DECHEN VENTURES

(A Partnership)

FINANCIAL STATEMENTS

March 31, 2015

RHB SCHMITZ de GRACE
Chartered Accountants

RHB SCHMITZ de GRACE

Chartered Accountants

Partners
- Lynn Ross, CPA, CA
- Norm Hildebrandt, CPA, CA
- Allison Beswick, CPA, CA

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- Denotes professional corporation

INDEPENDENT AUDITORS' REPORT

To the Partners of Dechen Ventures

We have audited the accompanying financial statements of the Dechen Ventures (the "Partnership"), which comprise the statement of financial position as at March 31, 2015 and the statements of operations, partners' capital and cash flow for the period then ended and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management using the basis of accounting described in note 2 to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting described in note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements of Dechen Ventures for the period ended March 31, 2015 present fairly, in all material respects, the financial position of Dechen Ventures as at March 31, 2015 and its financial performance and its cash flow for the year then ended in accordance with basis of accounting described in note 2 to the financial statements.

RHB SCHMITZ de GRACE
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INDEPENDENT AUDITORS' REPORT, continued

Basis of Accounting

Without modifying our opinion, we draw attention to note 2 to the financial statements which describes the basis of accounting. The financial statements are prepared using a framework appropriate for a commercial operation, although the Partnership, strictly speaking, operates in the public sector. As a result, the financial statements may not be suitable for all purposes.

RHB Schmitz de Grace

Prince George, BC
June 30, 2015

Chartered Accountants

DECHEN VENTURES

(A Partnership)

STATEMENT OF OPERATIONS

For the period ended March 31, 2015

	2015 (3 months)
REVENUE	$ 533,393
EXPENSES	
Wages and benefits	164,858
Materials and supplies	131,120
Equipment rental	34,944
Fuel and lubricants	32,096
Insurance, licenses and dues	26,780
Mangement fees	10,686
Subcontract	10,032
Parts and supplies	8,100
Professional fees	4,500
Lowbedding	2,090
Telephone	74
Bank charges and interest	18
	425,298
NET INCOME FOR THE YEAR	$ 108,095

RHB SCHMITZ de GRACE
Chartered Accountants

DECHEN VENTURES

(A Partnership)

STATEMENT OF FINANCIAL POSITION

March 31, 2015

ASSETS

	2015
CURRENT ASSETS	
Cash	$ 35,570
Accounts receivable	53,190
Due from related parties, net (Note 3)	49,061
	$ 137,821

LIABILITIES

	2015
CURRENT LIABILITIES	
Accounts payable and accrued liabilities (Note 4)	$ 29,726

PARTNERS' CAPITAL

TL'ETINQOX GOVERNMENT	108,095
	$ 137,821

RHB SCHMITZ de GRACE
Chartered Accountants

DECHEN VENTURES

(A Partnership)

STATEMENT OF PARTNERS' CAPITAL

For the period ended March 31, 2015

	Joe Alphonse	Tl'etinqox Government	2015 Total
INITIAL SUBSCRIPTION	$ -	$ -	**$ -**
CONTRIBUTIONS (DISTRIBUTIONS)			
Balance at beginning of the period	-	-	**-**
Current period distribution	-	-	**-**
INCOME			
Accumulated income (loss) to the beginning of the period	-	-	**-**
Current period income	-	108,095	**108,095**
BALANCE AT END OF THE PERIOD	$ -	$ 108,095	**$ 108,095**

RHB SCHMITZ de GRACE
Chartered Accountants

DECHEN VENTURES

(A Partnership)

STATEMENT OF CASH FLOW

For the period ended March 31, 2015

	2015 (3 months)
OPERATING ACTIVITIES	
Net income for the period	$ 108,095
Changes in non-cash working capital items:	
Accounts receivable	(53,190)
Due from related party	(49,061)
Accounts payable and accrued liabilities	29,726
	(72,525)
CASH FROM OPERATIONS AND INCREASE IN CASH DURING THE PERIOD	35,570
CASH AT BEGINNING OF THE PERIOD	-
CASH AT END OF THE PERIOD	$ 35,570

RHB SCHMITZ de GRACE
Chartered Accountants

1. DESCRIPTION OF OPERATIONS

Dechen Ventures (the “Partnership”) is a partnership between Tl’etinqox Government and Joe Alphonse (Chief of Tl’etinqox Government). The partnership operates a forestry consulting business and mainly provides services to Klatassine Resources Ltd. (owned 100% by Tl’etinqox Government). The Partnership is registered under the Companies Act of the Province of BC and commenced operations January 1, 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

As the Partnership’s operations are effectively controlled by Klatassine Resources Ltd., who is controlled by Tl’etinqox Government, generally accepted accounting principles dictate that these financial statements be prepared using the framework stipulated by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The Partnership's activities, however, are essentially commercial in nature, and it is, therefore, management’s opinion that the framework set out in the Canadian accounting standards for private enterprise (ASPE) would be more appropriate under the circumstances.

Financial Statement Presentation

The financial statements of the Partnership do not include all of the assets, liabilities, revenues and expenses of the partners. No amount has been included in the income statement for the partners’ salaries or interest on their invested capital.

Revenue Recognition

Revenue generated by forest operations is recognized when services are rendered.

Rental revenue is recognized in the period it is earned.

Management fees are recognized when the services are provided.

Measurement Uncertainty

The preparation of financial statements in accordance with the basis of accounting as described in note 2 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from management’s best estimates as additional information becomes available in the future.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Cash and Equivalents

Management considers cash and all highly liquid investments with maturity of twelve months or less at acquisition to be cash equivalents.

Financial Instruments

Measurement of Financial Instruments
The Partnership initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Partnership subsequently measures all its financial assets and financial liabilities at cost.

Financial assets measured at cost include cash, accounts receivable and due from related party.

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

Impairment
Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction Costs
The Partnership recognizes its transaction costs in net income in the period incurred. However, the carrying amount of the financial instruments that will not be subsequently, measured at fair value is reflected in the transaction costs that are directly attributable to their origination, issuance or assumption.

3. DUE FROM (TO) RELATED PARTIES

	2015
Klatassine Resources Ltd.	$ 96,439
Tl'etinqox Government	(47,378)
	$ 49,061

The above advances are unsecured, non-interest bearing with no specific terms of repayment.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015
GST payable	$ 17,232
Trade payables	10,602
Payroll remittances payable	993
Salaries and wages payable	899
	$ 29,726

5. RELATED PARTY TRANSACTIONS

During the period, the Partnership made advances (net) resulting in the balances due from (to) related parties as described in note 3.

These transactions were made in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

6. FINANCIAL INSTRUMENT RISKS

<u>Risks and concentrations</u>

The Partnership is exposed to various risks through its financial instruments, without being exposed to concentrations of risks. The following analysis provides a measure of the entity's risk exposure as at March 31, 2015.

6. FINANCIAL INSTRUMENT RISKS, continued

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 risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Partnership is not exposed to any market risks.