

TO:                   The Tahltan Peoples  
                          Tahltan Central Council  
                          Tahltan Legacy Corporation, Trustee of the Tahltan Heritage Trust

## THE TAHLTAN HERITAGE TRUST

### An Overview

The Tahltan Heritage Trust, or the Trust, represents a first step to ensuring that the benefits from the Tahltan lands are preserved for this generation and future generations of Tahltan's peoples. Although the concept of a trust settlement is very old, the legal principles behind the Tahltan Heritage Trust employ the well known and well proven tax effective investment strategies of the modern Income Fund. The principal objective of holding financial investments within a trust structure is to ensure their careful independent management by a small group of custodians.

It is important to understand that the trust settlement is not a contract nor is it a separate legal entity. A trust is a fiduciary relationship that arises when a person, called a settlor, grants to or makes a gift of property to a fiduciary, called a trustee. The Trustee holds that property for the benefit of other persons, known as the beneficiaries, such that the benefits of the settled property accrue to the beneficiaries. The ultimate beneficiaries of the Tahltan Heritage Trust are the Tahltan Peoples including those alive today as well as the yet unborn future generations.

The initial settlor of the Trust is an elder of the Tahltan First Nation, Elizabeth Edzerza who has contributed as the first settled property to the Trust a silver necklace which may be found with the original Trust Indenture at the offices of the Tahltan Central Council on Tahltan Indian Band Reserve No. 9 at Dease Lake. The duties of the original settlor are limited to adopting the terms of the Trust Indenture and contributing the initial property.

The initial trustee of the Tahltan Heritage Trust is the Tahltan Legacy Corporation, the Board of Directors of which is made up of Bill C. Adsit, Garry Merkel, and Adrian Carlick. It is contemplated that the Board of Directors will change and likely expand to bring in outside advisors as the Trust matures and its asset base grows. A corporate trustee was chosen in order to provide the individuals making the decisions an additional degree of legal protection in the event that the Trust should become legally liable as a result of some of its investment activities.

It should be noted that the Trust is a discretionary trust in that the trustee(s) have the power to determine the amounts of income and capital that the beneficiaries will be entitled to receive as well as having powers to govern the nature of the investments made by the Trust and the expenses incurred by the Trust. These discretionary powers are restricted by certain guidelines which are more fully described below.

It is contemplated that the Trust will have many settlements. The first substantial settlement after the initial settlor's contribution will be the rights passing under the Participation Agreement entered into between the Tahltan Central Council on behalf of the Tahltan First Nation with Novagold Canada Inc. Each such additional significant settlement will be segregated and maintained as a separate fund and will be guided by its own unique investment and use principles. All of the funds held by the Trust will be governed by the Tahltan Heritage Trust Guiding Principles which are appended to the Trust Indenture and which ensure that the interests of the Tahltan First Nation are carefully guarded by the trustee(s) when making decisions with respect to investments of the Trust and any of its separate funds. The first significant settlement arising out of the Galore Creek Participation Agreement will be governed by the segregated fund principles known as the Galore Creek Mine Guiding Principles.

Copies of all of these documents may be found with the original Trust Indenture at the offices of the Tahltan Central Council at its main offices on the Tahltan Band Indian Reserve No. 9 at Dease Lake.