

Stk'emlupsemc Enterprises Inc.
Non-consolidated Financial Statements
For the year ended March 31, 2014

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Independent Auditor's Report

To the Board of Directors of Stk'emlupsemc Enterprises Inc.

We have audited the accompanying non-consolidated financial statements of Stk'emlupsemc Enterprises Inc., which comprise the non-consolidated statement of financial position as at March 31, 2014, and the non-consolidated statements of comprehensive income and changes in equity, and non-consolidated statement of cash flows for the year ended March 31, 2014 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 International Financial Reporting Standards ("IFRS"), 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 Stk'emlupsemc Enterprises Inc. as at March 31, 2014, and the results of its operations and its cash flows for the year ended March 31, 2014 in accordance with IFRS.

BDO CANADA LLP

Chartered Accountants
Kamloops, British Columbia
July 6, 2014

Stk'emlupsemc Enterprises Inc.
Non-consolidated Statement of Financial Position

As at March 31, **2014** **2013**

Assets

Current

Cash (Note 2)	\$	452,973	\$	764,339
Accounts receivable		3,265		6,338
Due from related parties (Note 3)		102,106		17,624
Prepaid expenses		1,737		1,275

560,081 **789,576**

Equipment (Note 4)

23,314 **25,506**

\$ 583,395 **\$ 815,082**

Liabilities and Shareholders' Deficiency

Current

Accounts payable and accrued liabilities (Note 3)	\$	239,347	\$	99,893
Due to related parties (Note 3)		600,000		632,845
Loan payable (Note 3)		-		180,500

839,347 **913,238**

Shareholders' Deficiency

Share capital (Note 6)	20	20
Deficit	(255,972)	(98,176)

(255,952) **(98,156)**

\$ 583,395 **\$ 815,082**

Approved on behalf of the Board:

_____, Director

_____, Director

Stk'emlupsemc Enterprises Inc.
Non-consolidated Statement of Comprehensive Income
and Changes in Equity

For the year ended March 31	2014	2013
Revenue		
Dividend income (Note 3)	\$ 56,410	\$ 80,920
Administration fee (Note 3)	138,628	37,013
SSN management fee (Note 3)	300,000	324,954
Income from projects	165,928	-
SSN project funding (Note 3)	-	72,800
KGHM Cultural Heritage Study Fund (Note 3)	-	71,953
Royalty	19,260	-
Other revenue	7,665	5,194
	687,891	592,834
Expenditures		
Accounting and legal	39,985	38,454
Advertising and promotion	10,930	3,777
Bank charges and interest	3,180	4,204
Conference	-	43,519
Depreciation	7,400	8,811
Insurance	3,183	2,995
Memberships and licences	-	20
Office expenses	28,104	30,751
Rent (Note 3)	65,400	65,400
Repairs and maintenance	4,666	1,047
Salaries and benefits	247,245	227,964
Security	359	359
Subcontractors (Note 3)	283,071	117,175
Travel	29,294	25,675
Utilities	14,626	12,415
	737,443	582,566
Comprehensive income (loss) for the year	(49,552)	10,268
Deficit, beginning of year	(98,176)	(108,444)
Dividends	(108,244)	-
Deficit, end of year	\$ (255,972)	\$ (98,176)

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

Stk'emlupsemc Enterprises Inc.
Non-consolidated Statement of Cash Flows

For the year ended March 31	2014	2013
Operating activities		
Cash received from contributors	\$ 690,964	\$ 620,560
Cash paid to employees and suppliers	(587,872)	(484,170)
Interest paid	(3,180)	(4,204)
Cash flows from operating activities	99,912	132,186
Investing activities		
Purchase of equipment	(5,207)	(2,210)
Advances from (to) related party	(117,327)	615,241
Cash flows from investing activities	(122,534)	613,031
Financing activity		
Advances to related party	(180,500)	-
Dividends paid	(108,244)	-
Cash flows from financing activity	(288,744)	-
Net increase (decrease)	(311,366)	745,217
Cash, beginning of year	764,339	19,122
Cash, end of year	\$ 452,973	\$ 764,339

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

Stk'emlupsemc Enterprises Inc.

Notes to Non-consolidated Financial Statements

March 31, 2014

1. Nature of Operations and Summary of Significant Accounting Policies

Reporting Entity

Stk'emlupsemc Enterprises Ltd. (the "Company") was incorporated under the laws of the Province of British Columbia on June 25, 2008. The Company's primary function is to recover the costs of maintaining the natural resource rights within the traditional territory of the Stk'emlupsemc. The address of the Company's registered office is PO Box 188, Savona, British Columbia, V0K 2J0.

The Company is jointly owned by the Skeetchestn Indian Band ("SIB") and Tk'emlups Te Secwepemc ("TTS") with each entity owning 50% of the issued share capital.

These financial statements have been authorized for issue by the Board of Directors on July 6, 2014.

Basis of Presentation

The financial statements have been prepared in accordance with the financial reporting framework required for Government Business Enterprises, as determined under Canadian public sector accounting standards, which is International Financial Reporting Standards ("IFRS").

The Company's functional and presentation currency is the Canadian dollar.

Basis of Measurement

The financial statements have been prepared on a historical cost basis.

Use of Estimates

The preparation of financial statements in accordance with IFRS requires management to make assumptions and estimates that have an effect on 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 revenue and expenses during the year. Actual results could be different from those estimates. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected

Stk'emlupsemc Enterprises Inc.
Notes to Non-consolidated Financial Statements

March 31, 2014

1. Nature of Operations and Summary of Significant Accounting Policies - continued

Revenue Recognition

Revenue from contribution agreements and management fees are recognized when the significant acts for the agreement or milestones have been completed, the amount is due and collectibility is reasonably assured.

Equipment

Equipment is initially recorded at cost and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is recognized in net income and is provided on a declining-balance basis over the estimated useful life of the assets as follows:

Furniture and fixtures	20%
Vehicles	30%
Computer equipment	30%

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if necessary.

Impairment of Non-Financial Assets

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows.

Impairment charges are included in net income, except to the extent they reverse gains previously recognized in other comprehensive income.

Income Taxes

The company follows the asset and liability method for account for income taxes. Under the asset and liability method, the changes in the net deferred tax asset or liability is to be included in income. Deferred tax assets and liabilities are measured using the substantively enacted tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled.

Stk'emlupsemc Enterprises Inc.
Notes to Non-consolidated Financial Statements

March 31, 2014

1. Nature of Operations and Summary of Significant Accounting Policies - continued

Cash

Cash includes cash on hand, operating deposits with financial institutions, and for the purpose of the statement of cash flows, bank overdrafts that are repayable on demand.

Investments

Investments in subsidiaries are accounted for at cost and include Stk'emlupsemc Amalgamated Ventures Inc., a 51% owned subsidiary.

Accounts Payable and Other Payables

Liabilities for trade creditors and other payables are classified as other financial liabilities and initially measured at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Where discounting is used, the increase in the provision due to passage of time is recognized as a financial cost and included in interest expense.

Financial Assets

The company classifies its financial assets into the following categories, based on the purpose for which the asset was acquired. The company's accounting policy for each category is as follows:

Held-to-Maturity

This category is comprised of short term deposits and long term deposits. These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity. These assets are initially measured at fair value and are subsequently measured at amortized cost.

Stk'emlupsemc Enterprises Inc. Notes to Non-consolidated Financial Statements

March 31, 2014

1. Nature of Operations and Summary of Significant Accounting Policies - continued

Financial Assets - continued

Loans and Receivables

This category is comprised of cash and accounts receivable. These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade), but also incorporate other types of contractual monetary asset. These assets are initially measured at fair value and are subsequently measured at amortized cost.

Financial Liabilities

The company classifies its financial liabilities as other financial liabilities. Other financial liabilities include accounts payable and accrued liabilities which are initially measured at fair value and are subsequently measured at amortized cost.

Lease Assets

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to the statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognized as a reduction of the rental expense over the lease term on a straight-line basis.

Standards, Amendments and Interpretations Not Yet Effective

The following new standards, interpretations and amendments have been issued but are not effective for the period ended March 31, 2014 and have not been early adopted:

IFRS 9 - Financial Instruments is part of the IASB's wider project to replace IAS 39 "Financial Instrument: Recognition and Measurement". IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets, amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after April 1, 2013. The Company is currently evaluating the impact of IFRS 9 on its financial statements.

IAS 32 Financial Instruments Presentation was amended to clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems such as central clearing house systems which apply gross settlement mechanisms that are not simultaneous. The company is yet to assess the full impact of the amendment to IAS 1 and will adopt the standard for the annual period beginning on April 1, 2014.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact in the company's future financial statements.

Stk'emlupsemc Enterprises Inc.
Notes to Non-consolidated Financial Statements

March 31, 2014

2. Cash

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

3. Related Party Transactions

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

	March 31, 2014	March 31, 2013
Skeetchestn Indian Band ("SIB")	\$ 10	\$ 10
Tk'emlups Te Secwepemc ("TTS")	10	10
Stkemlupsemc Limited Partnership ("SLP")	86,441	600
Stk'emlupsemc Amalgamated Ventures Inc.	15,645	17,004
Due to Stk'emlupsemc te Secwepemc Nation	(600,000)	(632,845)
	\$ (497,894)	\$ (615,221)

These amounts are unsecured, non-interest bearing and with no specific terms of repayment. SIB and TTS are related by being shareholders of the company, and SLP is related via common control.

In prior year, the Company engaged SIB and TTS to provide assistance in regards to developing the reconciliation framework and other resource frameworks. Fees incurred to SIB and TTS were \$41,000 and \$31,000 respectively.

Stk'emlupsemc te Secwepemc Nation ("SSN")

SSN is related to the Company via common control. The amounts due to SSN are due on demand, unsecured and non-interest bearing with no specific terms of repayment.

During the year, the Company incurred \$632,845 (2013 - \$nil) in expenses on behalf of SSN where it was reimbursed on a cost recovery basis.

In addition, the Company received a management fee in the amount of \$300,000 (2013 - \$324,954). This amount was paid in respect of the Company performing certain negotiating and other administrative functions on behalf of SSN.

Stk'emlupsemc Enterprises Inc.
Notes to Non-consolidated Financial Statements

March 31, 2014

3. Related Party Transactions - continued

SSN Project Funding and the KGHM Cultural Heritage Study Fund represented funds received from SSN to perform certain specific tasks, as required by the contribution agreement signed by SSN. The Company had agreed to execute these agreements on a cost recovery basis, subject to the project budget. Any unfunded cost overruns would be absorbed by the Company. The Company earns the administrative fees from SSN in respect of these projects. Total administrative fees received during the year were \$nil (2013 - \$29,813).

Kenuc'entwec Development Corp ("KDC")

KDC is related to the Company as it is an entity controlled by SIB. The Company paid rent of \$65,400 (2013 - \$65,400) to KDC. The lease governing the offices of the Company is currently entered into by SSN; however, the Company has assumed the lease obligation. No legal assignment of the lease has been completed, and as such, no further commitments relating to the lease have been disclosed.

In addition to the above-noted, the Company earned administrative fees for various activities from SAVI and SLP in the amounts of \$13,527 (2013 - \$nil) and \$125,101 (2013 - \$nil) respectively.

These transactions are in the normal course of operations and have been recorded at the fair value of the rent provided, which is equal to the contracted amounts.

4. Equipment

	2014			2013		
	Computer Equipment	Furniture and Fixtures	Vehicles	Computer Equipment	Furniture and Fixtures	Vehicles
Cost, beginning of year	\$ 15,675	\$ 18,146	\$ 19,255	\$ 15,674	\$ 15,936	\$ 19,255
Additions	5,207	-	-	-	2,210	-
Cost, end of year	20,882	18,146	19,255	15,674	18,146	19,255
Depreciation, beginning of year	8,515	7,819	11,235	5,447	5,513	7,798
Additions	2,929	2,065	2,406	3,068	2,306	3,437
Depreciation, end of year	11,444	9,884	13,641	8,515	7,819	11,235
Net book value	\$ 9,438	\$ 8,262	\$ 5,614	\$ 7,159	\$ 10,327	\$ 8,020
Total		\$ 23,314			\$ 25,506	

Stk'emlupsemc Enterprises Inc.
Notes to Non-consolidated Financial Statements

March 31, 2014

5. Bank Indebtedness

The Company has established a line of credit with a maximum limit of \$100,000, which is unsecured, bears interest at prime plus 2% and is due on demand. The amount drawn upon as at March 31, 2014 was \$nil (March 31, 2013 - \$nil).

6. Share Capital

Authorized:
unlimited common shares, no par value

Issued:

	<u>2014</u>	<u>2013</u>
20 common shares	<u>\$ 20</u>	<u>\$ 20</u>

7. Capital Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern so it can continue to provide services to allow for future expansion. Budgets are prepared and reviewed by the Board of Directors and are utilized as a tool for ensuring the Company will be able to operate into the foreseeable future.

The Company's capital is comprised of shareholder's deficiency and share capital. There have been no changes in how the Company defines capital or how it manages capital in the period.

The Company's management team is responsible for approving the Company's management objectives and policies and for overseeing the effective management of capital. The Company's capital objectives are met by ensuring that adequate cash generated from operations is valuable to meet requirements.

There are (were) no externally imposed capital requirements for the Company as at March 31, 2014.

Stk'emlupsemc Enterprises Inc.
Notes to Non-consolidated Financial Statements

March 31, 2014

8. Risk Management

The fair value of cash, accounts receivable, due from shareholders, and accounts payable and accrued liabilities is approximately equal to their carrying value due to their short term maturity date.

Liquidity Risk

The Company has financial liabilities outstanding, including accounts payable, accrued liabilities, amounts due to related party and a loan payable. The Company manages its liquidity risk by reviewing liquidity resources, ensuring cash flows from operations and holdings of cash and cash equivalents are sufficient to meet liabilities when they are due as well as ensuring adequate funds exist to support business strategies and operations growth. The risk has not changed from previous periods.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to accounts receivable that relate to contributions receivable from the contribution partners. Management believes such accounts receivable are subject to minimal credit risk. The risk has not changed from previous periods.

9. Income Taxes

Income tax expense based on statutory rates:

	March 31, 2014	March 31, 2013
(Loss) income before income tax	\$ (49,552)	\$ 10,268
Effective statutory rate	13.5 %	13.5 %
Income taxes using the Company's statutory rate	(6,690)	1,386
Non-deductible items and others	(5,788)	956
Income tax expense	(12,478)	2,342
Use of non-capital losses	12,478	(2,342)
Income tax expense per financial statements	\$ -	\$ -

Stk'emlupsemc Enterprises Inc.
Notes to Non-consolidated Financial Statements

March 31, 2014

9. Income Taxes - continued

The Company has accumulated non-capital loss carryforwards in the amount of \$nil (2013 - \$nil). The future benefit of these loss carryforwards, and any other temporary differences, have not been recognized on the financial statements as the company's ability to utilize the benefit is uncertain.

Non-capital loss carryforwards expire as follows:

2030	\$ 125,043
2031	37,290
2032	-
2033	63,574
2034	92,427
	<hr/>
	\$ 318,334

10. Economic Dependence

The Company is economically dependent on the Stk'emlupsemc te Secwepemc Nation's continued support.