

METIS SETTLEMENT GENERAL COUNCIL

GUARANTEES POLICY

*Policy GC-P9801
Adopted January 30, 1998*

PART 1 - CONTEXT

1.1 Background

The Metis Settlements have established Resco Oil & Gas Ltd. as a vehicle for participating in, and gaining long term benefit from, the development of the subsurface resources of the Metis Settlement Areas. To actively participate in development Resco requires access to capital, which may be available from commercial lenders if suitable security can be put in place. Under the *Metis Settlements Act* the Metis Settlements General Council holds and administers the Metis Settlements Consolidated Fund, and may make policies regarding the administration of the fund and regarding the guaranteeing of repayment of loans and interest on loans.¹

1.2 Purpose

The purpose of this Policy is to enable General Council to guarantee loans to Resco Oil & Gas Ltd. under suitable conditions and to enable General Council to grant collateral security using the assets of the Consolidated Fund Part 2.

1.3 Definitions

In this Policy

- (a) *Act* means the *Metis Settlements Act*;
- (b) *General Council* means the Metis Settlements General Council as constituted under the Act;
- (c) *Investment Committee* means the Investment Committee established under General Council resolution 93.06.11.03, a *Resolution for Investment of the Metis Settlement Consolidated Fund Part 2*, including subsequent amendments; and
- (d) *Resco* means Resco Oil & Gas Ltd. as incorporated under the *Business Corporations Act* of Alberta, and includes all current and future subsidiary and associate companies of Resco Oil & Gas Ltd.;

and terms defined in the *Metis Settlements Act*, or in regulations made under it, have the same meaning when used in this Policy, unless the context makes such an interpretation unreasonable.

1.4 Footnotes

Footnotes are part of the Policy included to help with interpretation.

Part 2 - Loan Guarantees

2.1 Granting Guarantee

- (1) General Council may guarantee, with or without security, the repayment of loans to Resco, and the interest due on such loans, provided that the total amount of all guarantees, excluding interest or other charges under any guarantee, does not exceed in the aggregate \$5 million.
- (2) In providing a guarantee under 2.1(1) above, General Council may use the Consolidated Fund Part 2 as collateral security and may execute any documents necessary to give effect to the guarantee and collateral security.

2.2 Payment on Guarantee

On April 1, 2007, General Council shall pay from the Consolidated Fund Part 2 any amount due and owing on a guarantee granted under section 2.1 above, whether for payment of principal, interest or other charges pursuant to a guarantee. Any such payment shall be made prior to making any other payments out of the Consolidated Fund Part 2.

¹ See sections 134(2), 137, 222(1)(e)(v) and 222(1)(e)(vi) of the *Metis Settlements Act*.
