

TANO T'ENNNEH GENERAL PARTNER CORPORATION

**NON-CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

MARCH 31, 2022



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Tano T'enneh General Partner Corporation

Qualified Opinion

We have audited the non-consolidated financial statements of Tano T'enneh General Partner Corporation, which comprise the non-consolidated balance sheet as at March 31, 2022, and the non-consolidated statements of income and retained earnings and cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the partnership as at March 31, 2022, and its non-consolidated results of operations and its non-consolidated cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Basis for Qualified Opinion

During the year Tano T'enneh General Partner Corporation adopted the Canadian accounting standards for private enterprises with a transition date of April 1, 2020, as described in the emphasis of matter paragraph of this report. As such the comparative information presented in these financial statements is unaudited.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements section of our report. We are independent of the partnership in accordance with the ethical requirements that are relevant to

See accompanying notes to these financial statements

1

our audit of the non-consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Basis of Accounting

Without modifying our opinion, we draw attention to note 1 in the financial statements which describes the basis of accounting. The financial statements are prepared to assist the Company to meet the requirements of its shareholders. As a result, the financial statements may not be suitable for another purpose.

Emphasis of Matter

Without modifying our opinion, we draw attention to note 2 to the financial statements which describes that Tano T'enneh General Partner Corporation adopted Canadian accounting standards for private enterprises on April 1, 2021 with a transition date of April 1, 2020. These standard were applied retrospectively by management to the comparative information in these financial statements, including the non consolidated balance sheet as at March 31, 2021 and April 1, 2020, and the non-consolidated statements of income, partners' surplus and cash flows for the year ended March 31, 2021 and related disclosures. We were not engaged the report on the restated comparative information, and as such, it is unaudited.

Responsibilities of Management and Those Charged with Governance for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with Canadian accounting standards for private enterprises, 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.

In preparing the non-consolidated financial statements, management is responsible for assessing the partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the partnership or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the partnership's financial reporting process.

See accompanying notes to these financial statements

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ♦ Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ♦ Obtain an understanding of internal control relevant to the audit 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 partnership's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ♦ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the partnership's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the partnership to cease to continue as a going concern.
- ♦ Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

See accompanying notes to these financial statements

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DMC Chartered Professional
Accountants Inc.

Prince George, B.C.
January 12, 2023

See accompanying notes to these financial statements

4

TANO T'ENNNEH GENERAL PARTNER CORPORATION
NON-CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
YEAR ENDED MARCH 31, 2022

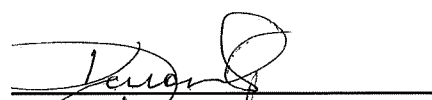
	<u>2022</u>	<u>2021</u>
REVENUE		
Tano Fuel Ltd. income	\$ 65,653	\$ 60,921
Tano T'enneh Limited Partnership income	507	406
	<u>66,160</u>	<u>61,327</u>
EXPENSES		
Interest and bank charges	40	30
Professional fees	8,001	1,047
	<u>8,041</u>	<u>1,077</u>
NET INCOME	58,119	60,250
RETAINED EARNINGS, BEGINNING OF YEAR	<u>439,312</u>	<u>379,062</u>
RETAINED EARNINGS, END OF YEAR	<u><u>\$ 497,431</u></u>	<u><u>\$ 439,312</u></u>


See accompanying notes to these financial statements


TANO T'ENNEH GENERAL PARTNER CORPORATION
NON-CONSOLIDATED BALANCE SHEET
MARCH 31, 2022

	March 31, 2022	March 31, 2021	April 1, 2020
ASSETS			
CURRENT ASSET			
Cash	\$ 127	\$ 127	\$ 156
INVESTMENTS (Note 3)	<u>508,452</u>	<u>442,332</u>	<u>383,053</u>
	<u>\$ 508,579</u>	<u>\$ 442,459</u>	<u>\$ 383,209</u>
LIABILITIES			
CURRENT LIABILITY			
Accounts payable and accrued liabilities	\$ 9,001	\$ 1,000	\$ 2,000
DUE TO SHAREHOLDER (Note 4)	<u>2,127</u>	<u>2,127</u>	<u>2,127</u>
	<u>11,128</u>	<u>3,127</u>	<u>4,127</u>
SHAREHOLDERS' EQUITY			
SHARE CAPITAL (Note 5)	20	20	20
RETAINED EARNINGS	<u>497,431</u>	<u>439,312</u>	<u>379,062</u>
	<u>497,451</u>	<u>439,332</u>	<u>379,082</u>
	<u>\$ 508,579</u>	<u>\$ 442,459</u>	<u>\$ 383,209</u>

Approved on behalf of the board of directors


 _____ Director


 _____ Director



TANO T'ENNEH GENERAL PARTNER CORPORATION
NON-CONSOLIDATED STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2022

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 58,119	\$ 60,250
Adjustments for items which do not affect cash		
Equity earnings in Tano T'enneh LP	(507)	1,642
Equity earnings in Tano Fuel	(65,653)	(60,920)
	<u>(8,041)</u>	<u>972</u>
Change in non-cash working capital items		
Accounts payable and accrued liabilities	<u>8,001</u>	<u>(1,001)</u>
	<u>8,001</u>	<u>(1,001)</u>
	(40)	(29)
CASH FLOWS FROM INVESTING ACTIVITY		
Advances to investments	<u>40</u>	-
DECREASE IN CASH	-	(29)
CASH, BEGINNING OF YEAR	<u>127</u>	<u>156</u>
CASH, END OF YEAR	<u>\$ 127</u>	<u>\$ 127</u>
CASH CONSISTS OF:		
Cash	<u>\$ 127</u>	<u>\$ 127</u>
	<u>\$ 127</u>	<u>\$ 127</u>

See accompanying notes to these financial statements

TANO T'ENNEH GENERAL PARTNER CORPORATION
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022

DESCRIPTION OF OPERATIONS

Tano T'enneh General Partner Corporation was incorporated under the Business Corporations Act of British Columbia on May 18, 2008. The Company's principal business activity is providing administrative services and management to Lheidli T'enneh Nation and its members.

1. BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the Canadian accounting standards for private enterprises set out in Part II of the CPA Canada Handbook. These financial statements are prepared to assist the Company to meet the requirement of the partners of the Company, and as such, the basis of accounting used differs from International Financial Reporting Standards set out in Part I of the CPA Canada Handbook, the financial reporting framework applicable to the general purpose financial statements of the Company.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are accounts payable and accrued liabilities.

Financial instruments

(i) Measurement of financial instruments

The Company initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The Company subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

TANO T'ENNEH GENERAL PARTNER CORPORATION
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022

1. BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- ♦ the present value of the cash flows expected to be generated by the asset or group of assets;
- ♦ the amount that could be realized by selling the assets or group of assets;
- ♦ the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

Investments

The equity method is used to account for the Company's investment in associated corporations, namely net assets. This method of accounting brings into consolidated earnings the Company's share in earnings of the associated corporation, which is also added to the carrying value of the investment. The excess of cost over the underlying share of equity in the investment since the date of acquisition is being amortized against the Company's share of earnings of the associated corporation.

Revenue recognition

Revenue from Investments is recognized using the equity pickup method.

Income taxes

The Company has elected to account for income taxes using the taxes payable method. The taxes payable and provision for income taxes are based on the corporate income tax returns filed. There is no adjustment for income taxes related to temporary differences and no recognition of the benefit of income tax losses carried forward.

2. IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING

These are the Company's first financial statements prepared in accordance with Canadian generally accepted accounting principles for private enterprises. There were no changes required to the comparative balances presented as a result of adoption of these accounting principles.

TANO T'ENNEH GENERAL PARTNER CORPORATION
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022

2. IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING (continued)

3. INVESTMENTS

	March 31, 2022	March 31, 2021	April 1, 2020
Investment in Tano Fuel Ltd. (100%)	\$ 508,478	\$ 442,720	\$ 381,800
Investment in Tano T'enneh Limited Partnership	(26)	(388)	1,253
	<u>\$ 508,452</u>	<u>\$ 442,332</u>	<u>\$ 383,053</u>

4. DUE TO SHAREHOLDER

The amount due to the shareholders is non-interest bearing and due on demand. Since the shareholders have indicated that it is not their intention to request payment of this amount during the next fiscal year, this amount has been classified as a non-current liability in the accompanying financial statements.

	March 31, 2022	March 31, 2021	April 1, 2020
Due to Lheidli T'enneh First Nation	<u>\$ 2,127</u>	<u>\$ 2,127</u>	<u>\$ 2,127</u>

5. SHARE CAPITAL

	March 31, 2022	March 31, 2021	April 1, 2020
Issued and fully paid:			
10 Class A Common shares with a par value of \$1.00 each	\$ 10	\$ 10	\$ 10
10 Class B Common shares with a par value of \$1.00 each	10	10	10
	<u>\$ 20</u>	<u>\$ 20</u>	<u>\$ 20</u>

TANO T'ENNEH GENERAL PARTNER CORPORATION
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022

6. ECONOMIC DEPENDENCE

Tano T'ennneh General Partner Corporation generates the majority of its revenues through investment held in Tano Fuel Ltd. This trend is expected to continue in the future and is common in the industry, however should the relationship cease, the Partnerships operations would be significantly reduced.

7. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of non-consolidated financial statements in assessing the extent of risk related to financial instruments. In the opinion of management financial instrument risk is low and is not material.

8. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.