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Gwaii Trust Society
PO Box 397
162 Raven Avenue
Old Masset, BC V0T 1M0
Attention: James Cowpar, Chairman

VIA EMAIL – freda.davis@gwaiitrust.com

Freda Davis
Trustee, Athlii Gwaii Legacy Trust
P. O. Box 594
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VIA EMAIL – clyde.greenough@gwaiitrust.com

Clyde Greenough
Trustee, Athlii Gwaii Legacy Trust
c/o Gwaii Trust Society
PO Box 397 162 Raven Avenue
Old Masset, BC V0T 1M0

April 5, 2022

Dear Trustees:

Re: Athlii Gwaii Legacy Trust (“AGLT” or the “Trust”)

We write in our capacity as “Protector” pursuant to the Deed of Trust (the “Deed”) made on the 29th day of March 2007 by the Gwaii Trust Society to provide the Protector’s determination as to whether there may have been a Breach under the Deed during the Fiscal Year ended December 31, 2021 (“Fiscal 2021”). For purposes of this reporting letter, all defined terms, unless otherwise defined herein, have the meaning as set out in the Deed.

Our comments are organized under the following subject headings:

- (1) Breach Determination and Review of Reporting Material
- (2) Other Disclosure Matters
- (3) Protector Determination

1. BREACH DETERMINATION AND REVIEW OF REPORTING MATERIAL

Pursuant to Section 38 of the Deed, the Protector is required to determine, within ninety days of the receipt of the Financial Statements and Operations Report in each Fiscal Year, whether the Trustees are in Breach of their obligations under the Deed or Applicable Law or whether there are reasonable grounds to believe that any or all of the Trust Property has been used, with the knowledge and acquiescence of the Trustees, for one or more purposes that are other than one or more of the Purposes during the Year just ended. Following the making of this determination, the Protector is required to provide to the Trustees either a written notice that it has found no Breach or, if there are reasonable grounds to believe that there may have been a Breach, a Notice of Breach.

In considering whether there has been a Breach under the Deed, the Protector has performed a review of the Reporting Material and conducted such inquiries as deemed necessary. As a result of the Protector's review, the following items have been identified as being in Breach of the requirements set out in the Deed:

- (a) Quarterly Statements in respect of the Fiscal Quarter ended June 30, 2021 (the "Second Quarter Statements").
- The Second Quarter Statements were delivered to the Protector as of August 11, 2021.
 - Pursuant to Section 36(a) of the Deed, the Quarterly Statements are to be provided to the Protector within thirty days of the end of such Fiscal Quarter. In this case, the due date for the submission of the Second Quarter Statements was no later than July 30, 2021.
 - The delay in delivery of the Second Quarter Statements to the Protector was considered acceptable to the protector because the Trustees remained in communication with the Protector and produced the Second Quarter Statements within a reasonable timeframe.

2. OTHER DISCLOSURE MATTERS

In considering whether there may have been a Breach, the Protector has identified and generally discussed with the Trustees the following matters:

Strategic Plan and Funding of Eligible Projects

- As previously discussed in the most recent Protector letters to the Trustees, the Protector notes that the Trustees were to prepare, and deliver to the Protector, an interim business plan (the "Interim Plan") to substitute the Strategic Plan which, pursuant to Section 23 of the Deed, was required to have been prepared by the Trustees during the fiscal year ended December 31, 2013. The Trustees have deferred preparing the revised Strategic Plan, primarily as a result of their expectation that the Trust would be collapsed into the Gwaii Trust Society ("GTS").
- Since the time that the Protector first discussed the preparation of the Interim Plan with the Trustees, one Eligible Project was approved for funding and was partially funded in 2015 and 2017. This Eligible Project, relating to the publication of a book ("Athlii Gwaii: Upholding Haida Law at Lyell Island", previously "30th Anniversary of the Stand at Athlii Gwaii") with a budget of \$63,240, was completed in March 2021 with a small balance being decommitted as the project was under budget.
- Based on discussions with the Trustees, the Protector understands that the Trustees do not intend to fund any additional Eligible Projects while they continue to await certain legislative changes to the trust. However, should these legislative changes not be implemented in the near term, the Protector continues to be of the view that the Trustees should prepare the Interim Plan and publish it to www.aglt.ca (and deliver it to the Protector) prior to approving and funding any further Eligible Projects.

3. PROTECTOR DETERMINATION

As discussed above, the Protector has, through its review of the Reporting Material and other inquiries, identified certain items that were not in compliance with the requirements set out in the Deed. Pursuant to the requirements of the Deed, these items could technically be considered as a Breach. However, these items had either been resolved prior to the date of this letter or were considered by the Protector



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to be of a nature which did not constitute a reportable Breach. Therefore, the Protector does not believe that further action on its part is warranted at this time.

Accordingly, pursuant to Section 38(a) of the Deed, the Protector has found no reportable Breach for the Fiscal Year ended December 31, 2021.

Should you have any questions or concerns with respect to the foregoing, please do not hesitate to contact either Huey Lee, by phone on (604) 646 6398 or Phil Mitchell, by phone on (250) 244 3348 or by email at philmitchell@kpmg.ca.

Yours very truly,
KPMG Inc., in its
capacity as Protector
and not in its personal capacity

A handwritten signature in black ink, appearing to read 'Huey Lee', written in a cursive style.

Huey Lee
Senior Vice President

cc Rob Miller, Miller Titerle + Company