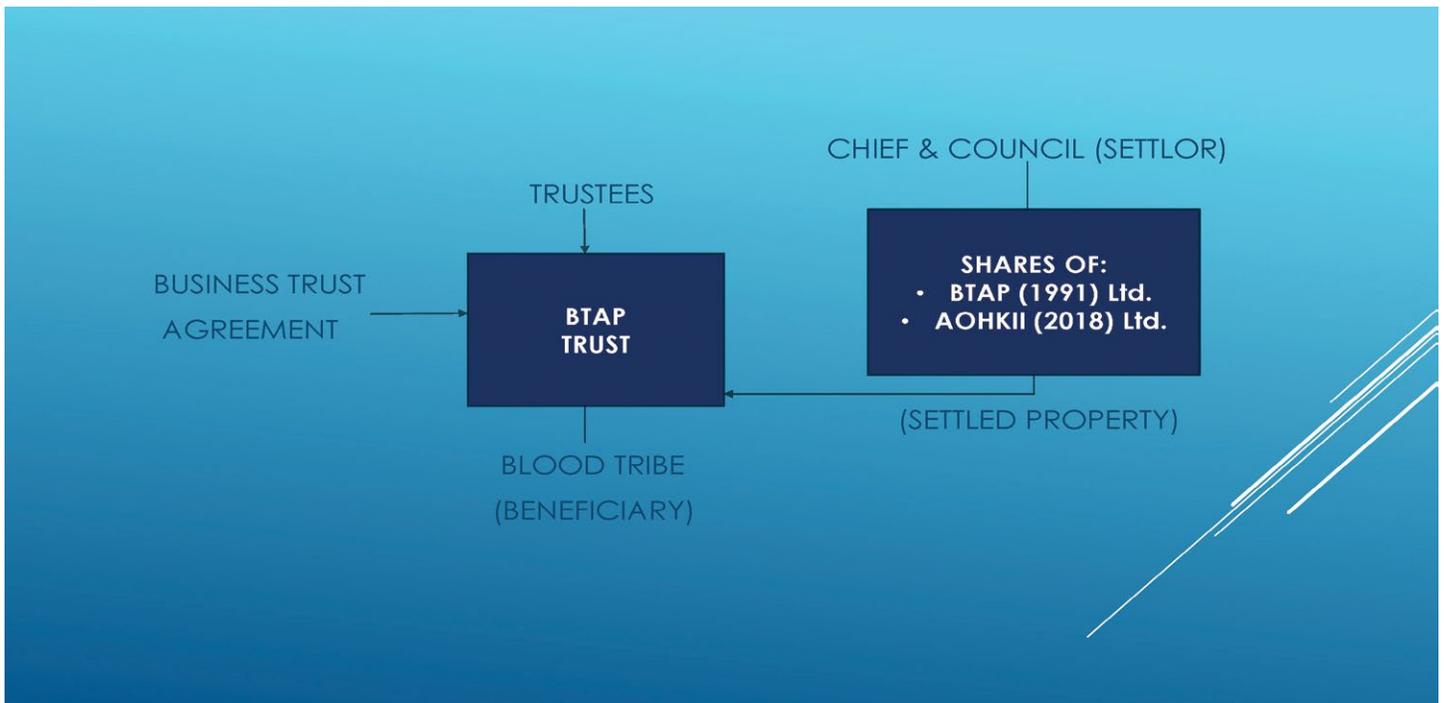
- 1. Financial Highlights**
- 2. Re-Organization**
- 3. Action Plans**

Financial Highlights

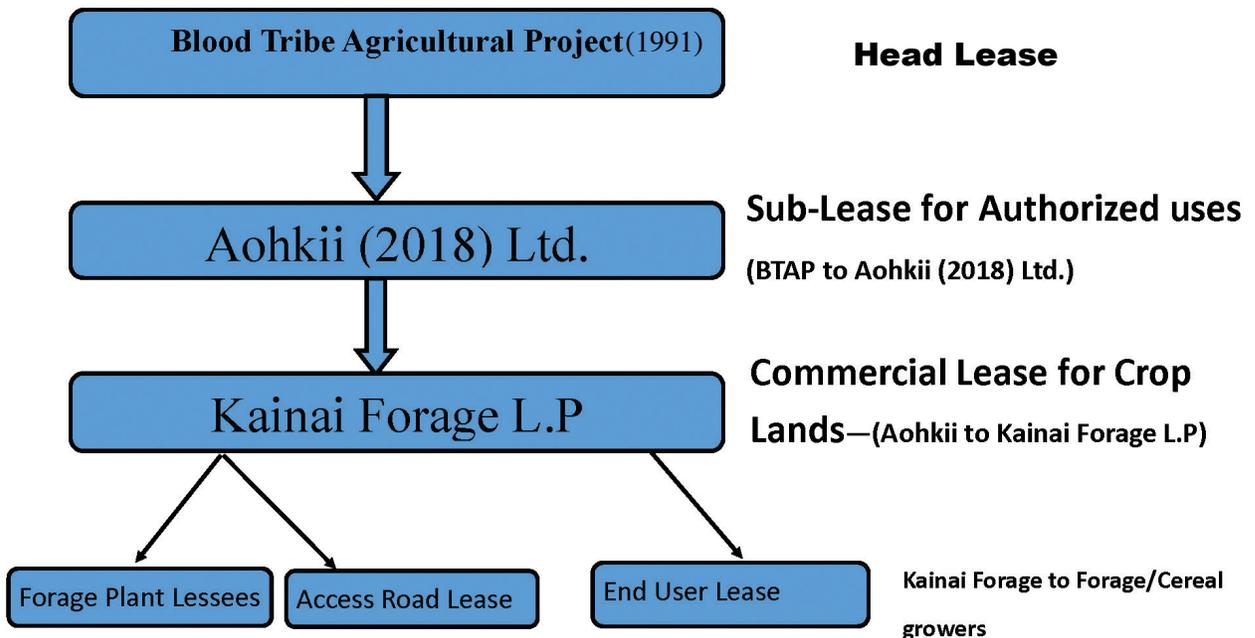
- Profitability – **2016/17 FY – (\$3.4 million), 2017/18 FY - \$3.2 million, 2018/19 FY – projected at \$3.5 – 4.0 million.**
- Rental payment to Blood Tribe increased from **\$717,000 (2017) to \$1,313,000 (2018)** and will exceed **\$1.4 million** in 2019.
- Debt owed to Tribe has reduced by **\$3 million** in the past 2 years.
- BTAP paid first dividend in the amount of **\$195,000** to Shareholders in 2018/19 FY.

Re- Organization

- **New Headlease** in place extended to 2068 – Rent paid for initial 5 years at \$57/acre or \$1,481,443/year, rent review every 5 years.
- **Blood Tribe Agri- Business Trust** has been established
 - a. Minimize impacts associated with the political cycle
 - b. Continuity of knowledgeable, experienced, business oriented governance
 - c. Certainty for stakeholders (lessees, bankers, employees, suppliers and partners).
 - d. Focus on maximizing value of the Tribe's resources.
 - e. Chief and Council creates Business Trust for the benefit of present/future Tribal members –
Shares of **BTAP (1991) Ltd., Aohkii (2018) Ltd** are put into the Trust.
 - f. Performance requirements –
 - i) must be profitable, 5 year rolling average net profit of **\$1 million/yr,**
 - ii) payment to the beneficiary (membership of Blood Tribe as represented by Chief and Council) minimum requirement; Headlease rent and 10% of rolling Average net profit – minimum of **\$200,000.**
 - g. Termination of Trust – perpetuity except where f i) and ii) are not met.



- **Indigena Capital/Aohkii (2018) Ltd** have formed **Kainai Forage LP** – as this report progresses Indigena will provide a detailed summary.
- New Commercial Subleases with Kainai Forage LP.
- Kainai Forage LP has new End User Subleases with Cereal/Forage Growers.



Action Plan 2018/19

- **New Hayshed** completed for the 2018 crop year.
- Lateral A and B (Phase 1 and 2 of 6 phases) **pivot refurbishment** has been completed.
- **Continued Mokowan Infrastructure maintenance** – annual R&M canal and reservoir.
- Wound down **inhouse Farming operations**.
- **Reorganized** Forage Plant and Water Delivery operations.
- Stored, processed and export 22,000mt of **Forage product**.
- Created **Joint Venture** with Olds Agtech to Market hay
 - transitioned to full marketing operation
 - in place and operational.
- **Continue deficit recovery** – on schedule with the remediation plan.
- **Finalized partnership** with Indigena Capital – Kainai Forage LP operational.

Action Plan 2019/25

- **Complete refurbishment** of canal/dam and pivots – On schedule, will begin Phase 3 pivots Fall of 2019.
- **Add Mataki Farms and portions of West End Big Lease to the Headlease** – In process with Surveys and Environmental. Expansion of approximately 5000 irrigated acres.
- **Expand/optimize Forage production/processing and marketing** – Kainai Forage LP (Indigena)
- **Pursue additional water allocations** through the Tripartite Committee – Canada/Alberta/Blood Tribe.
- **Finish deficit recovery** – All debt paid 2020/21.
- **Continue to improve efficiencies and outcomes.**
- **Seek new opportunities.**

BTAP has reached a milestone, 2019 marks the 25th year of operations. To our Forefathers that envisioned, to previous Leadership that negotiated and provided direction, and to all staff and local contractors, a job well done. We hope to announce soon plans for a commemoration.

Thanks,

Blood Tribe Agricultural Project (1991)

Levi Blackwater

General Manager



BTAP Irrigation System



The Blood Tribe Agricultural Project (1991) irrigation system is a unique system, it is a system which the water delivery system runs through the Blood Reserve through open canals, and reservoir and underground pipeline distribution system that is known as a “closed system”, in which the water does not flow back into the river basin. The water is diverted from the St. Mary-Belly Diversion Canal into the BTAP water delivery system then into the production lands , which comprises of underground & pressure pipelines then 104 center pivot systems that irrigate approximately 18,400 acres of irrigable land. Also Mataka Farms consists of 18 center pivot systems irrigating approximately 2,303 acres of irrigable land. The sprinklers on all 122 center pivot systems consist of 60% (1) high pressure and 40% (2) low pressure (effective/conservative type).

The low pressure system is basically consisting of drop tubes with sprinklers that are located closer to the ground for effective water application.

As for the high pressure sprinklers they are located on top of the center pivot system which are susceptible to wind drift and not a uniform application but this was an industry standard.

The Blood Tribe Irrigation System is one of a kind that was extremely well planned that factored in environmental standards, elders input, and incorporated by professionals such as engineers, technicians and overall Blood Tribe input.

Operations & Maintenance is a vital part of the BTAP’s daily operations. The full-time Pivot Operators are highly skilled in the maintenance of the pivot system and bring a wealth of knowledge to this field. FieldNET is utilized by the Pivot Operators to monitor the entire pivot system and can be controlled remotely from the office and provides daily, weekly, and monthly water usage reports.



cont...



The system allows farmers to view the status of their pivots, these pivots includes:

BTAP 104 pivots

Mataki Farms 18 pivots

SCADA (Supervisory Control and Data Acquisition) can be controlled automatically or manually; the computer system controls water levels by adjusting gate positions and can directly input gate positions from a remote computer.

New Pumpsite w/ 6 pumps servicing 16 pivots



OPERATIONS AND MAINTENANCE UPDATE

We are in the 25th year of irrigating, the project has undergone changes in the last few years. restructuring and refurbishment of the infrastructure. BTAP is acutely aware of the need to use irrigation water efficiently. The old style high impact sprinklers on the older pivots were not efficient, so they have been replaced with low pressure drop tubes and nozzles. A more efficient water application to the crops. We are looking into expanding our irrigated acres on the West End Big Lease and Mataki Farm, part of the process includes an Environmental Assessment and Legal Surveys on the proposed areas. The EA and Surveys will be completed this year.

- BTAP has retained MPE Engineering as consultants on the project. They have done a infrastructure last year, looking at the BTAP canal and structures and gave recommendations on maintenance. This report was funded by Alberta Environment and Parks.
- Dam Safety Review of the Mokowan Ridge Canal was completed in February. This was funded by Alberta Environment and Parks. One of the recommendations of the review was to have an emergency response preparedness plan in place. the Alberta Government has a CAP program that provides funding for 75% of the cost to have an EPP prepared. BTAP applied for the funding and was successful in obtaining the funding. MPE Engineering has received the contract (reservoir pic here)
- Aquasystems 2000 installed automated screen cleaners at the four mainline inlet structures. The cleaners will ensure water flow is not slowed down by dirty screens.



- phase 1 refurbishment was completed last year, on Lateral “A” three pivots were replaced and 8 pivots received new gear boxes, motors, tower boxes, tires and control panels.
- Phase 2 refurbishment was completed this winter on Lateral “B”. this included refurbishment of 19 pivots, the drive train and electrical parts were replaced.
- The pivots that had the impact sprinklers have had new sprinkler packages installed. The drop tube design provides a more efficient application of the water.



- The seasonal operators positions were posted out this winter. We have three operators returning and five new successful applicants on our staff. The crew went through pivot training with New Way Irrigation as well as some agronomy training with Rob Dunn. The crew has been busy with spring maintenance and we are currently irrigating the established forage fields. The guys are doing a tremendous job.
- We have hired a fencing crew on contract to repair the fences along the Mokowan Ridge Canal. The crew will complete 16 km of fence line and 4 road crossings.
- The canal was sprayed last year to control the vegetation along the canal slopes and we will be spraying again in early June and again in September.

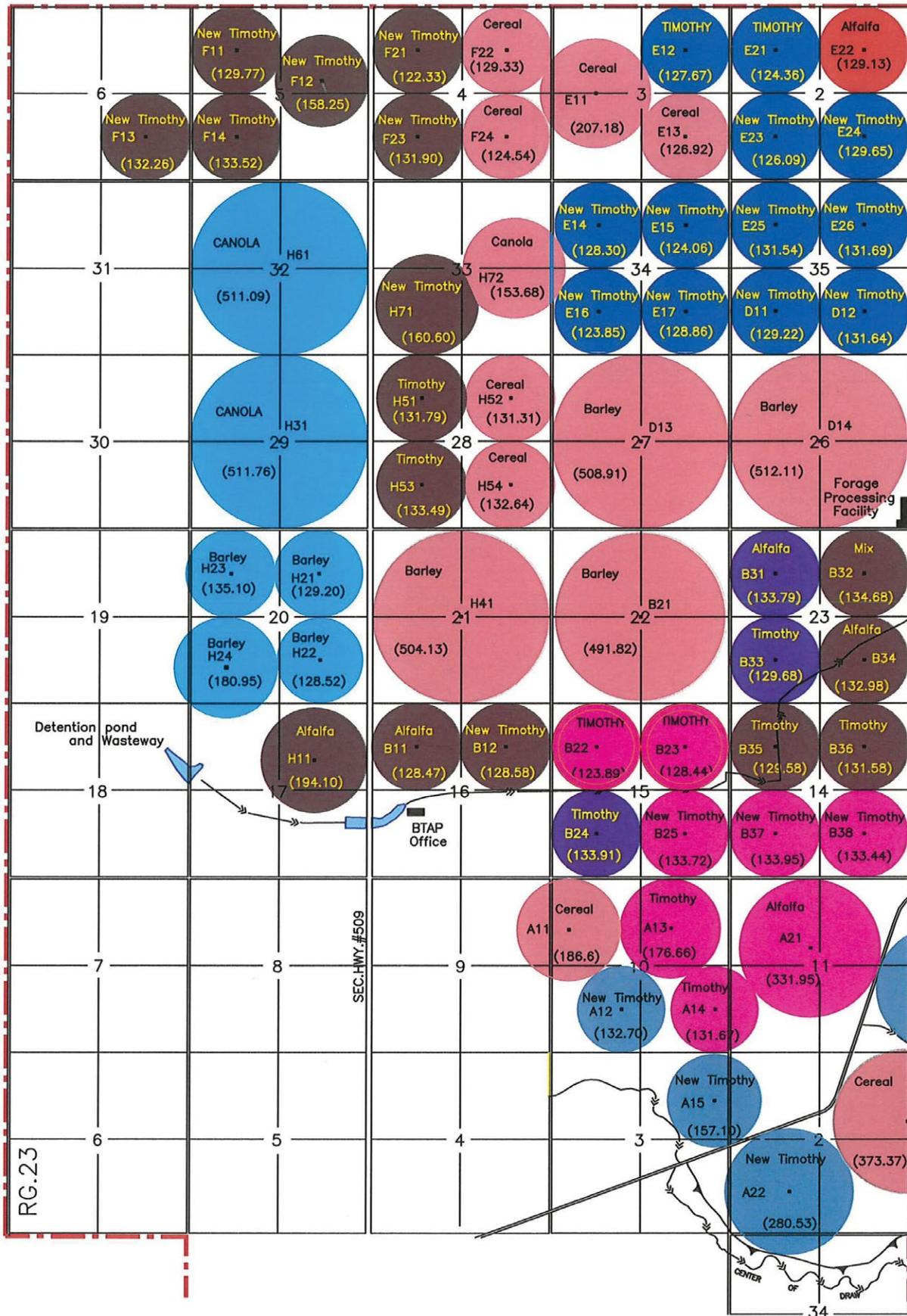
Phil Eagle Bear

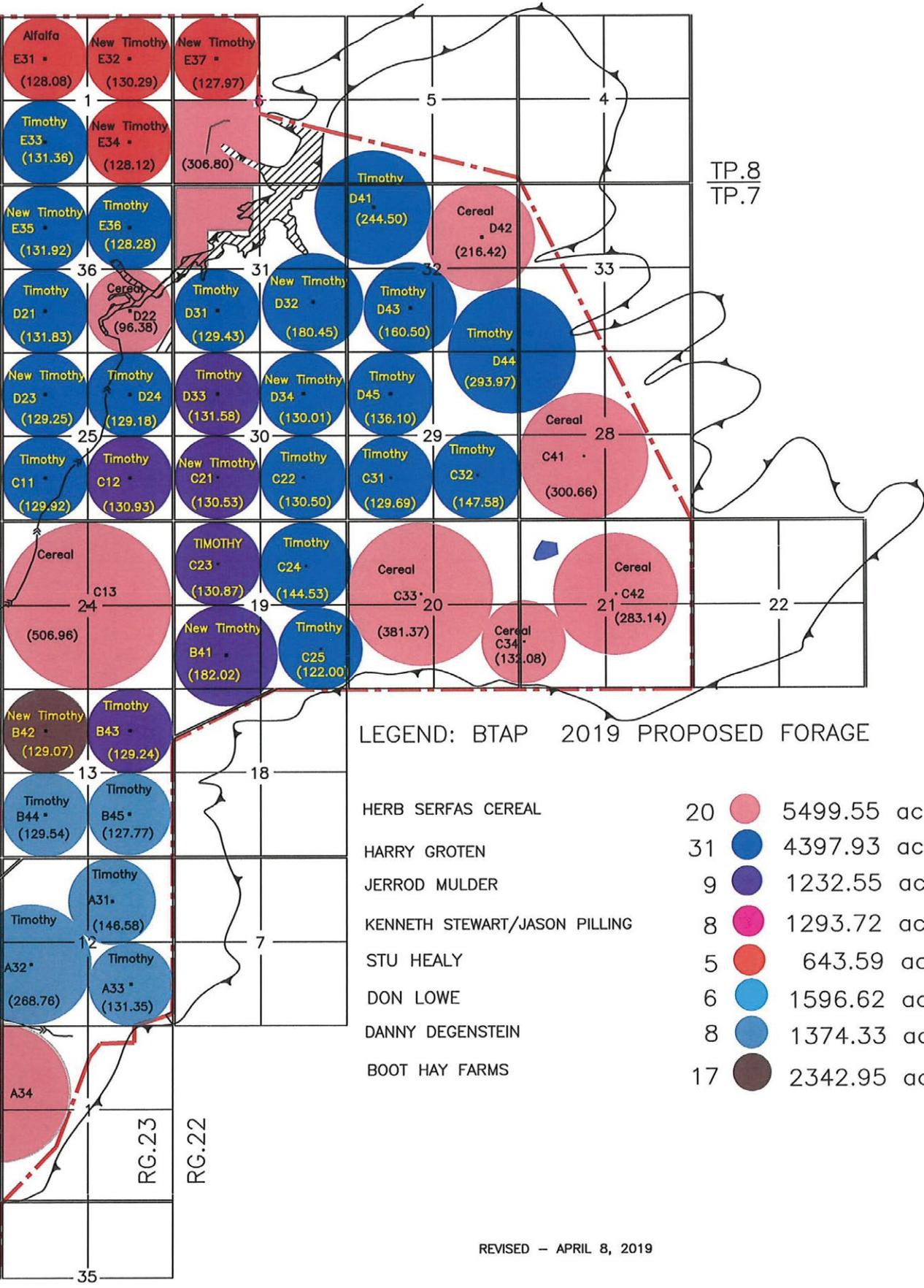
Operations and Maintenance Supervisor

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REVISED - APRIL 8, 2019

SPRING 2019 UPDATE

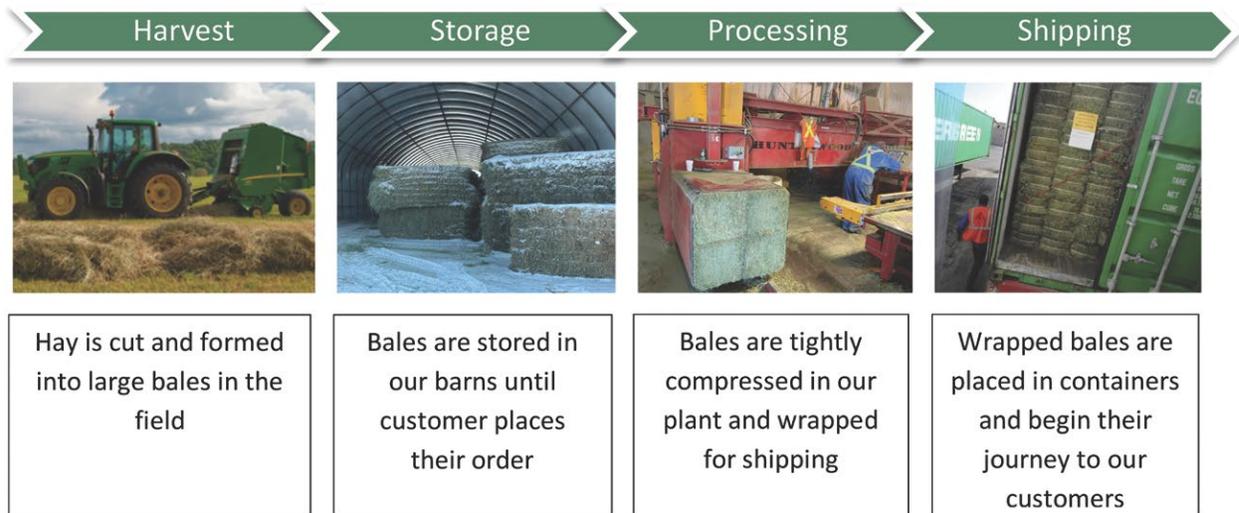
Forage Plant Partnership



Background

The Blood Tribe Forage Processing Plant started in 1997 with custom processing of hay grown on the Blood Reserve. In 2010 the operation started to expand to control all areas of the industry: producer, processor, exporter and marketer.

Hay Processing at Kainai Forage



Partnership Overview

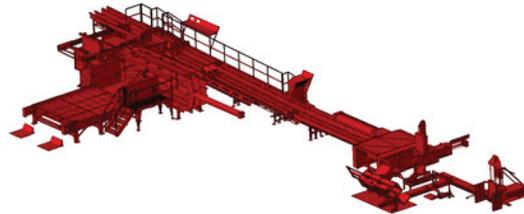
From 2016 to 2018 we focused on streamlining our business and introducing operational improvements to the organization. With our business and strategic partners, we rewrote our leases with key provisions so that our growers would dedicate their forage crops to our processing plant to be stored, pressed, and exported. This model requires a substantial amount of available cash as farmers are given advances on their sales to commit to the program. For the 2018 season, we had an agreement with Olds Agtech, whereby they provided the marketing and shipping logistics and we shared the cash advance requirements 50/50.

With the completion of the revisions to our head lease in 2019, we are now able to substantially expand the Blood Tribe's forage business. Throughout 2018 we and our partners at Indigena investigated the possibility to expand our overseas marketing and partner for the needed investment to expand the business.

The rationale for a rapid expansion, from 30,000 Metric Tonnes ("MT") to over 130,000 MT in 5 years is threefold. From an overseas end-user perspective, we need to be able to provide long-term certainty of supply to our customers to secure needed contracts. We also need to have sufficient scale to meet their needs. Large forage importers do not want to deal with many small exporters, they would rather partner with those large-scale providers that can meet their needs more efficiently.

This is an important theme in the overall agricultural industry as can be seen by the size of the main players. Finally, the Blood Tribe, if we can expand to meet the needs of the

Kainai Forage Hay Press



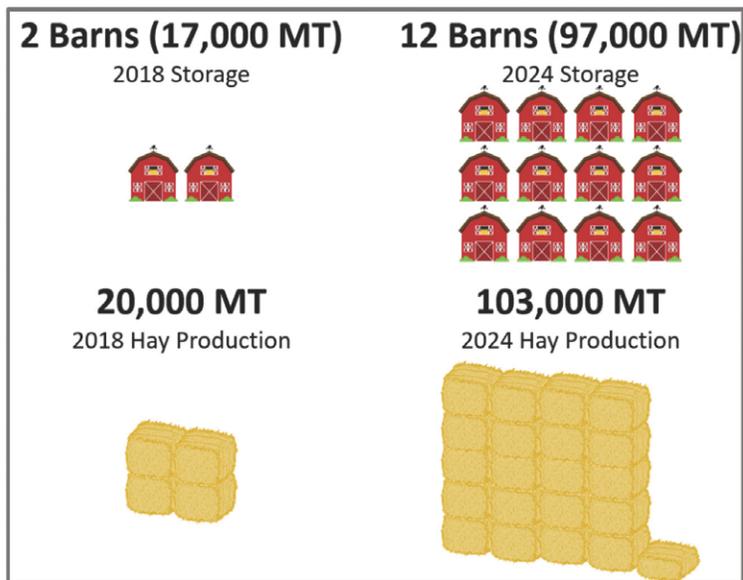
The Hunterwood FC8322 is a versatile forage compactor providing us with the ability to input a variety of field bales. With the flexibility to produce multiple bale sizes, our hay press reliably creates export quality compressed hay bales to suit market needs and expectations.

The Kainai Forage Plant team utilizes this machine to achieve production output rates of up to 13MT per hour.

SPRING 2019 UPDATE

markets in a timely manner, have an early mover advantage because we have an established business and certainty now of supply. Today's global need for export forage, however, will quickly be filled by competitors. If we do not capitalize on the opportunity now, we stand to be left behind.

In April of 2019, the Board of Directors of BTAP, with the support of Chief and Council entered into a partnership with Indigena Capital to expand our forage business. Indigena will provide the roughly \$10 million investment to expand the business, and together we have rebranded as Kainai Forage. We and our partners at Indigena will purchase 10 new barns and two hay presses



in order to process and store the increased amount of hay coming through the plant. The Kainai Forage partnership is 51% owned by the Blood Tribe and our interest is held under our new agriculture trust. The remaining 49% is owned by Indigena, who, in exchange, provide the roughly \$10 million investment needed to rapidly expand. This partnership was carefully structured with the following goals:

1. Ensure that the Tribe was no longer risking its own money in the commercial venture
2. Provide the needed business trust structure, land and water dedications to enable the investment on Reserve
3. Ensure investment was of a size to enable the needed growth to make Kainai Forage a sustainable enterprise
4. Ensure we had the needed financial and human resources to provide for the highest levels of safety and care for our employees in the operation.

SPRING 2019 UPDATE

About Indigena

For 30 years, Indigena Capital and its founders have invested alongside First Nation, Inuit and Métis peoples of Canada and Tribal Nations in the U.S. (“Indigenous Nations”).

Indigena Capital works exclusively on behalf of its Indigenous Nation partners to assess opportunities to increase the value of the Nation’s advantaged rights and resources, as well as provide the investment capital and transactional expertise.

The Indigena investment model provides to the Nations’ an economic engine for positive social, educational, and health outcomes.



John P. Jurrius, CEO Indigena Holdings



AOHKII (2018) LTD.

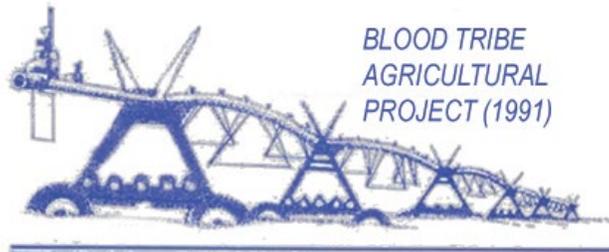
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Production Coordinator Report

My name is Jamie Striped Wolf the Production Coordinator at Blood Tribe Forage Processing Plant I've been Coordinator for about 9 months. I was a Retriever driver first, then Production Line worker, then Foreman and now the Production Coordinator. I oversee production operation which consist of processing timothy or alfalfa hay for export to over-sea customers.

- The production process consists of taking the raw hay that is baled in the fields in the Summer and stored at our facility until customers place an order
- When a customer places an order for hay, we process raw bales into double compressed bales weighing between 49kg to 58kg per bale in various packing styles depending on customers' requests
- The finished product is stock piled in our staging area awaiting shipment out via cargo shipping container.
- My production team runs on two crews of 4 workers on two shifts to 8 workers on one shift, depending on the number of orders are being processed at the time, on 9-hour shift(s)
- Our two 9-hour production shifts consistently outproduces other plants running on 12-hour shifts
- This past year, we purchased a new strapper and a new stretch wrapper, which have made a big difference in our team's production output this year.
- We've also recently started a maintenance program to record all repairs and service in order to ensure that our equipment remains in top condition
- This year, we will be making some significant upgrades regarding production operations with a new press machine and upgrades to processing plant buildings.
- Our new partner, Indigena Capital, will be assisting us with these upgrades and we are very excited for this new venture
- With the help of Indigena, we also started a safety training program for the processing plant to ensure that we are creating the safest possible work environment for our workers



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Quality Control Officer

Oki, my name is Albert Big Swallow I am the Quality Control Officer (QCO) for the Blood Tribe Forage Processing Plant (BTFPP). I've been recently promoted to this position in November of 2018 but I've been with BTFPP since 1997 when they began operations that fall. My first 3 years at the plant I held the position of baler operator and yardman. When I started, I was trained for the Pest Control Management (PCM) position alongside (the late) Kerry "bucky" Knife, (the late) Wilbur "Hobo" Day Chief and Leonard Little Bear. Since that time, we have moved the Forage Plant forward to establish ourselves as world class producers of Timothy and a custom pressing company. We accomplished this because we work as a team. Teamwork is key in this industry in order to stay competitive in the world market. My main duties are:

- I work closely with farmers that grow our product on Blood Tribe Agriculture Project (BTAP) lands and ensure that they are using good farming practices.
- I work with our field scouts and inspect every one of our fields during the growing season which is from April to September.
- During harvest I inspect all incoming hay from our fields for quality, assign storage for all fields, and monitor moisture levels throughout the processing season.
- I work closely with Marketing, Export Administrator, Production coordinator, and production line foremen during the processing season.
- During the processing season I also ensure that production has the tonnage and the grade to fill orders for our overseas customers and I also deal with end-users on any claims they bring forward.
- My main responsibility is to work alongside Production and Producers to follow our Quality Control System Manual (QCSM) and ensure that the hay intended for export is grown and processed following acceptable agronomic practices instructed by Canadian Food Inspection Agency (CFIA), under the Canadian Hay Certification Program (CHCP).
- Quality Control Officer (QCO) and Marketing both grade incoming hay and allocate grade and texture to customers' preferences.
- QCO and Export administrator keep track of all metric tonnage that went overseas and what was sold for domestic sale to local beef operators both on-reserve as well as off-reserve.
- QCO keeps track of inventory and sends a weekly update to marketing and overseas customers.
- QCO and Production coordinator work together on packaging, loading format, as well as the amount of tonnage they need.
- QCO and production foremen work together on what they need to look out for as they are processing orders.

TRIBUTE TO THE LATE DR. PETE STANDING ALONE

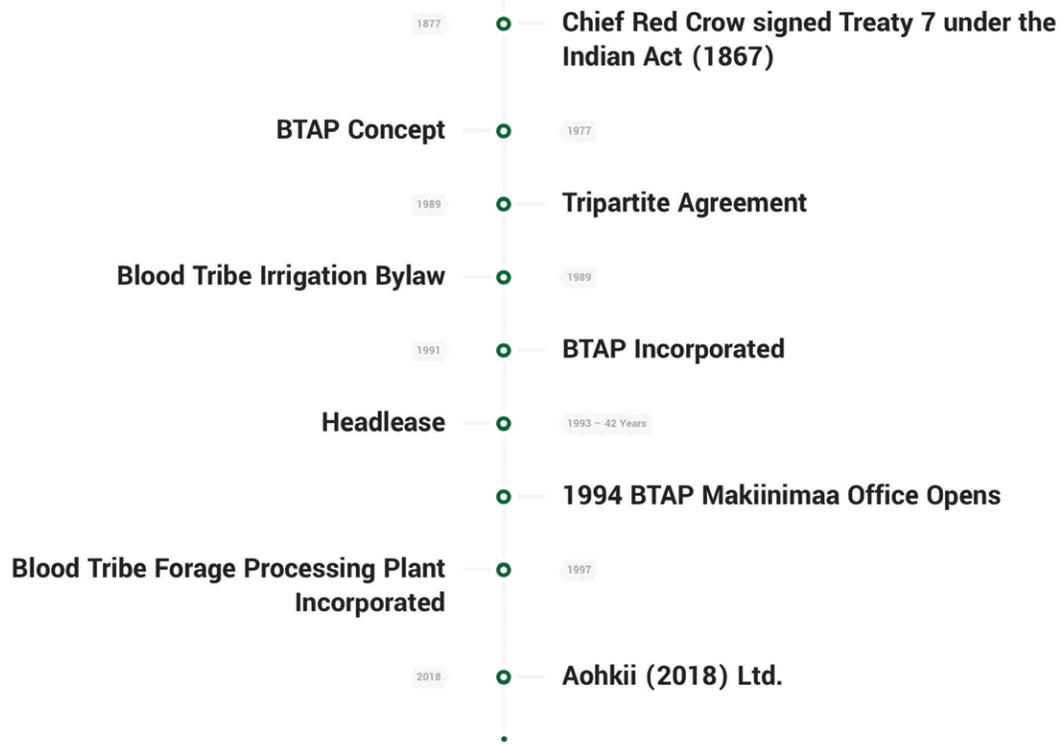
Kainai Chief Roy Fox & Council and management, staff and Board members of the Blood Tribe Agricultural Project pay tribute to the late Dr. Pete Standing Alone who served as one of the original Board members in 1991. Dr. Standing Alone played a prominent role in the on-going development of the irrigation project in sharing his knowledge and traditional practices of maintaining our land for generations to follow.



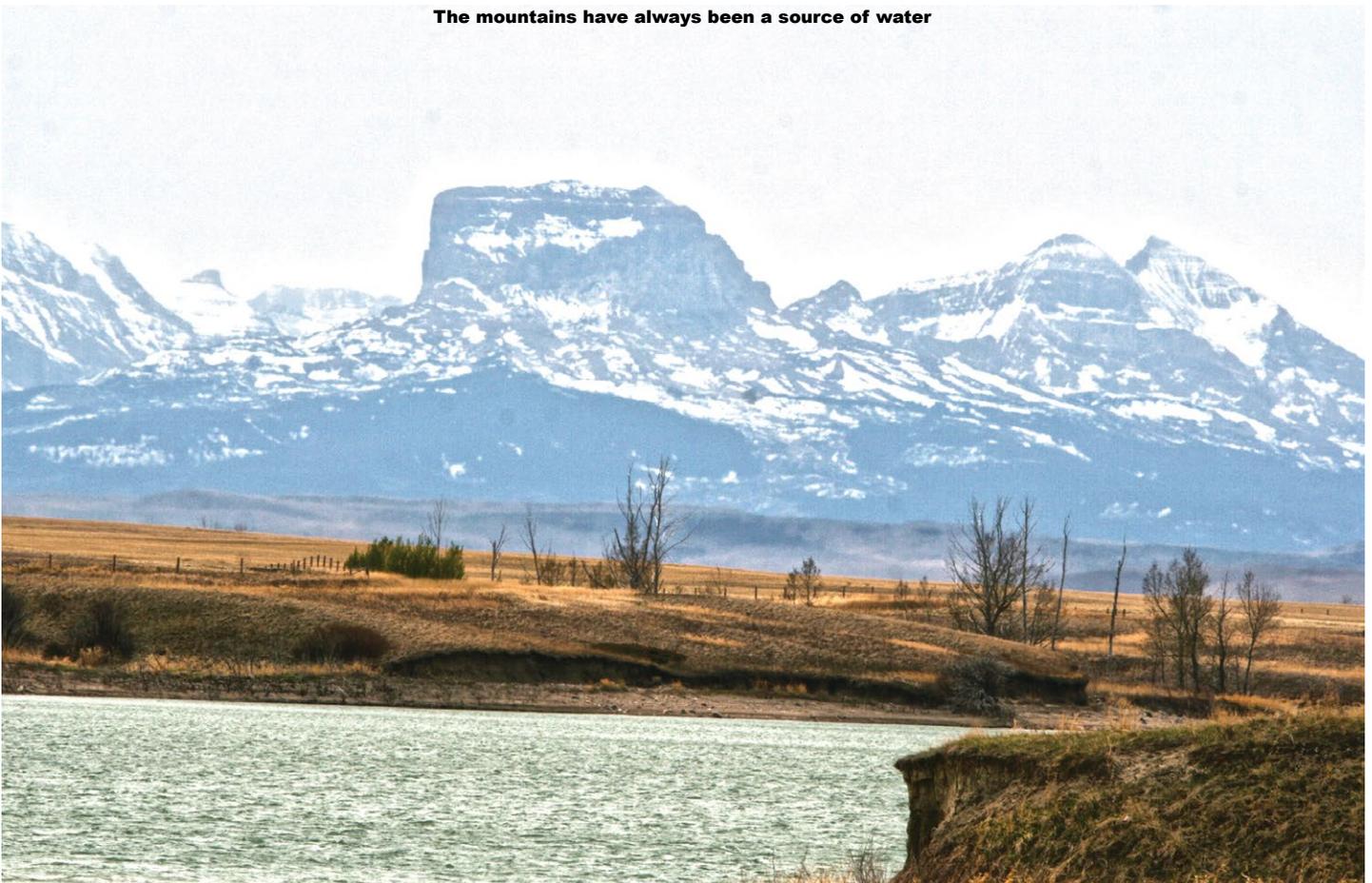
Dr. Standing Alone was a respected rancher and spiritual leader of the Horn Society who tirelessly involved himself for the betterment of the Blood Tribe and his people. Through his contributions, we hereby honor an elder who will forever be deeply respected and remembered

– Dr. Pete Standing Alone.

Timeline



The mountains have always been a source of water



INNOVATIVE IN SUSTAINABLE AGRICULTURE

BLOOD TRIBE AGRICULTURAL PROJECT (1991)

BTAP History

The historical vision of Blood Tribe Agricultural Project (BTAP) can be traced as far back as the days of the signing of the Treaty #7 and possibly further back. The agricultural ties to the land for the Bloods have been an integral part of their livelihood, including the harvesting of plants and fruits for food and medicinal purposes. The vision was once again re-enforced in the 1940's when the Blood Tribe agreed to allow the development of the St. Mary's Dam. The Blood Tribe surrendered land to the dam and irrigation canal with the condition that at some time in the future, the Governments would assist the Blood Tribe in further development of their farming capabilities.

TIMELINE

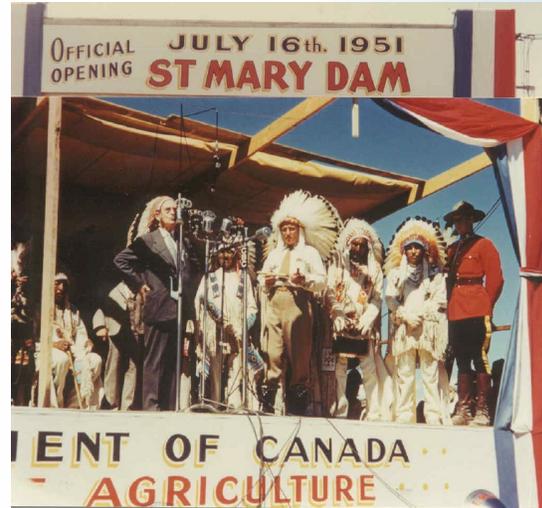
BTAP Concept 1977

Negotiations -10 yrs

Tripartite Agreement - 1989

Headlease - 1990

BTAP (1991)



AGRICULTURE KEY RESOURCE ON THE BLOOD RESERVE

Agriculture on the Blood Reserve has become one of the Tribe's biggest resources generating big revenues. It has been a long road and a transformation of the land and people, it has brought a different lifestyle to Tribal members.

During the early years of reservation life, the Bloods accepted the agricultural lifestyle easily, Chief Red Crow himself encouraged farming and ranching. In 1925, it was recorded by the Indian agent that the Bloods were becoming prosperous and were growing their own food through agriculture. The land continued to provide for the people.

In the 1940's, agriculture was progressing rapidly in Southern Alberta and irrigation was introduced. Farmers needed water to sustain their irrigated farms and ranches. Negotiations for a water usage agreement between Provincial and Federal Governments included the Blood Tribe as a partner. In 1951 the St. Mary Dam was completed

and the Bloods were promised water for their own future irrigation development. Due to resource restrictions, this development did not occur until 1991. Under a tripartite arrangement between the Federal and Provincial governments and the Blood Tribe, funding was made available to create an irrigation system for the reserve. The Blood Tribe Irrigation Project BTAP (1991) was launched by the tribe in June 1993. It provided new opportunities for economic growth.

Being one of the largest Irrigation farms in Canada, BTAP has created markets globally and continues to produce high quality forage products to these markets. Agriculture has played a key role in the economic growth of the tribe.



Chief Francis Shot Both Sides at opening of St Mary Dam 1951

BLOOD TRIBE AGRI-BUSINESS TRUSTEES

Chief Roy Fox



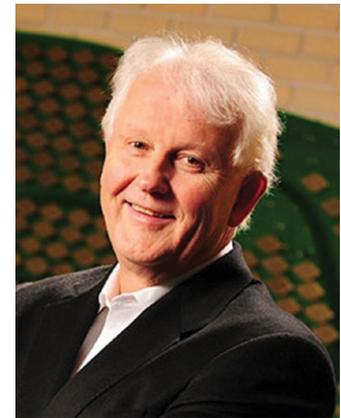
Makinima



Hank Shade



Marcel Weasel Head



Dal Mc Cloy



Lance Tailfeathers



Kirby Many Fingers



Kyla Crow



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