

**TANO T'ENNEH
LIMITED PARTNERSHIP**

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2018

NOTICE TO READER

On the basis of information provided by management, we have compiled the balance sheet of Tano T'enneh Limited Partnership as at March 31, 2018, and the statements of income and partners' capital for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

August 3, 2018
Prince George, British Columbia

BRENT BURSEY & COMPANY INC.
Chartered Professional Accountants

TANO T'ENNEH LIMITED PARTNERSHIP
BALANCE SHEET
MARCH 31, 2018
(Unaudited - See Notice to Reader)

	2018	2017
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 292,841	\$ 401,475
Accounts receivable	1,486,085	533,983
Temporary investments	<u>5,001,928</u>	<u>5,000,000</u>
	6,780,854	5,935,458
DUE FROM RELATED PARTIES (Note 2)	2,455,898	2,454,060
INVESTMENTS (Note 3)	764,337	767,919
PROPERTY, PLANT AND EQUIPMENT (Note 4)	<u>2,206,349</u>	<u>971,183</u>
	<u>\$ 12,207,438</u>	<u>\$ 10,128,620</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 231,404	\$ 4,500
Goods and services tax payable	<u>-</u>	<u>23,638</u>
	231,404	28,138
ACCRUED SILVICULTURE LIABILITIES (Note 5)	<u>3,784</u>	<u>41,943</u>
	<u>235,188</u>	<u>70,081</u>
<u>PARTNERS' CAPITAL</u>		
PARTNERSHIP UNITS	2,229,143	2,229,143
PARTNERS' CAPITAL	<u>9,743,107</u>	<u>7,829,396</u>
	<u>11,972,250</u>	<u>10,058,539</u>
	<u>\$ 12,207,438</u>	<u>\$ 10,128,620</u>

TANO T'ENNEH LIMITED PARTNERSHIP
STATEMENT OF INCOME
YEAR ENDED MARCH 31, 2018
(Unaudited - See Notice to Reader)

	2018	2017
REVENUE		
Contract	\$ 1,827,558	\$ 1,450,741
Management fees	<u>1,021,365</u>	<u>458,983</u>
	<u>2,848,923</u>	<u>1,909,724</u>
GENERAL AND ADMINISTRATIVE EXPENSES		
Administration	19,654	2,860
Amortization	41,521	11,863
Bank charges and interest	106	1,994
Consulting fees	25,948	144,319
Insurance, fees and dues	1,425	2,813
Office	1,459	-
Professional fees	78,756	81,790
Property taxes	26,093	9,134
Repairs and maintenance	-	17,918
Utilities	<u>16,330</u>	<u>14,706</u>
	<u>211,292</u>	<u>287,397</u>
INCOME BEFORE OTHER INCOME (CHARGES)	<u>2,637,631</u>	<u>1,622,327</u>
OTHER INCOME (CHARGES)		
Loss from limited partnership	(3,582)	(498)
Interest	77,183	8,802
Rent	4,000	31,075
Silviculture	<u>(2,631)</u>	<u>214,527</u>
	<u>74,970</u>	<u>253,906</u>
NET INCOME	<u>\$ 2,712,601</u>	<u>\$ 1,876,233</u>

TANO T'ENNEH LIMITED PARTNERSHIP
STATEMENT OF PARTNERS' CAPITAL
YEAR ENDED MARCH 31, 2018
(Unaudited - See Notice to Reader)

	Lheidli T'enneh Band	Tano T'enneh General Partner Corporation	2018 Total	2017 Total
PARTNERS' CAPITAL, BEGINNING OF YEAR	\$ 7,828,678	\$ 718	\$ 7,829,396	\$ 5,570,358
CONTRIBUTIONS	-	-	-	382,805
WITHDRAWALS	(798,890)	-	(798,890)	-
NET INCOME	<u>2,712,330</u>	<u>271</u>	<u>2,712,601</u>	<u>1,876,233</u>
PARTNERS' CAPITAL END OF YEAR	<u>\$ 9,742,118</u>	<u>\$ 989</u>	<u>\$ 9,743,107</u>	<u>\$ 7,829,396</u>

TANO T'ENNEH LIMITED PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2018
(Unaudited - See Notice to Reader)

1. DESCRIPTION OF ENTITY AND NATURE OF ACTIVITIES

Tano T'enneh Limited Partnership was formed under the laws of the Province of British Columbia to engage in forest management services in Northern British Columbia. The partnership has one limited partner, Lheidli T'enneh Band, earning an income allocation of 99.99% and is managed by the general partner, Tano T'enneh General Partner Corporation, earning an income allocation of 0.01%. The general partner's shares are held by Lheidli T'enneh Band, as represented by Chief and Council, on behalf of and for the benefit of the membership.

2. DUE FROM RELATED PARTIES

	2018	2017
Chunzoolh Forest Products Ltd.	\$ 1,833,917	\$ 1,832,079
Lheit Lit'en Development Corporation	<u>621,981</u>	<u>621,981</u>
	<u>\$ 2,455,898</u>	<u>\$ 2,454,060</u>

Amounts due from related parties are unsecured, non-interest bearing with no specific terms of repayment.

The shares of Chunzoolh Forest Products Ltd. are held by Lheit Lit'en Development Corporation, whose shares are held by Lheidli T'enneh Band.

3. INVESTMENTS

	2018	2017
LTN Contracting Ltd. (50%)		
Shares	\$ 120	\$ 120
Advances to	631,582	631,582
Equity	<u>150,643</u>	<u>150,643</u>
	<u>782,345</u>	<u>782,345</u>
Shas Resources Limited Partnership (12.5%)		
Partnership units	13	13
Deficiency	<u>(18,021)</u>	<u>(14,439)</u>
	<u>(18,008)</u>	<u>(14,426)</u>
	<u>\$ 764,337</u>	<u>\$ 767,919</u>

TANO T'ENNEH LIMITED PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2018
(Unaudited - See Notice to Reader)

3. INVESTMENTS, continued

Investment in LTN Contracting Ltd. is accounted for using the modified equity method. Advances are unsecured, non-interest bearing with no specific terms of repayment.

Financial information for LTN Contracting Ltd. as at April 30, 2018.

<u>Assets</u>	<u>Liabilities</u>	<u>Revenue</u>	<u>Net Income</u>
\$ 5,086,092	\$ 4,784,567	\$ 17,947,318	\$ _____ -

Investment in Shas Resources Limited Partnership is accounted for using the modified equity method. Advances are unsecured, non-interest bearing with no specific terms of repayment.

Financial information for Shas Resources Limited Partnership as at March 31, 2018.

<u>Assets</u>	<u>Liabilities</u>	<u>Revenue</u>	<u>Net Loss</u>
\$ 184,252	\$ 328,427	\$ 6,423	\$ 28,653

4. PROPERTY, PLANT AND EQUIPMENT

			2018	2017
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Building	\$ 1,430,382	\$ 51,859	\$ 1,378,523	\$ 581,282
Furniture and fixtures	<u>15,250</u>	<u>1,525</u>	<u>13,725</u>	<u>-</u>
	1,445,632	53,384	1,392,248	581,282
Land	<u>814,101</u>	<u>-</u>	<u>814,101</u>	<u>389,901</u>
	<u>\$ 2,259,733</u>	<u>\$ 53,384</u>	<u>\$ 2,206,349</u>	<u>\$ 971,183</u>

5. ACCRUED SILVICULTURE LIABILITIES

The accrued silviculture liabilities are recorded at the estimated costs to meet silviculture commitments on forest licences held in trust for Chunzoolh Forest Products Ltd. by the limited partnership.