

**Dechen Ventures
General Partnership
Financial Statements
For the year ended March 31, 2016**

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Independent Auditor's Report

To the Board of Directors of Dechen Ventures

We have audited the accompanying non-consolidated financial statements of Dechen Ventures, which comprise the non-consolidated statement of financial position as at March 31, 2016, and the non-consolidated statements of comprehensive income and changes in equity, and non-consolidated statement of cash flows for the year ended and other explanatory information.

Management's Responsibility for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with Canadian accounting standards for private enterprise ("ASPE"), and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the non-consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the non-consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, these non-consolidated financial statements present fairly, in all material respects, the financial position of Dechen Ventures as at March 31, 2016, and the results of its operations and its cash flows for the year ended in accordance with ASPE.

Other Matters

The financial statements of Dechen Ventures for the year ended March 31, 2015, were audited by RHB Schmitz de Grace who expressed an unmodified opinion on June 30, 2015.


Chartered Professional Accountants

Kamloops, British Columbia
September 27, 2016

Dechen Ventures
Statement of Financial Position

March 31 **2016** **2015**
(with comparative figures for the 3 months ended March 31, 2015)

Assets

Current

Cash (Note 2)	\$	-	\$	35,570
Accounts receivable		102,060		53,190
Due from related parties (Note 4)		-		49,061
		102,060		137,821
	\$		\$	

Liabilities and Partners' Equity

Current

Bank indebtedness (Note 2)	\$	7,527	\$	-
Accounts payable and accrued liabilities (Note 3)		28,304		29,726
Due to related parties (Note 4)		70,627		-
		106,458		29,726

Partners' Equity (deficiency)

		(4,398)		108,095
	\$	102,060	\$	137,821

Approved on behalf of the Board:

_____, Director

_____, Director

Dechen Ventures
Statement of Partners' Equity (Deficiency)

For the year ended March 31, 2016	2016	2015
Equity, Tl'etinqox Government		
Balance, beginning of year	\$ 108,095	\$ -
Income (loss) for the year	(43,493)	108,095
Drawings	(69,000)	-
	(4,398)	108,095
Equity, Joe Alphonse		
Balance, beginning of year	-	-
Income for the year	-	-
	-	-
	\$ (4,398)	\$ 108,095

The accompanying notes are an integral part of these combined financial statements.

Dechen Ventures
Statement of Operations and Equity

For the year ended March 31, 2016	2016	2015
Revenue	\$ 2,081,737	\$ 533,393
Expenditures		
Bad debts	10,290	-
Employee reimbursements	110,198	14,191
Equipment rental	92,070	34,944
Fuel and lubricants	107,435	32,096
Insurance	10,576	26,280
Interest and bank charges	1,134	17
Licenses	16,045	500
Lowbedding and freight	18,674	2,566
Management fees	121,985	10,686
Office	2,439	-
Parts and supplies	220,553	8,100
Professional fees	37,302	4,500
Repairs and maintenance	327,640	130,644
Sub-contracts	61,965	10,032
Telephone	-	74
Toosey woodlot	16,804	-
Wages and benefits	970,120	150,668
	2,125,230	425,298
Net income (loss) for the year	(43,493)	108,095
Partners' equity, beginning of year	108,095	-
Partners' equity, end of year	\$ 64,602	\$ 108,095
Net Income Apportioned to:		
Tl'etingox Government	\$ (43,493)	\$ 108,095
Joe Alphonse	-	-
	\$ (43,493)	\$ 108,095

The accompanying notes are an integral part of these combined financial statements.

Dechen Ventures
Statement of Cash Flows

For the year ended March 31, 2016	2016	2015
Operating activities		
Cash received from contributors	\$ 2,032,867	\$ 480,203
Cash paid to employees and suppliers	(2,194,519)	(395,555)
Interest paid	(1,134)	(17)
Cash flows from (used in) operating activities	(162,786)	84,631
Investing activities		
Advances from (to) related party	119,688	(49,061)
Net increase (decrease) in cash	(43,098)	35,570
Cash, beginning of year	35,570	-
Cash (bank indebtedness), end of year	\$ (7,528)	\$ 35,570
Represented by		
Cash (bank indebtedness)	\$ (7,528)	\$ 35,570

The accompanying notes are an integral part of these combined financial statements.

Dechen Ventures
Notes to Financial Statements

March 31, 2016

1. Summary of Significant Accounting Policies

Basis of Accounting	Dechen Ventures General Partnership (the "Partnership") prepared its financial statements in accordance with Canadian accounting standards for private enterprises.
Nature of Business	Dechen Ventures (the "Partnership") is a Partnership between Tl'etinqox Government and Joe Alphonse (Chief of Tl'etinqox Government) that is registered under the Companies Act of the Province of BC. The Partnership operates in the forestry industry, providing vehicle operations, silviculture operations, management services, and forestry operations.
Financial Instruments	<p>Unless otherwise noted, it is management's opinion that the Partnership is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.</p> <p>As the Partnership's business and customers are mainly in the forestry industry, there is a concentration of credit risk.</p>
Revenue Recognition	<p>Revenue is generated by forest operations and recognized when services are rendered.</p> <p>Rental revenue is recognized in the period it is earned.</p> <p>Management fees are recognized when the services are provided. The Partnership has elected to present preferred shares issued in tax planning arrangements under certain sections of the <i>Income Tax Act</i>, that would otherwise be presented as liabilities, as equity.</p>

Dechen Ventures
Notes to Financial Statements

March 31, 2016

1. Summary of Significant Accounting Policies - continued

Use of Estimates

The presentation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates as additional information becomes available in the future. Significant estimates in these financial statements include the valuation of accounts receivable, completeness of accounts payable and accrued liabilities, and the amortization of property, plant and equipment.

2. Cash

The Partnership's cash is held in a Canadian Chartered Bank and earns interest at the current prevailing rates for business operating accounts.

3. Accounts Payable and Accrued Liabilities

	<u>2016</u>		<u>2015</u>
Accrued liabilities	\$ 1,998	\$	1,891
Government remittances payable	21,232		17,232
Trade accounts payable	5,074		10,603
	<u>\$ 28,304</u>	<u>\$</u>	<u>29,726</u>

Dechen Ventures
Notes to Financial Statements

March 31, 2016

4. Related Party Balances

At the end of the year, the advances from (to) are as follows:

	<u>2016</u>	<u>2015</u>
Klatassine Resources Ltd.	\$ 69,100	\$ 96,439
Tl'etinqox Government	(139,727)	(47,378)
	<u>\$ (70,627)</u>	<u>\$ 49,061</u>

The advances from related parties are non-interest bearing with no specific terms of repayment. The related parties have indicated that they will not demand payment next year.

5. Financial Instrument Risks

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Partnership is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Partnership's main credit risks relate to its accounts receivable. The Partnership provides credit to its clients in the normal course of its operations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency risk, interest rate risk and other price risk. The Partnership is not exposed to any market risks.