

NISGA'A COMMERCIAL
GROUP OF COMPANIES

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The Nisga'a Commercial Group of Companies (Nisga'a Commercial Group) is a group of companies, partnerships and other business ventures that includes:

- Lisims Forest Resources LLP
- Nisga'a Fisheries Ltd.
- EnTel Communications Inc.
- Lisims Backcountry Adventures Inc.

The entities that comprise the Nisga'a Commercial Group are wholly owned by the Nisga'a Nation, as represented by the Nisga'a Lisims Government Executive, but are separate and

distinct from the Nisga'a Nation and Nisga'a Lisims Government.

The Board of Directors of the Nisga'a Commercial Group is appointed by the Nisga'a Nation, as represented by Nisga'a Lisims Government Executive. The current Board members are Mr. Edmond Wright, who assumed the role of Chair in January 2013, and Mr. Frederic Tolmie, serving as Secretary-Treasurer, with one position vacant. During the 2013 fiscal year, Mr. Edward Allen acted as Chair and Mr. Barry Vickers was a director.

VISION AND MISSION

THE VISION OF THE NISGA'A COMMERCIAL GROUP IS TO BE AN INNOVATIVE, SUSTAINABLE AND PROFITABLE BUSINESS ENTITY THAT ACTIVELY PROMOTES SKILLS DEVELOPMENT AND PROVIDES A SAFE AND HEALTHY WORKPLACE FOR NISGA'A EMPLOYEES AND CONTRACTORS.

OUR MISSION IS TO:

- **Maximize** our timber's potential value by continuously exploring new markets and opportunities for Nisga'a forestry resources.
- **Diversify** our markets and distribution channels for Nisga'a fishery resources to stably manage each season's production fluctuations.
- **Turn** technology into services that will enhance communications for our communities and businesses.
- **Harness** the potential of tourism in the Nass Valley.

In all we do, we are guided by a deep respect for the values and culture of the Nisga'a Nation and an unwavering commitment to environmental protection.

BUSINESS OBJECTIVES

THE ACTIVITIES OF THE NISGA'A COMMERCIAL GROUP ARE GUIDED BY CLEARLY DEFINED BUSINESS OBJECTIVES:

- **PURSUE** commercial opportunities that are profitable.
- **PURSUE** a capital distribution policy that optimizes capital accumulation for the shareholder, Nisga'a Nation, as represented by Nisga'a Lisims Government Executive.
- **EXAMINE** all business opportunities that promote sustainable prosperity and the self-reliance of the shareholder.
- **BUILD** a solid foundation for sustainable employment of Nisga'a citizens.
- **MAINTAIN** high standards of transparency and accountability to the Nisga'a Nation.



MESSAGE FROM THE CHAIR

PROMOTING ECONOMIC DEVELOPMENT,
PROTECTING THE ENVIRONMENT

The Nisga'a Commercial Group is charged with effectively managing business interests related to the constitutionally protected rights, interests and jurisdiction under the Nisga'a Treaty. In keeping with the vision of the Nisga'a people, we strive for sustainable prosperity and self-reliance. We focus on deriving profit from our natural resources and providing employment opportunities for Nisga'a citizens while ensuring a balance between economic benefits and environmental protection. In all areas of our operations, we adhere to the highest possible environmental resource management standards, often exceeding provincial government requirements.

We are pleased to report that, with the fiscal year ended March 31, 2013, we have achieved

our second consecutive year of profitability. The significance of this accomplishment is underscored by the fact that the Nisga'a Commercial Group is entirely independent from a financial standpoint. We receive no monetary support from Nisga'a Lisims Government. This fiscal independence is essential to the future success of the company. It gives us the autonomy to actively pursue the many untapped economic prospects that exist for the Nisga'a Nation in the Nass Valley.

As an independent entity, our chief priority is to continue to increase internal capacity so we can complete the supply chain in the Nass Area by providing skilled workers. We are working to be involved in a broader range of activities – harvesting the trees under our license; participating in mining exploration and other

resource projects; processing and marketing the fish under our Harvest Marketing Agreement; providing high speed Internet service throughout our lands under our non-dominant carrier license; and growing ecotourism in our spectacular backcountry. In all cases, we are diligent in promoting awareness among proponents of new opportunities that the Nisga'a Nation offers a diversified, highly capable workforce that can add measureable value and help assure

the success of ventures on our lands.

The Board of Directors of the Nisga'a Commercial Group collectively bring more than 50 years of experience in senior administrative and political roles with Nisga'a Lisims Government, giving us the strong base of knowledge and understanding we require to effectively serve the interests of the shareholder – members of the Nisga'a Nation. We are proud to represent you.

Edmond Wright, Chair



MESSAGE FROM THE CEO

MAINTAINING PROFITABILITY, BUILDING CAPACITY

For all of us at the Nisga'a Commercial Group, the journey through our 2013 fiscal year had some challenging moments, but was ultimately rewarding.

Time and time again, our dedicated full-time staff and talented seasonal employees delivered excellent performance, often under extreme pressure. It is largely thanks to their outstanding teamwork that the Nisga'a Commercial Group was able to maintain profitability while enhancing many aspects of our operations. As their CEO, I am grateful to have the opportunity to lead such a committed, hard-working group. I am also proud to be part of the team.

During the year, we improved on our performance in a number of key areas, including:

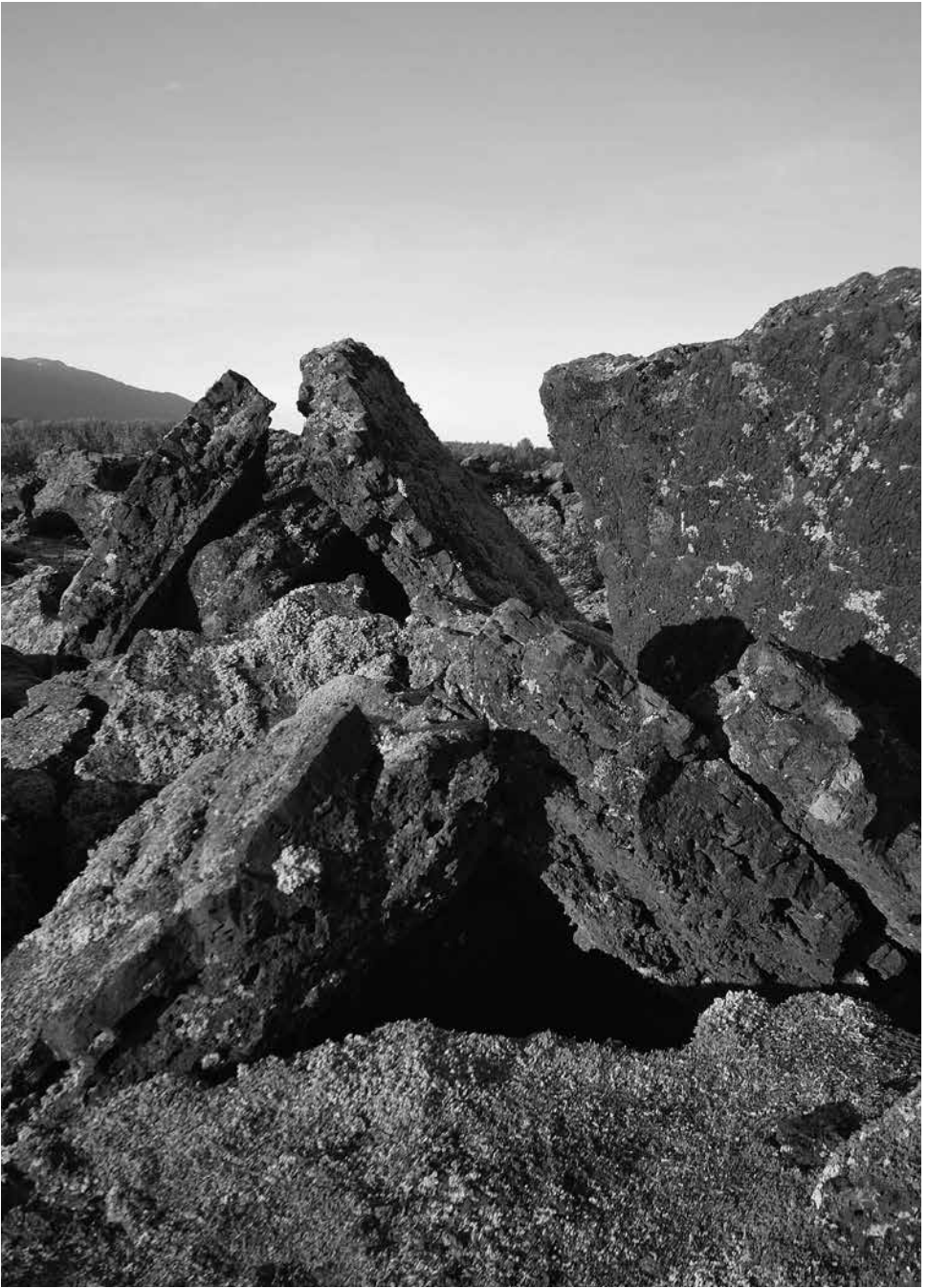
- financial management;
- contract management;
- capacity building;
- corporate governance;

- business development; and
- customer service.

Our ongoing focus on sound financial management, harnessing business opportunities and utilizing the skill sets of employees ensured that our financial results were in line with our expectations. We remain on a very stable footing. Building on our first two years of profitable operation, we are continuing to fine-tune our business processes in order to increase operating efficiency. Highlights of some of the specific advances made within our companies are outlined in this Report to the Community.

Moving forward, we will be increasing our focus on building capacity so that more of our operations can be carried out by Nisga'a citizens. There are significant opportunities in all four business areas. Our challenge remains to use our skills and energy to work together and seize these opportunities, for the benefit of all.

Arthur Mercer, CEO



FINANCIAL OVERVIEW

The Nisga'a Commercial Group continues to incrementally improve on commercial activity, revenue generation, cash flow management, capacity building and business development.

Highlights of the 2013 fiscal year (April 1, 2012 - March 31, 2013) include:

- Positive net income for the second consecutive year
- Increased cash flow stability
- Improved efficiency and production in forestry, fisheries and EnTel operations

In our forestry business, the continued streamlining of operational procedures and planning ensures that Lisims Forest Resources has cut-blocks ready to be harvested for the remainder of the 2013 calendar year and into 2014. As of the publication

of this report, planning has been completed for 140,000 cubic metres of log volume. We are proud that our forestry operations contribute to Nisga'a Lisims Government on stumpage at a rate of \$1.58 per cubic metre of sold volume. In addition, Lisims Forest Resources contributes \$3.00 per cubic metre to the government's silviculture levy fund, helping to ensure that reforestation of cut-blocks is funded over the long-term.

In fiscal 2013, Lisims Forest Resources recorded total sales volumes of 47,000 cubic metres. This compares to 71,137 cubic metres in fiscal 2012 and 32,189 cubic metres in fiscal 2011. The decrease from the 2012 sales volumes was due both to the timing of certain approvals and reduced availability of harvesting capacity as a result of industrial

resource projects underway in Northwest B.C., including the Northwest Transmission Line and the Rio Tinto Alcan Kitimat Modernization Project.

EnTel Communications' revenues were consistent with the prior year, as projected. EnTel continues to improve on connectivity and is replacing aging equipment to assure reliable and consistent service delivery.

At Nisga'a Fisheries, our ongoing focus on improving financial and process management practices resulted in further reductions in operational costs.

Revenue was also derived during the year from services provided under contract. This included work with three mining exploration companies, Klohn Crippen Berger Ltd., Seabridge Gold Inc. and Triton Mining Corp. Contracted services included geotechnical and environmental field survey work, seismic line cutting and expediting/transport work.

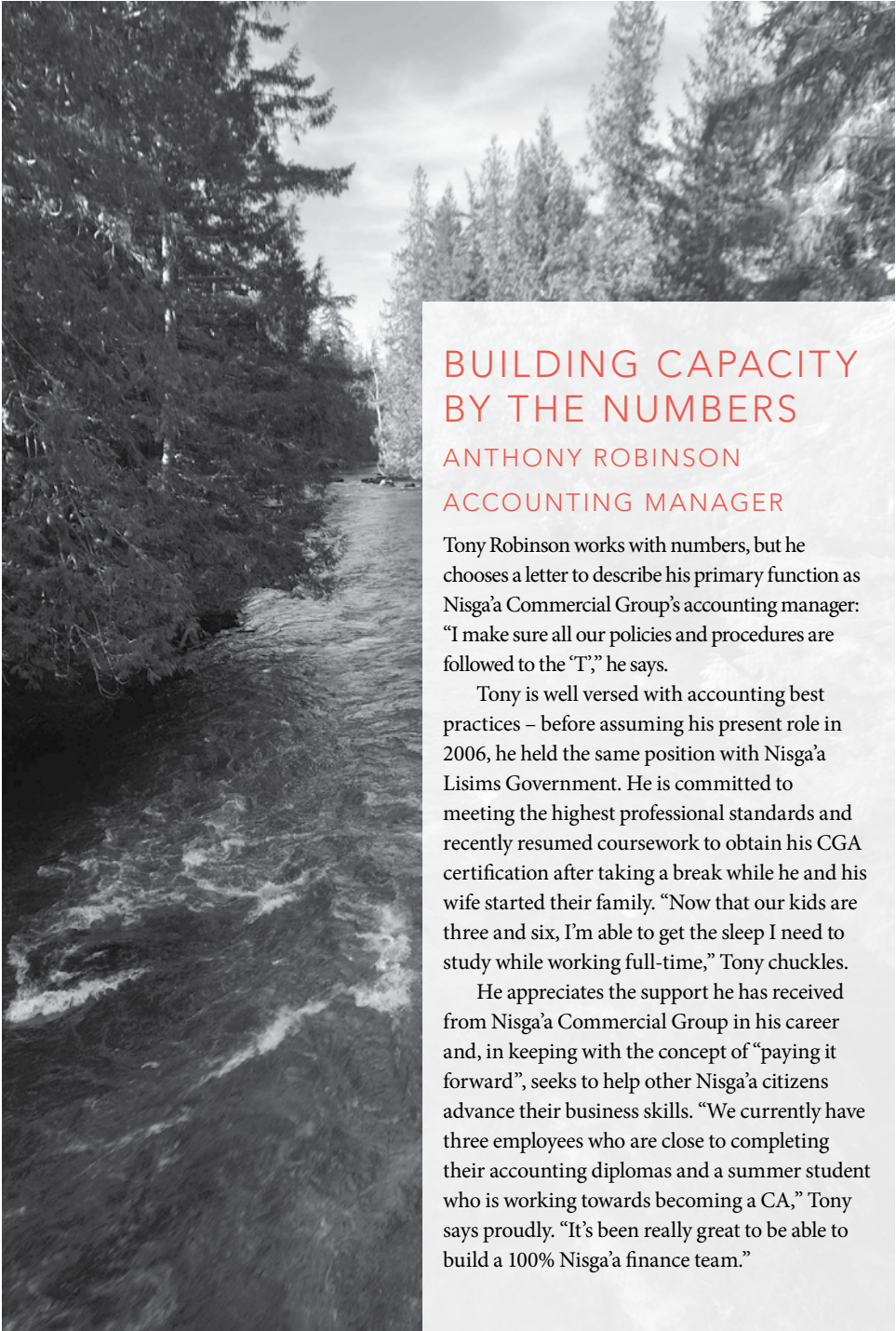
MANAGING FINANCES PRUDENTLY

The Nisga'a Commercial Group of Companies recognizes the need for strong internal financial procedures. Adherence to International Financial Reporting Standards assures that assets are safeguarded, that financial statements are in conformity with generally accepted accounting principles, and that finances are managed with responsible stewardship.

Management of Nisga'a Commercial Group has focused on building the skills and knowledge of staff to support ongoing improvement in business operations.

In the past year, improvements have been made to several key financial management processes, including:

- Cash management
- Accounts receivable collections
- Accounts receivable turnover
- Timeliness of issuance of invoices
- Accounts payable



BUILDING CAPACITY BY THE NUMBERS

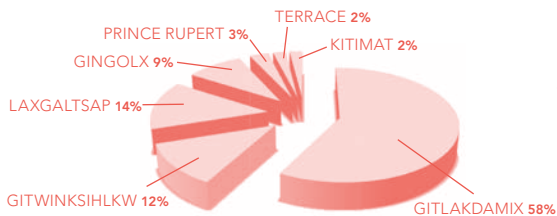
ANTHONY ROBINSON

ACCOUNTING MANAGER

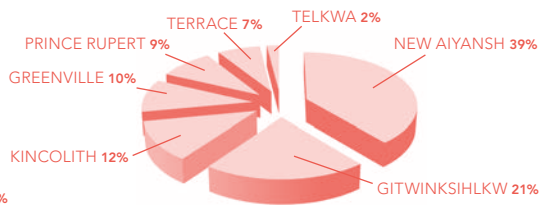
Tony Robinson works with numbers, but he chooses a letter to describe his primary function as Nisga'a Commercial Group's accounting manager: "I make sure all our policies and procedures are followed to the 'T,'" he says.

Tony is well versed with accounting best practices – before assuming his present role in 2006, he held the same position with Nisga'a Lisims Government. He is committed to meeting the highest professional standards and recently resumed coursework to obtain his CGA certification after taking a break while he and his wife started their family. "Now that our kids are three and six, I'm able to get the sleep I need to study while working full-time," Tony chuckles.

He appreciates the support he has received from Nisga'a Commercial Group in his career and, in keeping with the concept of "paying it forward", seeks to help other Nisga'a citizens advance their business skills. "We currently have three employees who are close to completing their accounting diplomas and a summer student who is working towards becoming a CA," Tony says proudly. "It's been really great to be able to build a 100% Nisga'a finance team."



LISIMS FOREST RESOURCES Seasonal Employment of Nisga'a Citizens by Community



NISGA'A FISHERIES LTD. Gross Earnings of Marine and In-River Fishers by Community

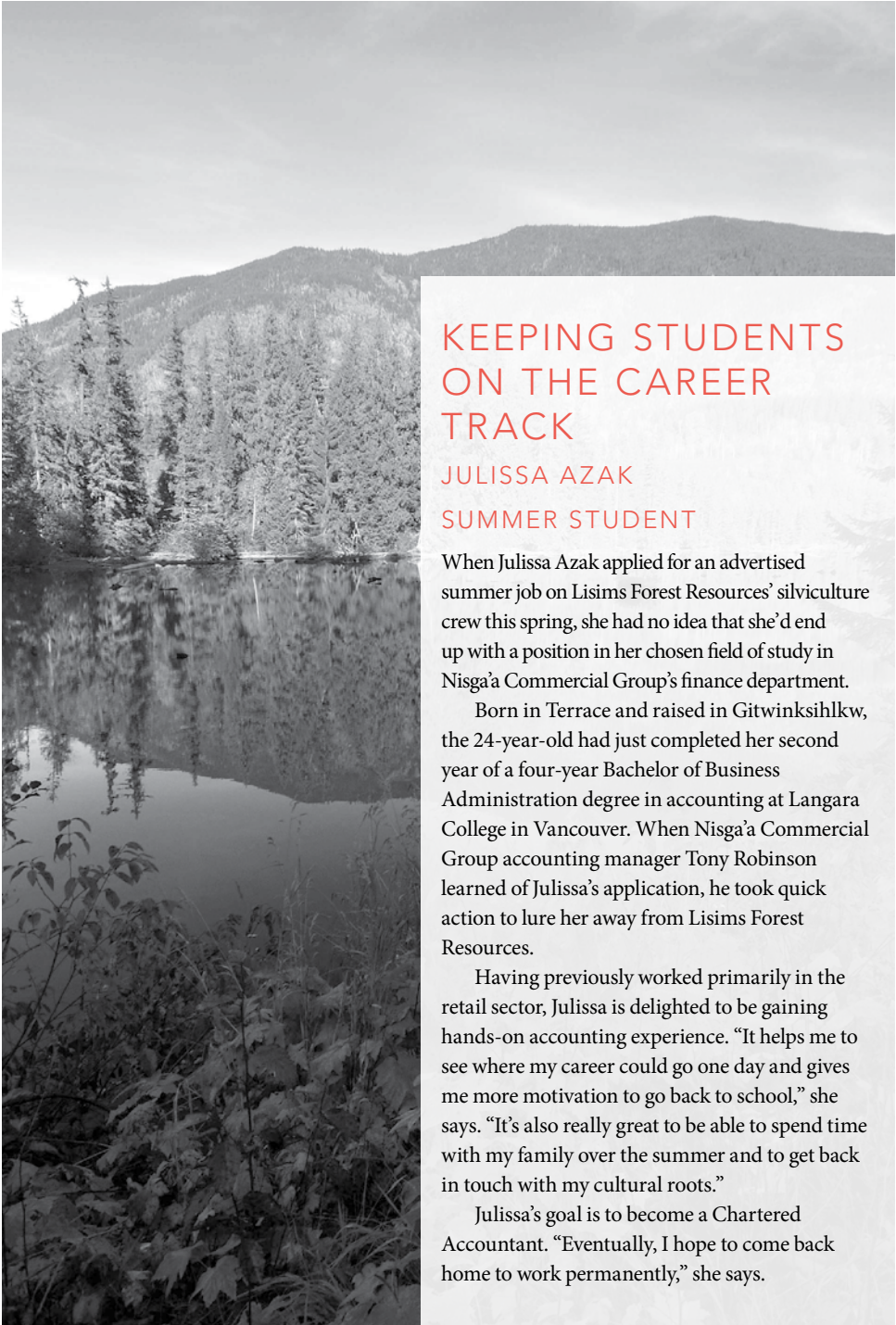
CREATING SUSTAINABLE EMPLOYMENT

In fiscal 2013, the Nisga'a Commercial Group provided full-time and seasonal employment for some 140 Nisga'a citizens through our various activities:

- 9 full-time employees at Nisga'a Commercial Group
- 43 seasonal positions at Lisims Forest Resources, providing 1,809 days of work on 11 projects, including brushing, line cutting, geotechnical and environmental survey, first aid and expeditor/transport positions
- 3 contract positions related to mining exploration projects, providing 83 days of work
- At least 81 Nisga'a marine and in-river fishers and plant workers associated with Nisga'a Fisheries
- 2 full-time employees at EnTel and an engineer on contract as required

In addition, Laxgalts'ap Forest Corporation, which harvests timber under an agreement with Lisims Forest Resources, employs two full-time employees and at least 12 seasonal employees at its sort yard and under booming contracts.

We continue to actively seek and develop opportunities to create sustainable employment by building capacity within the Nisga'a Nation. In a new joint venture, we are now working with Sodexo, Inc., North America's leading provider of integrated food and facilities management, on a pilot project to provide site management, food, cleaning and facility maintenance services at Nass Camp. This 115.6 acre Nisga'a-owned property is a key economic base in the valley and will ultimately support our commercial recreation tenures. Our joint venture will draw on Sodexo's expertise in remote site camp management using an intern-style project model with an initial goal of 80% Nisga'a employment.



KEEPING STUDENTS ON THE CAREER TRACK

JULISSA AZAK

SUMMER STUDENT

When Julissa Azak applied for an advertised summer job on Lisims Forest Resources' silviculture crew this spring, she had no idea that she'd end up with a position in her chosen field of study in Nisga'a Commercial Group's finance department.

Born in Terrace and raised in Gitwinksihkw, the 24-year-old had just completed her second year of a four-year Bachelor of Business Administration degree in accounting at Langara College in Vancouver. When Nisga'a Commercial Group accounting manager Tony Robinson learned of Julissa's application, he took quick action to lure her away from Lisims Forest Resources.

Having previously worked primarily in the retail sector, Julissa is delighted to be gaining hands-on accounting experience. "It helps me to see where my career could go one day and gives me more motivation to go back to school," she says. "It's also really great to be able to spend time with my family over the summer and to get back in touch with my cultural roots."

Julissa's goal is to become a Chartered Accountant. "Eventually, I hope to come back home to work permanently," she says.



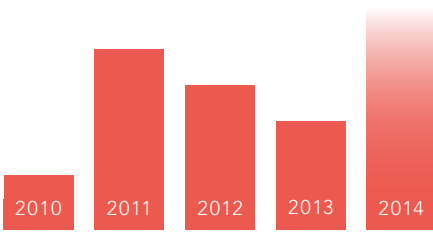
LISIMS FOREST RESOURCES LLP

Lisims Forest Resources manages the Nisga'a forest resources to protect this natural inheritance and to provide employment and economic benefits for Nisga'a citizens.

Lisims Forest Resources LLP manages the harvesting, marketing, and sale of the forest resources owned by the Nisga'a Nation. The Annual Allowable Cut on Nisga'a Lands is 130,000 cubic metres. Lisims Forest Resources collects a silviculture levy on behalf of Nisga'a Lisims Government to ensure reforestation of cut-blocks is funded over the long-term. In addition, Lisims Forest Resources is engaged in the harvest and sale of non-timber botanical forest products, including pine mushrooms.

Lisims Forest Resources' primary objectives for the harvesting and sale of timber are to:

- Maximize the value of the timber sold and the resulting profit to the Nation.
- Maximize training, employment and contracting opportunities for Nisga'a citizens and Nisga'a businesses.
- Explore and develop current markets for the harvested timber and open new markets.
- Use as much of the fibre available as possible.
- Identify and pursue innovative strategies to maximize utilization of the forest resources.
- Ensure that forestry operations on Nisga'a Lands are carried out in accordance with the best standards and practices.
- Employ financial and reporting systems in accordance with the best standards and practices.
- Ensure that Lisims Forest Resources is able to access real time reporting and source documents in an efficient manner.
- Employ best business management strategies.
- Insulate itself from as much risk as is reasonably possible in commercial arrangements with partners.



SCALED VOLUME:
 PROVINCE HARVEST BILLING SYSTEM
CUBIC METRES OF TIMBER HARVESTED & SOLD

| | |
|------|--|
| 2010 | 29,839 m ³ |
| 2011 | 84,234.5 m ³ |
| 2012 | 71,000 m ³ |
| 2013 | 47,000 m ³ |
| 2014 | Approximately 100,000 m ³ (Planned production) |

Lisims Forest Resources’ Forest Development Plan guides harvest plans. Volume of timber harvested is increasing every year. Forestry work is currently outsourced to sub-contractors by Alcan Forest Products LP under a Timber Harvesting and Marketing Agreement with Lisims Forest Resources that expired in January 2013 and covers projected harvest volumes through October 2013. Terms and conditions for the renewal of this agreement are currently under review. A new agreement with Alcan is expected to be in place within a few months.

Lisims Forest Resources has two full-time employees and has earned a positive reputation as a seasonal employer, providing recurring jobs for up to 43 people from all four Nisga’a communities. Their work includes contracted forestry services, maintaining the recreation site at Dragon Lake and invasive plant management.

Forestry operations are also conducted by Laxgalts’ap Forest Corporation, which currently has 32,718 cubic metres under a Timber Harvest Agreement with Lisims Forest Resources. Lisims Forest Resources takes the timber harvested by Laxgalts’ap Forest Corporation from “stump to market” under an arrangement with Alcan Forests Products Ltd.

Lisims Forest Resources works closely with its contractors to ensure safety standards are strictly followed and enforced. Job applications are accepted year-round and a comprehensive database is used to monitor and track skills certifications of Nisga’a citizens involved in forestry work. This provides Lisims Forest Resources with the ability to employ Nisga’a citizens in a timely manner and to channel qualified Nisga’a workers to other group entities.

MINING EXPLORATION ACTIVITIES

Through contracts with Lisims Forest Resources, the Nisga'a Commercial Group is ensuring that the Nisga'a Nation is a player in the rapidly growing mining industry in northwest BC. Many of these contracts incorporate ladder programs that build capacity by providing Nisga'a citizens with mentoring and training in multiple specialized aspects of mining exploration field work.

During the 2013 fiscal year, three Nisga'a citizens took part in

83 days of work related to mining exploration projects for Klohn Crippen Berger Ltd., Seabridge Gold Inc. and Triton Mining Corp.

Jobs completed in 2013 included geotechnical and environmental field survey work, seismic line cutting and expediter/transport work.

The volume of our contract work in the mining sector in fiscal 2013 was significantly lower than the prior year level as exploration budgets were reduced by many junior mining companies due to decreased availability of equity capital to finance exploration activities.



PLANTING GOOD PEOPLE IN SUSTAINABLE JOBS

BEN HAIZIMSQUE
PROJECT MANAGER

After 27 years in the forestry industry, Ben Haizimsque jokes that maybe it's time for a change. "I could follow my grown-up kids back to school," he muses. But it's clear that the Northwest Community College forestry tech grad finds a lot to like about his work as a project manager for Lisims Forest Resources.

"I enjoy the mix of activity between the office and the bush," says Ben. "Best of all, I get to visit and learn the history of parts of our land that not a lot of people have an opportunity to see."

Ben is responsible for the company's silviculture operations. "My job is to make sure that we're meeting our silviculture obligations by fulfilling the legislative requirements of the Nisga'a Forest Act," he explains. "When you're working with the land, whatever you're doing, you need to do it properly."

In addition to running Lisims Forest Resource's silviculture crew, Ben manages crews working under contract on mining exploration and other resource projects. "We have good people," he says. So good, in fact, that a handful of the Nisga'a workers sent on mining projects have been hired away by the contracting companies. Ben doesn't see this as a negative. "The worker has sustainable employment in their field, and it opens up a spot on our crew for another Nisga'a citizen."



NISGA'A FISHERIES LTD.

Nisga'a Fisheries Ltd. purchases and markets salmon caught by licensed Nisga'a fishers. Fresh and fresh-frozen Nisga'a fish are sold primarily to customers in the Greater Vancouver area.

The Nass River is one of the healthiest river systems in the world and the spawning grounds of five species of wild salmon, steelhead and oolichan. Nisga'a Lisims Government, under the Director of Fish and Wildlife, manages the rights of Nisga'a people to fish in the Nass Area that were granted under the Nisga'a Final Agreement.

A Harvesting Marketing Agreement with Coho Properties Ltd. entered into by the Nisga'a Lisims Government has been assigned to Nisga'a Fisheries Ltd. Custom processing has been contracted out the past three years to Canadian Fishing Company (Canfisco), which also supplies Nisga'a Fisheries Ltd. with insulated fish totes and ice as part of the service contract. At least 81 Nisga'a Nation members were involved in Nisga'a Fisheries

Ltd. during the 2012/2013 fishing season through marine and in-river fishing, and work at the plant. No fishwheel harvest was carried out during this time.

For the 2013/2014 fishing season, the pre-season forecast for Nass salmon and the Nisga'a entitlement is for up to 20,000 Sockeye. The Director of Fish and Wildlife with Nisga'a Lisims Government announces openings and what is approved for purchase.

Nisga'a Fisheries Ltd. is exploring options to build capacity so that Nisga'a Nation businesses and citizens can become involved in more aspects of production and marketing of fish. One option is increasing volumes, possibly through additional purchases of fish. Increasing internal capacity in areas beyond fishing is essential to becoming active participants in all aspects of the supply chain.



ENTEL COMMUNICATIONS INC.

EnTel provides wired and wireless Internet service to homes and businesses on the Nisga'a Lands.

EnTel Communications is registered as a “non-dominant carrier” with the CRTC, which means it can own and operate a transmission facility and offer certain telecom services without all of the obligations of a traditional telecom company.

EnTel provides wireless Internet service to approximately 300 home customers and wired service to Nisga’a Lisims Government, Nisga’a Valley Health Authority, School District 92 (Nisga’a), the Wilp Wilxo’oskwhl Nisga’a Institute and Village Governments.

EnTel’s current network infrastructure consists of:

- Fibre links (max 100 megabits per second, local traffic)
- Microwave connections (max 45 megabits per second)
- Wi-Fi coverage (up to 1.5 megabits per second download and 1 megabit per second upload, depending on which of four packages has been purchased)

Over the past year, EnTel has focused on:

- Further improving network redundancy to minimize downtime during power outages
- Finalizing plans for switching out end-of-life equipment in its back-end infrastructure in order to maintain connectivity and enhance service delivery
- “Future-proofing” the network with the ultimate goal of a tenfold increase in bandwidth capacity from the current 100 megabits to 1 gigabit across its entire infrastructure

In the year to come, EnTel will concentrate on preparing for the build-out of a full fibre optic network along the Northwest Transmission Line to complete the connection through the Nisga’a communities, a major project that will require sufficient capitalization in order to proceed. The new capacity created by the fibre optic network will ultimately enable EnTel to provide high-speed Internet access to all residences and businesses in the Nass communities.



MEETING DEMAND FOR CONNECTIVITY

PETER AZAK

NETWORK ADMINISTRATOR

When asked what he likes best about his job as network administrator for EnTel Communications, Peter Azak is quick to respond: “Keeping people connected.”

“We are in a remote area where communication is vital,” he explains. “We want to provide the best possible service to our customers, and we are always striving to improve connectivity and capacity.”

The life-long Gitwinksihlkw resident worked in the information technology department of Nisga’a Lisims Government for a year before moving over to EnTel in 2002, where he initially worked as a general technician. Peter says he was drawn to a career in IT because he saw the tremendous potential of video conferencing, particularly for medical and educational purposes.

“In an isolated area like the Nass Valley, it is invaluable for our healthcare providers to be able to consult with doctors and other specialists in major centres,” he says. “We are also seeing more people here taking online courses and using Skype to communicate with friends and family outside the valley.”

“At the same time, more businesses are using voice over Internet Protocol for telephone, and more people are migrating from TV to the Internet,” Peter adds. “All of this requires a lot of bandwidth.”



LISIMS BACKCOUNTRY ADVENTURES INC.



Lisims Backcountry Adventures was created to provide wilderness tourism and cultural experiences for visitors to the Nass Valley, and to create jobs for Nisga'a people.

Lisims Backcountry Adventures is the recipient of the commercial recreation tenure issued by the province to the Nisga'a Nation as part of the Nisga'a Final Agreement.

Tourism opportunities in the Lisims backcountry include cultural Circle Tours of Nisga'a communities, sport fishing and heli-skiing in one of the most naturally inspiring environments in the world. The development of

accommodation facilities at Nass Camp by Nass Area Enterprises is expected to open up new avenues to harness the potential of tourism in the Nass Valley.

Lisims Backcountry Adventures is continuing to coordinate development plans with Nisga'a Lisims Government as well as exploring opportunities to partner with ecotourism operators and to market the region directly to potential visitors.

NISGA'A COMMERCIAL GROUP OF COMPANIES

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