

2011 Annual Report

To the membership of Yellow Quill First Nation



2nd Report

Treaty Day: June 10, 2011

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Overview of Yellow Quill Holdings Inc. and TLE Trust

Members to Yellow Quill Holdings and Yellow Quill TLE Trust:

Appointed by Chief & Council,
TLE Trustees and Board of Di-
rectors to YQ Holdings include:

- Ron Waddington, Managing
Trustee;
- John Machiskinic, Council
Trustee;
- William Machiskinic, Elder
Trustee;
- Leila Nashacappo, Urban
Trustee; and
- Anna Squirrel, Youth Trustee.

Message from the Board:

Yellow Quill Holdings is com-
mitted to ensuring the various
assets and investments managed
and administered by Holdings
remain protected for the benefit
of future generations of Yellow
Quill membership.

As a Board, we are vigilant in
safe guarding all funds entrusted
to us and are accountable to
Yellow Quill membership and
leadership in ensuring prudence
and sound management.

The 2010 fiscal year was excep-
tional with historic revenue

growth realized - allowing Hold-
ings to further support and di-
versify certain investment initia-
tives among membership.

In looking forward to the next
twelve months, we are confident
that due to the ever growing
Saskatchewan economy, reve-
nues will continue to increase
with potential employment,
training and economic develop-
ment opportunities becoming
more prevalent. Many of the
“soon to be” successes will be
due to Yellow Quill Holdings
strategic alignment with industry
and government through part-
nerships.

Year in Review: June 2010 to June 2011

In the past twelve months, there
have been notable advances for
each of Yellow Quill TLE and
Yellow Quill Holdings Inc.

Shortfall Acres

On March 20th 2011, Indian and
Northern Affairs Canada Minis-
ter John Duncan signed off the
Ministerial Order Conferring
reserve status to 16,081 acres of
Yellow Quill TLE land. Reserve
status means property taxes for
aforementioned lands in the RM
of Kelvington and RM of Ponass
Lake - are no longer a require-
ment.

Yellow Quill TLE Trust

TLE principal of \$11,160,567
remains invested in six Guarant-

eed Investment Certificates at
Peace Hills Trust.

Accountabilities

2010 Financial statements for
Yellow Quill Holdings and 2010
audit for Yellow Quill TLE are
nearing completion and will be
available for pick-up at the Band
office and Saskatoon Urban
office in late June.

Trustee contracts are in place to
make certain each Trustee re-
mains fully accountable to mem-
bership and leadership with
clearly defined roles and respon-
sibilities.

Meeting minutes for 2010 and
current year (i.e. January to

May) will be made available for
review at the Band office. Early
July is the anticipated release.

Enhanced Communication

In the coming weeks, Yellow
Quill Holdings and Yellow Quill
TLE will launch www.yqfn.ca.
The site will serve as a commu-
nication tool with Yellow Quill
membership in not only updat-
ing our activities but will solicit
membership feedback to direc-
tives or initiatives we're work-
ing on.

Stay tuned - yqfn.ca will be on
the web showcasing Holdings
and TLE to a world wide audi-
ence!

Year in Review: June 2010 to June 2011

Yellow Quill Holdings Inc.:

Investments to Membership & Band Administration

Yellow Quill Elders

Eleven Band members qualified (i.e. having reached the age of 60 years) for the \$5,000 Elder payment this year with payment issued on Treaty Day.

In showing our appreciation to Elders, Holdings provided a Christmas payment in the amount of \$250 per Elder. This payment will be an ongoing initiative to the keepers of knowledge & wisdom - Yellow Quill Elders.

Band Administration

Holdings continues its commitment to better supporting Band Administration in servicing of debt, and also to consolidated financial statements to that of the Band's own audit. The intent of these initiatives is to comply with reporting requirements.

Yellow Quill Youth

Awards for K-12: On-Reserve

Holdings remains committed to recognizing excellence among on-reserve Yellow Quill students. As such, the following awards will be provided to one student for each grade:

- K to 6: Good attendance merits a bike & helmet for each grade;
- Grades 7 to 9: Good marks merit a camera for each grade; and
- Grades 10 to 12: Good marks merit a laptop for each grade.

Awards for Gr.12: Off-Reserve

Holdings continues to provide a \$400 payment for each off-reserve Yellow Quill Band member who successfully completes high school.

Post-Secondary Awards

As acknowledgement for their accomplishments, Holdings provides a payment of \$700 to each Yellow

Quill Band member who graduates from post-secondary.

Holdings Scholarships

In memory of Kaydance and Santana Pauchay, Holdings provides two scholarships per semester (i.e. Fall and Winter) for Yellow Quill students enrolled in either university or technical school.

This year, the 2011 Kaydance Pauchay Scholarship was awarded to Cheryl Taysup. Cheryl, 32, is a resident of Regina and attends the University of Regina. Cheryl is currently in her 4th year of study pursuing a degree in Social Work. In fall 2011, she will be doing her first practicum at the Regina Immigrant Women's Society.

This year, the 2011 Santana Pauchay Scholarship was awarded to Sheri Neapetung. Sheri, 43, is a resident of Prince Albert and attends the SIAST Kelsey Campus in Saskatoon. Sheri is currently in her 2nd year of study pursuing an Electronics Systems Engineering Technology certificate. Sheri enjoys the challenge this course has to offer and loves building electronic devices. Most notably Sheri has designed the circuit for a bike lock alarm system, and will soon be prototyping its development.

Housing

In light of TLE land moving to reserve, Holdings will continue assisting Band Administration concerning housing renovations and home improvements for on-reserve membership.

We remain committed to improving housing conditions - this includes identifying and addressing health and safety issues that may be present in

existing homes.

Community Assistance

Holdings is committed to funding various requests that fall within the guidelines and criteria of the Community Assistance (CA) policy. Such eligible requests may include: wakes and funerals, funeral travel, general emergencies, sports and recreation, and work-force participation. Holdings CA policy is available at the Band Office, Saskatoon Urban office or by contacting Gwen Hugli - Community Assistance Coordinator at 306-361-9269.

Traditional Lands

This past year, Holdings agreed to fund Elders and Council in mapping, and identifying sacred and historical sites of traditional Yellow Quill Lands. This work is nearing completion.

Community Gardens

This summer, Holdings agreed to fund a community garden on-reserve and also in Corman Park outside Saskatoon. This includes tools and equipment.

Urban Specific Initiatives

Christmas Support

In December 2010, Holdings provided gift cards (\$50 value) to urban members, gifts to children, and hosted the annual Christmas dinner for urban families in Saskatoon and Regina.

Saskatoon Urban Office

Holdings remains committed to supporting the Urban office through leasing of the 210 property.

Youth Sports & Recreation

Holdings continues assisting urban youth and their families in funding fifty percent of costs relating to registration fees.

Other Funding Sources

In an effort to increase efficiency, Holdings continues to explore other funding sources that may be used to offset the financial burden sometimes placed on families.

Year in Review: June 2010 to June 2011

Asset Portfolio for Yellow Quill Holdings Inc.

The asset portfolio for Yellow Quill Holdings consists primarily of:

- Canterbury Towers;
- Agriculture Lands; and
- Parking lot in Saskatoon.

Yellow Quill Holdings continually strives to ensure maximum value is being realized for all assets administered under our authority.

What this means for membership is an asset offering positive returns allows Holdings to fund many new and exciting initiatives - many of which were introduced this past year.

Canterbury Towers in Saskatoon



First Nations Bank Building

The First Nations Bank Building (FNBB) is fully occupied and hosts the following tenants:

- First Nations Bank;
- Claude Resources;
- Shore Gold Inc.;
- Merchant Law Group;
- 49 North Resources;
- MGI Securities;
- BEC International Inc.;
- Ministry of Government Services (Family, Crown Prosecutor, Court of Queens Bench);
- Nova-Tek Innovations Inc.; &
- Quon Ferguson.

In March 2011, Holdings assigned Sun-Corp Valuations to conduct an appraisal of FNBB. The property is appraised at \$16.9 million. With the recent upswing in the economy - it is expected that the value of the property over time will only increase.

Revenues are at an all-time high and due to demand for office space in Saskatoon - the prospects for greater returns look promising.

FNBB has certainly proved to be the rising star in the asset portfolio for Yellow Quill.

Agriculture Lands

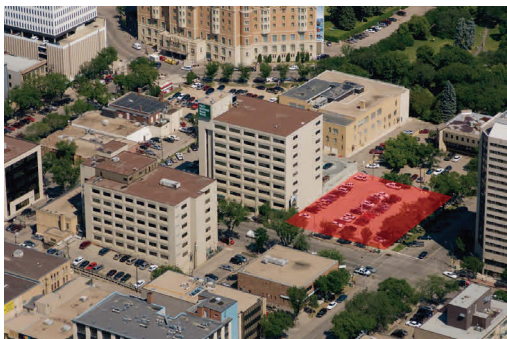
Treaty Land Entitlement land is located in the following municipalities:

- RM of Corman Park (Saskatoon);
- Rose Valley (lot);
- Saskatoon (lot); and
- RM of Caledonia (south of Regina)

Land leases are in place with One Earth Farms, and local farmers in and around RMs where TLE lands are situated. Seasonal employment opportunities are available for membership looking for work in farming.

For 2011, new leases have been forged to ensure Yellow Quill justly receives what it is due and entitled to under leasing of agriculture lands. Previous lease arrangements have been corrected to make certain optimal value is realized.

Saskatoon Parking Lot



Imperial Parking

The parking lot in Saskatoon located at 240 4th Ave South (i.e. red shaded area next to First Nations Bank Building) has realized excellent returns via leasing with Imperial Parking Canada.

In March 2011, Holdings assigned Sun-Corp Valuations of Saskatoon to conduct an appraisal of parking lot. The property is appraised at \$2.0 million.

Its location is ideal for potential future development of an office tower or other commercial uses.

Looking Forward: June 2011 and beyond

Yellow Quill Treaty Land Entitlement:

Over the course of the next year, Yellow Quill TLE Trust will focus on the designation vote, and potential case for specific claim.

The Designation Vote is an important issue that should not be dismissed by membership. Designation

will set the tone for Yellow Quill to fully realize its greatest potential for economic development - this could be especially important concerning minerals and other strategic resources such as potash, oil, gas and various other precious minerals and metals.

Another important initiative Yellow Quill TLE intends to explore concerns a potential Specific Claim for traditional lands in the Pasquia and Porcupine regions.

Designation Vote:

Discussions concerning Designation continue with Yellow Quill leadership, INAC, and Justice Canada.

The intent of the Designation Vote is for membership of Yellow Quill to voice their opinions with respect to potential leasing opportunities of reserve and pre-reserve lands (i.e. TLE lands).

The Designation Vote would include a total of five ballots:

Reserve Lands will have 2 ballots:

- one for the designation of surface lands: Commercial designation, Recreational designation, Residential designation; and
- one for designation of subsurface lands: Minerals – the rights of exploration and production for mineral development

Pre-Reserve Lands will have 2 ballots:

- one for the designation of surface lands: Commercial designation, Recreational designation, Residential designation; and
- one for designation of subsurface lands: Minerals – the rights of exploration and production for mineral development

Urban Selection will have 1 ballot:

- one for the designation of surface lands: Commercial designation, Recreational designation, Residential designation for FNBB & parking lot in Saskatoon

Voter eligibility is restricted to Yellow Quill membership aged eighteen years of age and older.

In the coming months, information sessions will be made available to membership at Yellow Quill and also urban areas that are yet to be determined.

We anticipate the Designation Vote to be held in early December this year.

For additional information, please contact a Trustee or pick up a pamphlet from the Band office.

*NOTE: If you haven't already provided TLE with your current mailing address concerning this vote, you are strongly encouraged to do so as soon as possible. Your participation is very important and valued!

Case for Specific Claims:

TLE commissioned a study concerning the commercial value for the region of Pasquia and Porcupine Plain.

This includes developing an economic profile of the region: forest and timber products, coal deposits, oil and gas, gravel, peat moss, minerals, and other items of economic interest.

The University of Regina's Economics Department is working in collaboration with TLE in compiling data for economic profile.

It should be noted that the work already completed in mapping historic and traditional sites of cultural value will be invaluable to this potential case moving forward.

To expedite this potential claim, TLE will be working in collaboration with officials from FSIN. It is anticipated work will begin later this summer.

Looking Forward: June 2011 and beyond

Yellow Quill Holdings Inc.:

Post-Secondary Education

The Kaydance and Santana Pauchay Scholarships were established by Yellow Quill Holdings to memorialize the Pauchay children and to recognize and encourage band members to higher learning through post-secondary education.

Applications can be found at the Band Office, Saskatoon Urban Office or soon to be online at www.yqfn.ca

On-Reserve Training

Holdings submitted a proposal to HRSDC for funding under the Skills and Partnership Fund (SPF). The intent of SPF is to bring on-reserve training to the membership of Yellow Quill. The status of the proposal will not be known until early July. Also, Holdings is looking into Licensed Practical Nurse programming to be made available on-reserve. We are working with the Melfort Regional College to determine cost and

logistics. A notification of interest will be posted at the band office in late June with an anticipated start in early 2012 or sooner.

Regina Urban Office

Interest in a Regina Urban office will require Holdings to work closely with Chief and Council concerning cost-sharing.

Partnerships

Holdings will continue to build partnerships that are strategically aligned with industry and government.

Economic Development: Exploring Potential Opportunities

Saturn Minerals Inc. (SMI)

SMI discovers potential resource opportunities (i.e. oil, gas, oil shale, coal) in Yellow Quill traditional lands of Pasquia and Porcupine. Currently, Yellow Quill and 3 other First Nations are negotiating with SMI economic opportunities associated with local resources. SMI is an exploration company based in Vancouver, BC.

Goodfish Lake (GFL)

In early January 2010, Holdings commissioned McNair Business Developments to conduct a market analysis for dry-cleaning, laundry and work wear manufacturing. The market analysis reveals there are opportunities in the province's potash industry and possibly health care sector. Holdings

shared findings with GFL - and have since signed an MOU to potential joint venture. It is anticipated a definitive agreement will be signed by mid summer.

Manufacturing Possibilities

Holdings is in continuing discussions with industry with the intent of creating partnerships and eventual employment on-reserve.

Economic Development: Commercial Development



Saskatoon Parking Lot - 240 4th Ave South

The Business Case Analysis (BCA) for potential commercial development of the parking lot

to office tower is nearing completion.

Particulars include:

- 58 parking stalls underground and 15 at surface
- 5 floors at 76,795 sq. gross floor and 65,000 sq. rental area
- Estimated cost \$30,000,000
- green building design for energy efficiency in operations
- urban reserve status

Market Potential

The appetite for office lease in Saskatoon has dramatically increased the past number of years and is expected to grow due to the robust growth in the

resource sector.

Net Benefits to Yellow Quill

- employment and training opportunities for members
- income streams
- return on investment
- stable investment to real estate

The BCA will be provided to membership in early July. Following its release of 4-6 weeks, the Office Tower Concept will be discussed at greater length including risk, costing, financing options, and other critical aspects of the business case analysis.

**YELLOW QUILL
HOLDINGS &
YELLOW QUILL
TREATY LAND
ENTITLEMENT**

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Check us out on the web at
www.yqfn.ca

Forging Strategy to remain focused...

Yellow Quill Holdings Vision

Yellow Quill Holdings will contribute to the economic and social well-being of Yellow Quill First Nation through economic development, strong management and open and transparent relationships with community leaders, elders and members

Yellow Quill Holdings Mission

Yellow Quill Holdings strives to become a top 10 First Nations economic development corporation that reflects our unique culture, language and history and is accountable to our community

Core Value Themes

The session discussion provided stimulus for the development of the following core values. These are reflective of the leadership team present at the planning session and the desire to have YQH conduct itself according to Community priorities:

- We will pursue economic development and business projects that will create wealth for the Yellow Quill community in the short, medium and long term.
- We will behave honestly, transparently, respectfully and fairly in all business transactions
- We will seek the guidance of the Yellow Quill elders and form our direction with the aide of their advice, wisdom and experience
- We will retain our culture and language in business and economic development

Key Value Themes

The key values represent those elements of importance to the YQH business practices but will be evaluated and given priority in accordance with the leadership's need to conduct business and move ahead with an opportunity:

- We will provide consistency and accountability in communications, business transactions, and behaviours
- We will create new growth and development opportunities for community members and Yellow Quill employees
- We will be open to change and new ways of thinking
- We will communicate in a meaningful way with the Yellow Quill Community
- We will develop and use leading practices in governance and management
- We will be responsible community members and support our neighbours

Yellow Quill Holding 12 Month Priorities

Partnership Development | New Market Assessment | Portfolio Analysis | Communications and Education | Accountability and Due Diligence in Opportunity Assessment | Development of YQH Direction and Strategies for Economic Development

