



Financial Statements

SK'ATSIN RESOURCES LIMITED LIABILITY PARTNERSHIP

March 31, 2023

Contents

G Independent Auditor's Report

G1 Statement of Financial Position

G2 Statement of Partners' Capital

G3 Statement of Income and Comprehensive Income

G4 Statement of Cash Flows

Notes to the Financial Statements

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To the Partners of
SK'ATSIN RESOURCES LIMITED LIABILITY PARTNERSHIP

Qualified opinion

We have audited the financial statements of SK'ATSIN RESOURCES LIMITED LIABILITY PARTNERSHIP, which comprise the statement of financial position as at March 31, 2023, and the statements of partners' capital, income and comprehensive income, and cash flows for the year then ended, and notes to the 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 financial statements present fairly, in all material respects, the financial position of the Partnership as at March 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for qualified opinion

The Partnership's financial statements include investment in partnerships as at March 31, 2023 of which \$572 relates to the Partnership's investment in Sk'atsin-Infracon Site Services Limited Partnership and \$Nil relates to Sk'atsin Silvatech LLP, partnerships accounted for by the equity method. Additionally, included in net income for the year ended March 31, 2023 is a loss of \$Nil from Sk'atsin-Infracon Site Services LP and a loss of \$33,000 from Sk'atsin Silvatech LLP. We were unable to obtain sufficient appropriate audit evidence for the completeness or occurrence of these balances as management was unable to provide appropriate supporting documentation. Consequently, we were not able to determine whether any adjustments might be necessary to income from Sk'atsin-Infracon Site Services Limited Partnership or Sk'atsin Silvatech LLP, net income and cash flows for the year ended March 31, 2023, net assets as at April 1, 2022 and March 31, 2023 and investment in partnerships as at March 31, 2023.

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 financial statements section of our report. We are independent of the Partnership in accordance with the ethical requirements that are relevant to our audit of the 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.

Other matter

We draw attention to the fact the supplementary information included in Schedules 1 through 7 do not form part of the financial statements. We have not audited or reviewed this supplementary information and, accordingly, we do not express an opinion, review conclusion or any other form of assurance on this supplementary information.

(continued)

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, 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.

In preparing the 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Partnership to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

(continued)

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.

Kamloops, Canada
October 31, 2023

Grant Thornton LLP

Chartered Professional Accountants

SK'ATSIN RESOURCES LIMITED LIABILITY PARTNERSHIP

Statement of Financial Position

March 31 2023 2022

Assets

Current

Cash	\$ 6,278,101	\$ 5,276,911
Accounts receivable (Note G6)	612,308	326,681
Goods and services tax recoverable	-	8,166
Prepaid expenses	61,524	3,385
Due from related company (Note G7)	<u>159,309</u>	<u>159,309</u>

Total current assets

7,111,242 5,774,452

Property and equipment (Note G8)

354,441 270,517

Investments in limited liability partnerships (Note G9)

572 572

Total assets

\$ 7,466,255 \$ 6,045,541

Liabilities

Current

Accounts payable	\$ 279,939	\$ 100,283
Goods and services tax payable	51,533	-
Current portion of loans payable (Note G10)	23,785	70,576
Current portion of silviculture obligation (Note G11)	<u>81,000</u>	<u>96,000</u>

Total current liabilities

436,257 266,859

Loans payable (Note G10)

32,192 8,346

Silviculture obligation (Note G11)

142,901 139,989

Total liabilities

611,350 415,194

Partners' capital

Partners' capital

6,854,905 5,630,347

Total liabilities and partners' capital

\$ 7,466,255 \$ 6,045,541

On behalf of the Partners

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 F6C53C1CFEAD462... Partner

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SK'ATSIN RESOURCES LIMITED LIABILITY PARTNERSHIP

Statement of Partners' Capital

Year ended March 31

2023

	Balance, beginning of year	Share of net income and comprehensiv e income	Withdrawals	Balance, end of year
Neskonlith Indian Band	\$ 5,554,846	\$ 1,214,745	\$ -	\$ 6,769,591
Sk'atsin Resources Ltd.	<u>75,501</u>	<u>12,270</u>	<u>(2,457)</u>	<u>85,314</u>
	<u>\$ 5,630,347</u>	<u>\$ 1,227,015</u>	<u>\$ (2,457)</u>	<u>\$ 6,854,905</u>

Year ended March 31

2022

	Balance, beginning of year	Share of net income and comprehensive income	Withdrawals	Balance, end of year
Neskonlith Indian Band	\$ 4,987,434	\$ 567,412	\$ -	\$ 5,554,846
Sk'atsin Resources Ltd.	<u>72,821</u>	<u>5,731</u>	<u>(3,051)</u>	<u>75,501</u>
	<u>\$ 5,060,255</u>	<u>\$ 573,143</u>	<u>\$ (3,051)</u>	<u>\$ 5,630,347</u>

See accompanying notes to the financial statements.

SK'ATSIN RESOURCES LIMITED LIABILITY PARTNERSHIP

Statement of Income and Comprehensive Income

Year ended March 31	2023	2022
Revenue		
Consulting and Contract	\$ 2,334,875	\$ 1,840,727
Tolko Industries Ltd.	651,614	-
Province of BC	430,879	218,224
Neskonlith Indian Band - Consulting and Contract	164,144	300,474
Interest income	71,877	13,002
Firefighting revenue	<u>32,925</u>	<u>1,759,628</u>
	<u>3,686,314</u>	<u>4,132,055</u>
Expenses		
Advertising and promotion	5,660	4,492
Amortization	33,106	31,246
Business taxes, licenses and memberships	47,218	3,581
Donations	1,000	1,000
Equipment rental	296,964	265,073
Fuel	77,043	37,524
Hauling	23,754	-
Honoraria	5,783	1,541
Insurance	6,530	26,681
Interest and bank charges	2,269	2,555
Meetings	7,400	1,404
Office	19,448	8,586
Professional fees	41,589	17,779
Rent	30,185	22,774
Repairs and maintenance	7,871	7,428
Salaries and wages	1,055,082	998,085
Silviculture	-	107,194
Subcontract	656,706	1,895,704
Supplies	20,999	132,029
Telephone	3,344	5,077
Training	13,725	14,520
Travel	55,863	124,439
Utilities	1,612	1,482
Vehicle - repairs and maintenance	<u>10,371</u>	<u>28,709</u>
	<u>2,423,522</u>	<u>3,738,903</u>
Income before other income (items)	<u>1,262,792</u>	<u>393,152</u>
Other income (items)		
Canada Emergency Wage Subsidy	-	220,111
Loss from investments in limited liability partnerships (Note G9)	(33,000)	(36,946)
Interest on loan payable	<u>(2,777)</u>	<u>(3,174)</u>
	<u>(35,777)</u>	<u>179,991</u>
Net income and comprehensive income	<u>\$ 1,227,015</u>	<u>\$ 573,143</u>

See accompanying notes to the financial statements.

SK'ATSIN RESOURCES LIMITED LIABILITY PARTNERSHIP

Statement of Cash Flows

Year ended March 31	2023	2022
Increase (decrease) in cash		
Operating		
Net income and comprehensive income	\$ 1,227,015	\$ 573,143
Item not affecting cash		
Amortization	<u>33,106</u>	<u>31,246</u>
	1,260,121	604,389
Change in non-cash working capital items		
Accounts receivable	(285,627)	110,839
Goods and services tax	59,699	(28,798)
Prepaid expenses	(58,139)	-
Accounts payable	179,656	31,840
Silviculture obligation	<u>(12,088)</u>	<u>56,145</u>
	<u>1,143,622</u>	<u>774,415</u>
Financing		
Decrease in loans payable	(22,945)	(22,382)
Partners' drawings	<u>(2,457)</u>	<u>(3,051)</u>
	<u>(25,402)</u>	<u>(25,433)</u>
Investing		
Purchase of property and equipment	(117,030)	(2,102)
Advances from related company	-	82,382
Advances to related party	-	(22,382)
Decrease in investments in limited liability partnerships	<u>-</u>	<u>31,946</u>
	<u>(117,030)</u>	<u>89,844</u>
Increase in cash	1,001,190	838,826
Cash		
Beginning of year	<u>5,276,911</u>	<u>4,438,085</u>
End of year	<u>\$ 6,278,101</u>	<u>\$ 5,276,911</u>

See accompanying notes to the financial statements.

SK'ATSIN RESOURCES LIMITED LIABILITY PARTNERSHIP

Notes to the Financial Statements

March 31, 2023

G1. Reporting Entity

SK'ATSIN RESOURCES LIMITED LIABILITY PARTNERSHIP (the "Partnership") is domiciled in Canada and has a registered office at 740 Chief Neskonlith Drive, Chase, BC. The Partnership is engaged in logging, maintenance contracts and various other contracting operations. The Partnership is controlled by Neskonlith Indian Band (99%). These financial statements contain all of the assets, liabilities, and partners' equity for the Partnership. Net income of the Partnership is allocated to the respective Partners annually.

G2. Basis of presentation

Statement of compliance

The financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). They have been prepared under the assumption that the Partnership operates on a going concern basis.

The financial statements for the year ended March 31, 2023 (including comparatives) were approved and authorized for issue by the Board of Directors on October 31, 2023.

Basis of presentation

The financial statements have been prepared on an accrual basis and under the historical cost convention, except for financial instruments classified as measured at fair value, equity instruments that are initially measured at cost and subsequently increased or decreased to recognize the investor's share of the investee's equity and reforestation obligations which are measured at the the Partnership's best estimate of expected future cash flows. Monetary amounts are expressed in Canadian dollars (CAD) and are rounded to the nearest dollar.

G3. Future changes to accounting standards

A number of new standards, and amendments to standards and interpretations, are not yet effective for the periods ended March 31, 2023 and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements.

G4. Significant accounting policies

Estimation uncertainty

SK'ATSIN RESOURCES LIMITED LIABILITY PARTNERSHIP

Notes to the Financial Statements

March 31, 2023

G4. Significant accounting policies (continued)

Estimation uncertainty (continued)

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. In 2023, the Partnership has not recognised an impairment loss.

Useful lives and residual values of depreciable assets

Management reviews its estimate of the useful lives and residual values of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and equipment.

Silviculture obligation

Management's estimate of the silviculture obligation are based on a number of critical underlying assumptions such as standard rates of inflation, discount rate and anticipation of future expenses. Variation in these assumptions may significantly impact the obligation amount.

Investments in limited liability partnerships

The Partnership recognizes its investments in limited liability partnerships (partnership interest) using the equity method.

The equity method is a basis of accounting for investments whereby the investment is initially recorded at cost and the carrying value, adjusted thereafter to include the investor's pro-rata share of post-acquisition earnings of the investee, computed by the consolidation method. Profit distributions received or receivable from an investee reduce the carrying value of the investment.

A Partnership's share in losses in excess of the carrying amount of the investment are recorded if the Partnership has guaranteed the obligations of the investee; or, the Partnership is otherwise committed to provide further financial support to the investee; or, the investee seems assured of imminently returning to profitability.

Property and equipment

Each class of property and equipment is carried at cost less, where applicable, accumulated amortization and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of equipment, and are recognized net within other income in profit or loss.

Amortization is based on the estimated useful life of the assets and is recorded using the following methods and annual rates:

SK'ATSIN RESOURCES LIMITED LIABILITY PARTNERSHIP

Notes to the Financial Statements

March 31, 2023

G4. Significant accounting policies (continued)

Property and equipment (continued)

Automotive	30% Declining balance
Buildings	4% Declining balance
Computer equipment	55% Declining balance
Equipment	20% Declining balance
Furniture and fixtures	20% Declining balance

The Partnership regularly reviews its property and equipment to eliminate obsolete items. Government grants are treated as a reduction to property and equipment cost.

Property and equipment acquired during the year but not available for use are not amortized until they are available for use.

Impairment of long lived assets

The Partnership tests long-lived assets for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its carrying value.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Revenue recognition

Revenue arises mainly from consulting, contracts, firefighting, grants and the sale of logs.

To determine whether to recognize revenue the Partnership follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied

Revenue is recognized either at a point in time or over time, when the Partnership satisfies performance obligations by transferring the promised goods or services to its customers.

Consulting, contract and firefighting services

Performance obligations arising from contracts with customers require the Partnership to provide labour hours and other direct expenses as requested. Each individual contract may contain multiple performance obligations and at contract inception, consideration is variable as the total number of hours required is not fixed. However, under the terms of its contracts with customers the Partnership has the right to consideration in an amount that corresponds directly with the value to its customers of performance completed to date, and therefore recognizes the revenue over time.

SK'ATSIN RESOURCES LIMITED LIABILITY PARTNERSHIP

Notes to the Financial Statements

March 31, 2023

G4. Significant accounting policies (continued)

Revenue recognition (continued)

Other revenues

Grants are recognized as revenue when the grant is received and the conditions of the grant have been met. Grants are recognized as deferred revenue when the stipulations in the agreement give rise to a liability.

Logging contract administration is recognized on a monthly basis as the logs harvested under the contracts cross the scale at the mill, at which point performance obligations have been satisfied.

Interest and other revenue is reported when received or receivable and collection is reasonably assured.

Financial instruments policy

Financial instruments comprise cash, accounts receivable, due from related company, accounts payable, and loans payable.

Financial instruments are classified and measured as follows:

Financial Assets:

- Cash - Amortized cost
- Accounts receivables - Amortized cost
- Due from related company - Amortized cost
- Investment in partnerships - FVTPL

Financial Liabilities:

- Accounts payable and accrued liabilities - Amortized cost
- Goods and service tax payable - Amortized cost
- Employee deductions payable - Amortized cost
- Loans payable - Amortized cost

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Partnership becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled, or expired.

SK'ATSIN RESOURCES LIMITED LIABILITY PARTNERSHIP

Notes to the Financial Statements

March 31, 2023

G4. Significant accounting policies (continued)

Financial instruments policy (continued)

Classification and measurement of financial assets

Financial assets are classified as either measured at amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through net income ("FVTPL") based on the business model in which a financial asset is managed, its contractual cash flow characteristics and when certain conditions are met:

Amortized cost – measured at amortized cost using the effective interest rate method. Where applicable, amortized cost is reduced by impairment losses. Interest income and impairment are recognized in net income.

FVOCI – measured at FVOCI if not designated as FVTPL. Interest income and impairment are recognized in net income. Other net gains and losses are recognized in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to net income.

Financial liabilities are classified as either measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is held-for-trading, a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Interest expense are recognized in net income. Any gains or losses on derecognition are also recognized in net income.

Impairment

The Partnership applies the simplified approach in determining expected credit losses ("ECLs"), which requires it to use the 12 month expected credit losses approach to estimate the expected credit losses to be recognized upon initial recognition of financial assets measured at amortized cost. Credit losses are measured as the present value of cash shortfalls from all possible default events, discounted at the effective interest rate of the financial asset. Loss allowances for financial assets at amortized cost are deducted from the gross carrying amount of the assets.

Silviculture obligation

A provision is recognised if, as a result of a past event, the Partnership has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Timber is harvested under various licenses issued by the Province of British Columbia, which include future requirements for reforestation. The future estimated reforestation obligation is accrued and charged to earnings on the basis of the volume of timber cut. The estimates of reforestation obligation are based upon various judgments and assumptions. Both the precision and reliability of such estimates are subject to uncertainties and, as additional information becomes known, these estimates are subject to change.

SK'ATSIN RESOURCES LIMITED LIABILITY PARTNERSHIP

Notes to the Financial Statements

March 31, 2023

G4. Significant accounting policies (continued)

Leases

The Partnership assesses whether a contract is, or contains a lease, at inception of the contract. A contract is, or contains, a lease if, the contract conveys the right to control the use of an identified asset for a period of time in exchange for considerations.

The Partnership recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee. Except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Partnership recognises the lease payments as an operating expense on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Partnership had no leases beyond 12 months and therefore there was no recognition of right of use assets.

Government grants

Government grants for acquiring fixed assets and related to expenses is recorded as deferred government assistance and is amortized on the same basis and according to the same rates as the related fixed assets or to income as eligible expenditures are incurred. Government grants for acquiring fixed assets and current expenses is recorded as income.

SK'ATSIN RESOURCES LIMITED LIABILITY PARTNERSHIP

Notes to the Financial Statements

March 31, 2023

G5. Financial risk

The Partnership is exposed to various risks in relation to its financial instruments. The following analysis provides information about the Partnership's risk exposure and concentration as of March 31, 2023.

(a) Credit risk

Credit risk analysis:

Credit risk is the risk that a counterparty fails to discharge an obligation to the Partnership. The Partnership is exposed to a credit risk from financial assets including accounts receivables.

Credit risk management:

The credit risk is managed through the Partnership's credit risk management policies and procedures.

The Partnership continuously monitors the credit quality of customers based on reviewing timing of payments received. Where available, external credit ratings and/or reports on customers are obtained and used. The Partnership's policy is to deal only with credit worthy counterparties. The credit terms range between 30 and 60 days. The credit terms for customers as negotiated with customers are subject to an internal approval process which considers the credit rating. The ongoing credit risks managed through regular review of ageing analysis, together with credit limits per customer.

Credit risk security:

Accounts receivable consists of a number of customers which minimizes risk of collection and the Partnership does not hold any security on accounts receivables at the reporting date.

Accounts receivable:

The Partnership applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the accounts receivable have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the day past due.

The expected loss rates are based on the payment profile for sales over the past 48 months before March 31, 2023 and March 31, 2022 respectively as well as the corresponding historical credit losses during that period. The Partnership has not experienced any allowances or losses in the past 48 months.

Accounts receivable are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Partnership on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

SK'ATSIN RESOURCES LIMITED LIABILITY PARTNERSHIP

Notes to the Financial Statements

March 31, 2023

G5. Financial risk (continued)

(b) Liquidity risk

Liquidity risk analysis:

Liquidity risk is that the Partnership might be unable to meet its obligations. The Partnership manages its liquidity needs by monitoring scheduled payments for long-term silviculture obligation liabilities as well as forecast cash inflows and outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 5-12 year silviculture obligation periods are identified semi-annually. Net cash requirements are compared to available borrowing facilities, cash and cash equivalents and marketable securities balances in order to determine headroom or any shortfalls.

The Partnership's available cash balances are expected to be sufficient over both the time periods mentioned above. The Partnership's objective is to maintain cash and accounts receivables to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting period.

Funding for long-term liquidity needs is supported by cash balances and future cash flows from operations.

The Partnership considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and accounts receivables. The Partnership's existing cash resources and accounts receivables significantly exceed the current cash outflow requirements.

G6. Accounts receivable

	<u>2023</u>	<u>2022</u>
Current	\$ 250,593	\$ 22,941
Past due 1 - 30 days	250,556	-
Past due 31 - 60 days	1,914	71,120
Past due 61 - 90 days	86,480	41,385
Past due > 91 days	<u>22,765</u>	<u>191,235</u>
	<u>\$ 612,308</u>	<u>\$ 326,681</u>

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

Note G5 includes disclosures relating to credit risk exposures and analysis relating to the allowance for expected credit losses. Both the current and comparative impairment provisions apply the IFRS 9 expected loss model.

The Partnership has historically experienced minimal customer defaults, as a result, it considers the credit quality of these trade accounts to be high.

SK'ATSIN RESOURCES LIMITED LIABILITY PARTNERSHIP

Notes to the Financial Statements

March 31, 2023

G7. Due from related company

	<u>2023</u>	<u>2022</u>
1202453 B.C. Ltd., commonly controlled company, noninterest bearing, unsecured, no stated terms of repayment	<u>\$ 159,309</u>	<u>\$ 159,309</u>

Sk'atsin Resources Limited Liability Partnership

Notes to the Financial Statements

March 31, 2023

G8. Equipment

	<u>Building</u>	<u>Equipment</u>	<u>Automotive</u>	<u>Furniture and fixtures</u>	<u>Computer equipment</u>	<u>Total</u>
Cost						
Balance March 31, 2022	\$ 291,327	\$ 34,588	\$ 161,991	\$ 3,168	\$ 28,707	\$ 519,781
Additions	-	117,030	-	-	-	117,030
Balance March 31, 2023	291,327	151,618	161,991	3,168	28,707	636,811
Accumulated amortization						
Balance March 31, 2022	\$ 75,987	\$ 19,405	\$ 126,031	\$ 2,570	\$ 25,271	249,264
Amortization	8,614	11,695	10,786	120	1,891	33,106
Balance at March 31, 2023	84,601	31,100	136,817	2,690	27,162	282,370
Carrying amount March 31, 2023	\$ 206,726	\$ 120,518	\$ 25,174	\$ 478	\$ 1,545	\$ 354,441

	<u>Building</u>	<u>Equipment</u>	<u>Automotive</u>	<u>Furniture and fixtures</u>	<u>Computer equipment</u>	<u>Total</u>
Cost						
Balance March 31, 2021	\$ 291,327	\$ 34,588	\$ 161,991	\$ 3,168	\$ 26,605	\$ 517,679
Additions	-	-	-	-	2,102	2,102
Balance March 31, 2022	291,327	34,588	161,991	3,168	28,707	519,781
Accumulated amortization						
Balance March 31, 2021	\$ 67,014	\$ 15,609	\$ 110,620	\$ 2,421	\$ 22,354	218,018
Amortization	8,973	3,796	15,411	149	2,917	31,246
Balance March 31, 2022	75,987	19,405	126,031	2,570	25,271	249,264
Carrying amount at March 31, 2022	\$ 215,340	\$ 15,183	\$ 35,960	\$ 598	\$ 3,436	\$ 270,517

Sk'atsin Resources Limited Liability Partnership

Notes to the Financial Statements

March 31, 2023

G9. Investments in limited liability partnerships

The Partnership has a 50% voting interest in the following entities:

	2023	2022
SK'atsin-Infracon Site Services Limited Partnership (allocated 51% of income):		
Balance, beginning of year	\$ 572	\$ 572
Contributions during the year	-	-
Net income (loss) for the year	-	-
Balance, end of year	<u>572</u>	<u>572</u>
SK'atsin Silvatech LLP (allocated 51% of income):		
Balance, beginning of year	-	31,946
Contributions during the year	33,000	5,000
Net income (loss) for the year	<u>(33,000)</u>	<u>(36,946)</u>
Balance, end of year	<u>-</u>	<u>-</u>
Investments in limited liability partnerships	<u>\$ 572</u>	<u>\$ 572</u>

Financial information of Sk'atsin-Infracon Site Services Limited Partnership is as follows:

Cash	\$ 2,581	\$ 2,581
Other current liabilities	<u>(1,608)</u>	<u>(1,608)</u>
Equity	<u>\$ 973</u>	<u>\$ 973</u>
Revenue	\$ -	\$ -
Expenses	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>

Sk'atsin-Infracon Site Services Limited Partnership is a partnership domiciled in Canada. The Partnership is formed through a Limited Partnership Agreement between Sk'atsin Resources Limited Liability Partnership and 1144406 B.C. Ltd. Sk'atsin-Infracon's services include civil construction services including, but not limited to, crushing services to mining projects within the Neskonlith Traditional Territory.

Sk'atsin-Infracon was registered as a B.C. Limited Partnership on April 22, 2016, however, operations did not commence until July 2018. Its registered office is 740 Chief Neskonlith Drive, Chase, BC.

Financial information of Sk'atsin Silvatech LLP is as follows:

Current assets	\$ 85,109	\$ 122,590
Equipment	49,026	107,031
Current liabilities	<u>(333,042)</u>	<u>(281,416)</u>
Long term debt	-	<u>(117,380)</u>
Equity	<u>(198,907)</u>	<u>\$ (169,175)</u>
Revenue	\$ 102,453	\$ 520,010
Expenses	<u>(147,587)</u>	<u>(784,417)</u>
	<u>\$ (45,134)</u>	<u>\$ (264,407)</u>

Sk'atsin Silvatech LLP is a partnership domiciled in Canada. The Partnership is formed through a Limited Liability Partnership Agreement between Sk'atsin Resources Limited Liability Partnership and Silvatech Consulting Ltd. Sk'atsin Resources Limited Liability Partnership has a 50% voting interest in the Partnership. Silvatech's services include forestry and environmental related services to projects within the Neskonlith Traditional Territory.

Sk'atsin Silvatech LLP was registered as a B.C. Limited Liability Partnership on March 13, 2019 and commenced operations in April 2019. Its registered office is 740 Chief Neskonlith Drive, Chase, BC.

During the year ended March 31, 2022, the partners of Sk'atsin Silvatech LLP, made the decision to wind down operations and plan to dissolve the partnership at a future date. At this time, the date of dissolution has not been determined and the impact of this event, including the existence of any liabilities of Sk'atsin Resources Limited Liability Partnership, cannot be currently estimated due to uncertainty inherent to the early stages of discussions between partners regarding the impending dissolution.

SK'ATSIN RESOURCES LIMITED LIABILITY PARTNERSHIP

Notes to the Financial Statements

March 31, 2023

G10. Loans payable

	2023	2022
Neskonlith Indian Band, demand loan (Royal Bank of Canada), bearing interest at 4.42%, repayable in monthly blended payments of \$1,534, unsecured.	\$ 47,631	\$ 63,422
Royal Bank of Canada, demand loan, non-interest bearing, repayable in monthly payments of \$596. This loan matures on June 1, 2024 and is secured by a 2018 GMC Sierra 1500 with a carrying value of \$8,760.	8,346	15,500
	55,977	78,922
Less current portion	23,785	70,576
Due beyond one year	\$ 32,192	\$ 8,346
Estimated principal repayments are as follows:		
2024	\$ 23,785	
2025	18,573	
2026	13,619	
	\$ 55,977	

G11. Silviculture obligation

As part of the Partnership's forest licence agreement with the Province of British Columbia, the Partnership is required to perform reforestation on areas logged under conditions set out in the Forest Act. The timing of the reforestation payments is based on the estimated period required to attain free to grow status in a given area, which is generally between 12 to 15 years. The Partnership's estimated cost of reforestation through the "free-to-grow" stage is as follows:

	2023	2022
Balance, beginning of the year	\$ 235,988	\$ 179,844
Accrued expense	-	107,194
Paid during the year	(12,087)	(51,049)
	223,901	235,989
Less current portion	81,000	96,000
Due beyond one year	\$ 142,901	\$ 139,989

SK'ATSIN RESOURCES LIMITED LIABILITY PARTNERSHIP

Notes to the Financial Statements

March 31, 2023

G12. Capital Management

The Partnership considers its capital to be the balance maintained in its partners' equity accounts. The primary objective of the Partnership is to invest its capital in a manner that will allow it to continue as a going concern and comply with its stated objectives. Capital is invested under the direction of the Management Committee of the Partnership with the objective of providing a reasonable rate of return, minimizing risk and ensuring adequate liquid investments are on hand for current cash flow requirements.

The Partnership is not subject to any externally imposed capital requirements.

G13. Credit facilities

Under a line of credit arrangement with the Royal Bank of Canada, the Partnership may borrow up to \$75,000 on such terms as the Partnership and the bank may mutually agree upon. This arrangement does not have a termination date and can be withdrawn at the bank's option. At March 31, 2023, the remaining unused portion of the credit line was \$75,000. The line of credit is secured by a guarantee of \$75,000 by the Neskonlith Indian Band.

G14. Related party transactions

Transactions with Neskonlith Indian Band (a partner of Sk'atsin Resources Limited Liability Partnership):

During the year, the Partnership paid \$14,707 (2022 - \$8,180) in contract services, \$Nil (2022 - \$3,174) in interest, \$18,672 (2022 - \$21,784) in rent and \$49,696 (2022 - \$27,589) in management fees to the Neskonlith Indian Band.

The Partnership earned \$164,694 (2022 - \$307,322) for contract services from the Neskonlith Indian Band. As at March 31, 2023, amounts payable of \$49,052 is owing to Neskonlith Indian Band. This amount is included in accounts payable.

Transactions with Sk'atsin Silvatech LLP (a jointly controlled partnership of Sk'atsin Resources Limited Liability Partnership):

During the year, the Partnership paid \$Nil (2022 - \$59,032) in contract services to Sk'atsin Silvatech LLP.

The Partnership earned \$Nil (2022 - \$30,500) in contract services from Sk'atsin Silvatech Limited Partnership.

SK'ATSIN RESOURCES LIMITED LIABILITY PARTNERSHIP

Notes to the Financial Statements

March 31, 2023

G15. Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization.

SCHEDULE 1

**SK'ATSIN RESOURCES LIMITED LIABILITY PARTNERSHIP
COMBINED STATEMENT OF OPERATIONS
Year ended March 31, 2023**

Schedule	Revenues	Expenses	Net
2 Projects	\$ 1,568,691	\$ 1,712,775	\$ (144,084)
3 Firefighting	32,925	28,271	4,654
4 Referral Fund	271,581	1,559	270,022
5 Fuel Management	1,051,691	478,009	573,682
6 Off Reserve Logging	651,614	9,698	641,916
7 Administration	76,812	195,987	(119,175)
	<u>\$ 3,653,314</u>	<u>\$ 2,426,299</u>	<u>\$ 1,227,015</u>

**SK'ATSIN RESOURCES LIMITED LIABILITY PARTNERSHIP
COMBINED STATEMENT OF OPERATIONS
Year ended March 31, 2022**

Schedule	Revenues	Expenses	Net
2 Projects	\$ 2,220,070	\$ 1,153,799	\$ 1,066,271
3 Firefighting	1,759,628	1,578,540	181,088
4 Referral Fund	98,393	196,197	(97,804)
5 Fuel Management	-	336,536	(336,536)
6 Off Reserve Logging	-	109,309	(109,309)
7 Administration	237,129	367,696	(130,567)
	<u>\$ 4,315,220</u>	<u>\$ 3,742,077</u>	<u>\$ 573,143</u>

SK'ATSIN RESOURCES LIMITED LIABILITY PARTNERSHIP
Projects Schedule
Year ended March 31, 2023

	2023	2022
REVENUES:		
Consulting and contract	<u>\$ 1,568,691</u>	<u>\$ 2,220,070</u>
EXPENSES:		
Advertising	2,026	-
Equipment rental	264,348	253,163
Fuel	51,390	31,044
Hauling	23,754	-
Honorarium	1,589	-
Insurance (recovery)	6,430	(1,510)
Interest and bank charges	2,118	-
Meetings	4,001	45
Office	10,487	357
Professional fees	-	1,146
Rent	62,265	-
Repairs and maintenance	5,604	27,943
Salaries and wages	798,004	557,818
Small tools and supplies	16,790	129,930
Sub-contracts	442,145	85,582
Telephone	2,634	-
Training	10,645	12,120
Travel	7,807	56,161
Utilities	738	-
	<u>1,712,775</u>	<u>1,153,799</u>
INCOME (LOSS) FROM OPERATIONS	<u>\$ (144,084)</u>	<u>\$ 1,066,271</u>

SK'ATSIN RESOURCES LIMITED LIABILITY PARTNERSHIP
Firefighting Schedule
Year ended March 31, 2023

	2023	2022
REVENUES:		
Contracts	<u>\$ 32,925</u>	<u>\$ 1,759,628</u>
EXPENSES:		
Fuel	-	74
Repairs and maintenance	-	1,543
Salaries and wages	-	187,362
Sub-contracts	28,271	1,389,082
Travel	-	479
	<u>28,271</u>	<u>1,578,540</u>
INCOME FROM OPERATIONS	<u>\$ 4,654</u>	<u>\$ 181,088</u>

SK'ATSIN RESOURCES LIMITED LIABILITY PARTNERSHIP
Referral Fund Schedule
Year ended March 31, 2023

	2023	2022
REVENUES:		
Consulting and contract	<u>\$ 271,581</u>	<u>\$ 98,393</u>
EXPENSES:		
Business taxes, licences and memberships	236	1,502
Fuel	-	6,406
Insurance	-	14,117
Repairs and maintenance	-	722
Salaries and wages	-	66,993
Sub-contracts	-	103,509
Travel	1,323	2,948
	<u>1,559</u>	<u>196,197</u>
INCOME (LOSS) FROM OPERATIONS	<u><u>\$ 270,022</u></u>	<u><u>\$ (97,804)</u></u>

SK'ATSIN RESOURCES LIMITED LIABILITY PARTNERSHIP
Fuel Management Schedule
Year ended March 31, 2023

	2023	2022
REVENUES:		
Projects	<u>\$ 1,051,691</u>	<u>\$ -</u>
EXPENSES:		
Equipment rental	32,616	11,910
Fuel	25,425	-
Meetings	41	-
Repairs and maintenance	281	-
Salaries and wages	219,766	16,367
Small tools and supplies	4,036	370
Sub-contracts	194,144	307,889
Training	1,700	-
	<u>478,009</u>	<u>336,536</u>
INCOME (LOSS) FROM OPERATIONS	<u>\$ 573,682</u>	<u>\$ (336,536)</u>

SK'ATSIN RESOURCES LIMITED LIABILITY PARTNERSHIP
Off Reserve Logging Schedule
Year ended March 31, 2023

	2023	2022
REVENUES:		
Tolko Industries Ltd.	<u>\$ 651,614</u>	<u>\$ -</u>
EXPENSES:		
Rent	8,318	2,115
Silviculture	-	107,194
Training	<u>1,380</u>	<u>-</u>
	<u>9,698</u>	<u>109,309</u>
INCOME (LOSS) FROM OPERATIONS	<u>\$ 641,916</u>	<u>\$ (109,309)</u>

SK'ATSIN RESOURCES LIMITED LIABILITY PARTNERSHIP
Administration Schedule
Year ended March 31, 2023

	2023	2022
REVENUES:		
Interest	\$ 71,877	\$ 13,002
Miscellaneous	4,935	4,016
Canada Emergency Wage Subsidy	-	220,111
	<u>76,812</u>	<u>237,129</u>
EXPENSES:		
Advertising and promotion	3,634	4,492
Amortization	33,106	31,246
Donations	1,000	1,000
Fuel	228	-
Honorarium	4,193	1,391
Insurance	100	14,074
Interest and bank charges	150	2,555
Interest on loans payable	2,777	3,174
Meetings	3,359	1,359
Office	8,962	10,305
Professional fees	41,589	16,633
Rent	6,584	20,659
Repairs and maintenance	12,357	5,930
Salaries and wages	83,157	232,721
Sub-contracts	(7,854)	9,642
Supplies	173	1,730
Telephone	710	5,077
Training	-	2,400
Travel	888	1,826
Utilities	874	1,482
	<u>195,987</u>	<u>367,696</u>
LOSS FROM OPERATIONS	<u><u>\$ (119,175)</u></u>	<u><u>\$ (130,567)</u></u>