

THE BLOOD INDIAN RESERVE

**AN AGRI-BUSINESS
OPPORTUNITY**

TABLE OF CONTENTS

SECTION	PAGE
THE ALBERTA ADVANTAGE	
HIGHLIGHTS	4
STRATEGIC LOCATION	5
TAXATION	6
UTILITIES	8
LABOUR ISSUES	9
THE BLOOD RESERVE A UNIQUE OPPORTUNITY	
REGIONAL HIGHLIGHTS	13
LOCATION	14
TRANSPORTATION AND DISTRIBUTION	17
CLIMATE	19
	i)

TABLE OF CONTENTS

SECTION	PAGE
POPULATION/LABOUR FORCE	21
RESOURCES/INFRASTRUCTURE/SERVICES	22
AGRI-BUSINESS ACTIVITY	25
TAXATION/REGULATIONS	26
ACCOMMODATION AND SUPPORT SERVICES	27
OPPORTUNITIES	28
BUSINESS ARRANGEMENTS	30

**THE
ALBERTA
ADVANTAGE**

HIGHLIGHTS

Alberta offers an outstanding environment to support new agri-business ventures. In addition to abundant agricultural resources, Alberta has all the elements essential for prosperity - superb distribution links to markets, a well developed infrastructure, and a work force ranked among the most productive in Canada.

With more than 51 million acres in crop and livestock production, Alberta has developed one of the world's most productive agricultural economies. Alberta accounts for 25% of the Canadian primary agricultural production.

Alberta accounts for 48% of Canada's beef cattle and livestock production, Alberta has developed one of the world's most productive agricultural economies. Alberta accounts for 25% of the Canadian primary agricultural production.

The agri-food industry is Alberta's largest manufacturing activity. In 1995, the industry accounted for more than 21% (\$6.0 billion) of the total manufacturing shipments in Alberta

and employed 16% of Alberta's manufacturing workforce (17,400 people). The industry was represented by some 400 companies province wide. Alberta boasts a strong science and technology culture - strong links exist between Alberta's universities and some 40

Specialized research centers and institutions working to promote technology development. Strength in the industry has prompted 11 of the top 50 U.S. food and beverage companies To invest in Alberta, including Cargill Inc., Can Agra Ltd., The H. J. Heinz Co., and PepsiCo Inc. and the Ralston Purina Co.

STRATEGIC LOCATION

Alberta is strategically located and has a highly efficient and modern transportation infrastructure. In addition, the Province is blessed with abundant supplies of energy and other natural resources.

Alberta has immediate access to a western Canadian market of some 8 million and a western U.S. market exceeding 50 million. FTA and NAFTA secure and enhance access to the U.S. and Mexican markets, an excellent intermodal system links Alberta to Pacific Coast ports and the Pacific Rim countries.

Alberta has cost effective transportation and distribution links to markets throughout North America and the Pacific Rim. Studies indicate that Alberta has the lowest overall trucking costs in all of Western Canada and the western U.S.

The Province's strength as an exporter has allowed for the development of an extensive network of road, rail, and air transport facilities.

- Two east-west highways that are part of Canada's coast-to-coast highway system and a north-south route which links the Alaska Dempster Highway to U.S. Interstate I-15

- Two railways (CNR and CPR) provide east-west transcontinental service with convenient access to the U.S. rail network via Montana.
- The Calgary and Edmonton International Airports have modern cargo terminals with 24 hour cargo service.

Taxation

Alberta has the lowest overall taxes (corporate and personal) of any province in Canada.

- No general capital tax or payroll tax on corporations.
- Only province in Canada with no provincial sales tax.
- Lowest gasoline taxes in Canada.

COMBINED FEDERAL, PROVINCIAL/STATE CORPORATE INCOME TAX RATES FOR MANUFACTURERS (% OF TAXABLE INCOME - MARCH, 1996)	
Alberta	36.62%
British Columbia	38.62%
Ontario	35.62%
Minnesota	44.50%
California	44.30%
Oregon	41.60%
Texas	39.50%

- Alberta's provincial personal taxation rates are the lowest in Canada.

TOTAL PROVINCIAL AND FEDERAL TAXES*
--

BY PROVINCE	
TWO INCOME FAMILY OF FOUR - \$55,000	
Alberta	\$13,232
British Columbia	14,140
Prince Edward Island	14,287
New Brunswick	14,559
Nova Scotia	14,828
Saskatchewan	15,539
Newfoundland	15,720
Ontario	16,084
Manitoba	16,568
Quebec	17,720
* Includes all income, consumption and property taxes - April, 1996	

UTILITIES

With an abundance of low-sulphur coal and natural gas, Alberta offers a reliable and competitive supply of electricity and natural gas at rates which are among the lowest in North America.

NORTH AMERICA INDUSTRIAL ELECTRICITY RATES (1995) (5000 KW DEMAND AT 70% LOAD FACTOR) CENTS/KWH		
	\$ U.S.	\$ CAN
California	\$8.50	\$11.64
Michigan	4.72	6.47
Texas	4.56	6.24
Oregon	3.62	4.96
Washington	3.56	4.88
Ontario	4.65	6.37
Manitoba	2.96	4.05
British Columbia	2.96	4.05
Alberta Power	3.22	4.41
Trans Alta	3.12	4.27

NATURAL GAS PRICES - 1000 CUBIC FEET (INDUSTRIAL AVERAGES - 1995)		
	\$ U.S.	\$ CAN
Alberta	\$1.92	\$2.63
Ontario	3.26	4.47
British Columbia	3.36	4.60
Texas	1.93	2.64
Minnesota	2.74	3.75
Washington	2.82	3.86
Oregon	3.30	4.52
California	3.89	5.32
Michigan	4.04	5.53

LABOUR ISSUES

- Alberta is home to a young, highly educated, productive and conscientious workforce (41% of adult Albertans hold a university degree or post-secondary diploma). There are 27 post-secondary institutions in the Province, including 4 universities, two technical institutions and a province-wide network of community colleges.
- Alberta's labour force, in addition to being the fourth largest in Canada, is highly motivated and productive. Per capita productivity is the highest in Canada - 18% higher than the national average.

PER CAPITA GDP BY PROVINCE (1995)	
Alberta	\$31,078
Ontario	28,376
British Columbia	27,478
Quebec	23,796
Saskatchewan	23,894
Manitoba	23,140
New Brunswick	20,825
Nova Scotia	19,996
Prince Edward Island	19,023
Newfoundland	17,300

- In 1995, Alberta lost 0.7 person per 10,00 person days worked to labour disputes compared to a Canadian average of 5.4 person days lost per 10,000 person days worked. Alberta has the lowest percentage of unionized workers in Canada (26.2% of paid employees).
- Average hourly manufacturing wages are among the lowest in Canada and competitive with most U.S. states. When fringe benefits, particularly medical insurance costs, are added into U.S. wage rates, Canadian wage costs are much lower than in the U.S.

**AVERAGE HOURLY
MANUFACTURING WAGES (1996)**

	\$ U.S.	\$ CAN
Alberta	\$10.98	\$15.04
Ontario	12.65	17.33
British Columbia	14.10	19.32
Minnesota	13.10	17.95
Oregon	13.03	17.85
California	12.67	17.36
Colorado	12.62	17.29
Texas	11.76	16.11
Arizona	11.43	15.66

THE BLOOD RESERVE
A UNIQUE
OPPORTUNITY

REGIONAL HIGHLIGHTS

Agriculture is the main activity in southern Alberta. A large irrigation infrastructure, coupled with a warm sunny climate, has created a highly diversified crop base which provides feed for the livestock industry and raw materials for the agri-food sector and export markets. Southern Alberta has only 18% of the provinces producers and 17% of the arable land, but accounts for 33% of Alberta's farm gate sales of agricultural products.

- Southern Alberta boasts 1.3 million acres of irrigated land - 67% of all irrigated land in Canada. Irrigation is vital to the area as it supports crop diversification, increased productivity, and improved consistency in quality and supply are so essential to the value-added, agri-food sector.
- Wheat is the major harvest in the region. Winter wheat, hard and soft spring wheat, and durum are processed locally and exported around the world. Other crops include barley, canola, flax, rye, oats, and forages. The region produces the majority of Alberta's specialty crops including potatoes, cabbage, carrots, corn, confection sunflowers, dry beans and peas, canning peas, lentils, onions, forage seed, and sugar beets.
- Approximately 38% of the irrigated land is in hay and pasture to support an intense livestock industry which includes some of the country's largest feedlots, meat packing and poultry processing facilities.

- The Lethbridge Research Center is the largest in Canada and is dedicated to developing technologies that improve the quality and afford ability of farm produce in a sustainable system.
- The agri-food industry is the dominant manufacturing sector in southern Alberta. A number of companies process a wide range of inputs to supply a variety of products including alfalfa cubes, sunflower seeds, mint oil, beef, pork, sheep, and poultry products, dairy products, canola products, pasta, mustard seed, flour, potato ships, popping corn, fresh and frozen vegetables/juices, alcoholic beverages, livestock feeds, sugar, etc. The players include Beatrice Foods Inc., Burns Meats Ltd., Cambra Foods Ltd., Catelli Inc., Pepsico Inc., Lucerne Foods, Palliser Distillers, York Farms, and Rogers Sugar.

LOCATION

The Blood Indian Reserve #148, the largest in Canada, is situated in central southern Alberta, approximately 200 kilometers south of Calgary and just 15 minutes from the city of Lethbridge.

DRIVING DISTANCE FROM BLOOD RESERVE		
	Miles	Kilometers
Calgary	130	209
Edmonton	319	514
Vancouver	735	1184
Toronto	1978	3184
Montreal	2166	3466
Halifax	2909	4683
Seattle	697	1122
Denver	982	1581
Chicago	1608	2588
San Francisco	1396	2247
Los Angeles	1453	2339
Houston	2167	3488
New York	2499	4022

TRANSPORTATION AND DISTRIBUTION

ROAD

The Blood reserve connects to an extensive and modern highway system.

Highway 2 north provides ready access to both Calgary and Edmonton, while highway 3 is an east-west link providing direct access to the port of Vancouver and the large markets in eastern Canada. The 24 hour boarder crossing at Coutts is only one hour to the south and provides direct access to the U.S. Interstate system (I-15).

The Blood Reserve has ready connections to the provincial highway system.

Highway 2 and Provincial Roads 505 and 509 are all part of the Reserve's internal road network providing year round, paved access to, from, and within the community.

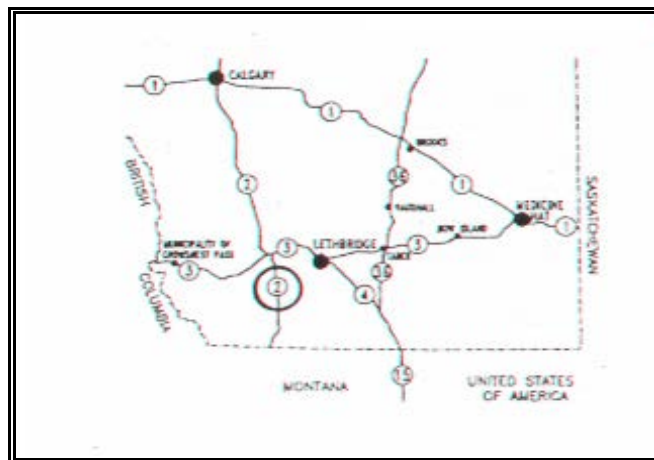
RAIL

The Blood Reserve is situated immediately south of the Canadian Pacific Rail mainline. With track age in all four directions, products can be shipped east to Toronto, south to the U.S., west to Vancouver and north to Calgary/Edmonton.

Full freight handling facilities are located in Lethbridge, and there is a large modern marshaling yard to the west of the City immediately north of the Reserve.

AIR

The Lethbridge Airport is located on highway 5, south of the city of Lethbridge, approximately 40 minutes from Standoff. Canadian Regional and Air BC provide regular scheduled passenger and freight service to and from the Calgary International Airport.



Blood Tribe

APPROXIMATE SHIPPING RATES FROM BLOOD RESERVE					
Destination	Minimum Charge Approx:	500 lb. Load (\$ per 100 lbs.)	Truckload Rates*	Distance (kilometers**)	Driving Hours
Calgary, AB	\$31.75	\$10.89	\$450	209	2.3
Edmonton, Ab	\$38.70	\$15.98	\$750	514	6.0
Vancouver, BC	\$59.35	\$27.39	\$1300	1184	14.0
Los Angeles, CA	\$212.00	\$70.19	\$1700	2339	28.0
Chicago, IL	\$146.72	\$58.87	\$2200	2588	31.0
Houston, TX	\$118.73	\$64.41	\$2600	3488	41.0
* 46,000lbs. in Canada; 42,000 in U.S.					
** 1 kilometers = .625 miles					

Oct	175.1	21	14.3	0.6	6.4	9.6	326.8
Nov	116.8	21	4.6	-7.1	1.0	18.2	578.4
Dec	90.2	22	-0.9	-12.5	0.4	24.5	766.9
Year	2370.1	19	12.1	-1.0	262.9	160.1	4647.0
Source: Environment Canada Climate Services							

FROST DATA

90 Year Average:

Number of Frost Free Days: 117

Last Killing Spring Frost: May 07

First Killing Fall Frost: Sept 25

Number of Crop Days: 140

CLIMATE SEVERITY INDEX

Measures comfort and desirability of area's climate,
lower number indicates greater desirability

Vancouver

19

Lethbridge

33

Toronto

36

Montreal

43

Halifax

49

Winnipeg

51

St. John's

59

Resolute Bay

95

POPULATION/LABOUR FORCE

The Blood Tribe membership exceeds 8500 persons with an on reserve population of 6800 persons.

POPULATION PROFILE		
Age Group	Blood Reserve	Lethbridge
0 – 14	35%	21%
15 - 50	55%	53%
51 – 65	7%	12%
65 +	3%	14%
	100%	100%

The population is young and growing; the labour force is dedicated, available and competitive. The current supply is underemployed with sufficient capacity to supply and sustain new growth opportunities.

ON RESERVE POPULATION PROJECTION		
YEAR	TOTAL	LABOUR FORCE
1996	6800	3700
2000	7500	4100
2005	8500	4700
2010	9600	5300
2015	10900	6000

RESOURCES/INFRASTRUCTURE/SERVICES

LAND

The Reserve land base totals 349,295 acres representing 545.8 square miles. IN excess of 200,000 acres are currently under cultivation.

Irrigation

The Reserve has an abundant supply of water and has developed 20,00 acres of irrigation in the northeast corner of the Reserve. This is the largest contiguous single owned irrigation project in Canada and boasts a state of the art water delivery and storage system servicing in excess of 100 pivot systems. Some \$60 million has been invested in this venture.

ROADS

The Reserve has a fully paved road network with ready access to the Provincial Highway System.

UTILITIES

ELECTRICITY

Supplied by Trans Alta Utilities, P.O. Box 1088, Lethbridge, Alberta,
(403) 329-7500

RESIDENTIAL RATE

Fixed customer charge of \$11.90 per service per month plus an energy charge of 7.58 cents per kwh.

SMALL GENERAL SERVICE RATE

Demand charge of \$4.90 per kVA billing demand per month where billing demand is defined as the greater of:

- the highest “metered demand” in the billing period;
- 85% of the highest “metered demand” in the 12 month period including and ending with the billing period, less 50 kilowatts; or
- the “minimum demand” as determined by the application of the Terms and Conditions of the electrical service, but not less than 2 kilowatts.

LARGE GENERAL SERVICE RATE

Demand Charge of \$17.90 per kVA billing demand per month on first 400 kilowatts, \$14.55 on next 1500 kilowatts, and \$10.75 on all demand over 2000 kilowatts. Energy charge of 1.83 cents/kWh on first 400 kWh and 1.41 cents/kWh on balance.

NATURAL GAS

Supplied by Canadian Western Natural Gas Company, 410 Stafford Drive North, Lethbridge, Alberta, (403) 380-5400

The price Canadian Western pays its suppliers is passed to customers without markup a process regulated by the Alberta energy and Utilities Board. The following user charges are illustrative estimates based on 1997 prices:

- **Standard Residential (Avg 150 GJ/YR)**

Fixed charge of \$ 14.00 per month, total annual cost approximately \$710.

- **Small Commercial (10000 GJ/YR)**

Fixed charge of \$14.00 per month, total annual cost approximately \$34,300.

- **Large Industrial (20000 GJ/YR)**

Fixed charge of \$250 per month, total annual cost approximating \$53,600.

TELEPHONE

Supplied by Telus Corporation, 808 4th Avenue South, Lethbridge, Alberta (403) 329-5955.

SERVICES

The on Reserve services include fire/police protection, medical facilities, public work, education facilities (including an agricultural college), and employment outreach services. The Tribe has developed a single window approach to develop and support new business opportunities.

AGRI-BUSINESS ACTIVITY

PRIMARY PRODUCTION

Approximately 200,000 acres is currently under dryland cultivation, largely dedicated to cereal grain, oil seed and forage production. The remaining dryland area is used for pasture and natural hay production. The reserve has in excess of 6000 head of cattle.

The irrigated lands have increased the diversification of crop activity to include Kentucky blue grass (seed), hybrid canola (seed), and timothy forage. Seed potatoes and other special grasses are expected in 1999.

The total value of primary production is in the order of \$ 40 million per annum.

· VALUE-ADDED ACTIVITY

The Reserve has developed a feedlot, and potato and grain handling facilities. In 1998, the Tribe partnered with Transfeeder Inc. of Alberta to construct a forage densification plant to supply timothy to the Pacific Rim markets. The plant will process in excess of 30000 MT of timothy. The Tribe is now assessing the potential to establish a hog finishing operation (16,000 hogs) in conjunction with the Landmark Group through its subsidiary Elite Swine Inc.

TAXATION/REGULATIONS

- Tribal members working on the Reserve are not required to pay federal/provincial income taxes. In addition, goods/services purchased by Tribal members on reserve are not subject to provincial sales and/or federal goods and services taxes.
- There are no municipal, business, and/or school tax levies on reserve lands.
- Regulatory jurisdiction (zoning, permits, etc.) Rests with the Tribe and is designed to readily accommodate the needs of sustainable business ventures.

ACCOMMODATION AND SUPPORT SERVICES

Lethbridge is a community of approximately 65000 people and is only 15 minutes from the north end of the Blood Reserve. The City offers a wide range of affordable housing and services/amenities in fitting with a modern City. In addition, the surrounding area has a number of smaller communities in close proximity to the Reserve including Cardston, Fort Macleod, Picture Butte, Coaldale, Coalhurst, Raymond, and Magrath. All provide immediate and ready access to the Reserve community.

HOUSE PRICE COMPARISON FOR CANADIAN CITIES				
Detached 2-storey Executive Canadian Cities		Detached Bungalow		
Price	% Change	Price	% Change	
Fall1996	From Year Ago	Fall 1996	From Year Ago	
Vancouver - West	520,000	0.0	700,000	0.0
Toronto - North	285,000	0.0	470,000	0.0
Victoria	230,000	-0.7	290,000	0.0
Kelowna	142,000	0.0	185,000	0.0
Montreal - N.D.G.	126,000	-7.4	200,000	-4.8
Calgary - S.W.	144,500	+2.9	201,000	+3.1
Kitchener	136,000	0.0	189,000	0.0
Halifax - Clayton Park	125,000	0.0	180,000	-10.0
Kingston	112,000	-8.2	163,000	-5.8
Lethbridge	113,000	+2.6	161,000	0.0
Winnipeg - Southdale	103,000	+1.0	143,000	+0.7
Regina - South	102,00	0.0	150,000	0.0

Source: Royal LePage Survey of Canadian House Prices

OPPORTUNITIES

The abundant land, water, infrastructure and labour provide considerable opportunity to develop new business ventures. In keeping with our long term goal to develop an integrated agri-business sector, the Blood Tribe has and will continue to expand its relationships to seek new investment, markets, technology and management expertise. Our location, climate, tax regime, and resource base can generate significant benefits for companies wishing to expand their interests in southern Alberta. The range of opportunities include:

- Land leases for dryland and/or irrigated crops, forage and/or pasture.
- Supply of specific raw products on a contract basis.
- agri-supply (chemicals, seed, fertilizer, fuel) business to support current production activity (200,000 plus acres)
- Feed lot operations.
- Intense livestock activities (poultry, hogs, etc.).
- Green house products.

- Value-added processing:
 - starch/gluten
 - pasta
 - malt extract
 - snack foods
 - processed, meats
 - breaded products
 - tannery
 - pet foods
 - animal by-products
 - gelatin
 - breakfast cereals
 - mustard processing
 - vinegar
 - condiments/sauces
 - pharmaceutical products
 - dairy by-products
 - sugar
 - vegetable oils
 - industrial enzymes
 - cosmetic chemicals
 - cereal straw

- Manufacturer of farm equipment.

BUSINESS ARRANGEMENTS

The Blood Tribe is a pro-active First Nation that recognizes the need for, and benefits of, long-term, relations with the corporate community. We are flexible in our business arrangements, our goal being to create win-win situations to benefit all participants.

LAND

- Secure and financially long-term lease arrangements.
- No realty and/or school taxes.
- One regulatory agency.

STRUCTURE

- To suit the situation.
- Options can include local participation through supply contracts, joint ventures, equity interested or other mutually agreeable arrangements.

FINANCING

- Will be tailored to suit the situation but the Blood Tribe will consider financial participation.

SUPPORT

- Single window contract.
- Training and/or employment subsidies.

CONTACT

Justin Shade, General Manager
Kainai Agri-Business Corporation
P.O. Box 500
Standoff, Alberta
T0L 1Y0

Phone (403) 737-8040

Fax (403) 737-0008