



Lower Nicola Indian Band Development Corporation

F2021 Annual Report

For the year ended March 31st, 2021

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LNIBDC MISSION STATEMENT:

At LNIBDC our mission is to make life better for LNIB people by building strong, sustainable businesses at our Development Corporation. Businesses that will provide employment and training opportunities, and generate dividends for the Lower Nicola Indian Band, support local initiatives and make the LNIB community proud of us. Our commitment to this mission is unwavering.

MESSAGE FROM THE LNIBDC BOARD OF DIRECTORS:

The Lower Nicola Indian Band Development Corporation's Board of Directors (Dennis Coates, Stuart Jackson, and Chris Scott) are pleased to provide the Lower Nicola Indian Band with our Annual Report for the 2021 Fiscal year. We want to thank the many individuals who helped make this past year a success. We are particularly encouraged by our ability to capture and complete a significant amount of work related to the Trans Mountain Pipeline Expansion project – making Fiscal 2021 our most profitable year to date.

This annual report has been structured to report on the following key metrics for the Lower Nicola Indian Band Development Corporation:

- Total Assets and Liabilities
- Total Revenues
- Total Net Income
- Total Cash Flows
- Total Employment of Band Members
- Contributions made specifically by the Lower Nicola Indian Band Development Corporation to the Lower Nicola Indian Band.



Executive Summary

The LNIB Development Corporation (“LNIBDC”) is 100% owned by the Lower Nicola Indian Band (“LNIB”). LNIBDC is comprised of the following entities:

- **Shulus Forest Enterprises (“SFE”):** performs a range of forestry and environmental services, including timber cruising, forest development, danger tree assessments, road construction, log hauling, civil/earthworks and weed management.
- **Shulus Farms:** owns 2,250 acres of fee simple land in the Nicola Valley that is leased for six more years.
- **LNIB Ventures (“LNIBV”):** has entered into joint venture/strategic alliance agreements with a wide range of companies – the objective for these agreements is to participate in royalty/revenue sharing as well as capitalize on employment, training and contracting opportunities.
- **LNIB Aggregates:** owns a 51% interest in Lower Nicola Site Services (“LNSS”). LNSS is a partnership with Infracon (a civil earthworks company) – it seeks to match LNIBDC/LNIB’s access to resources and to public and private sector opportunities, with Infracon’s industry expertise, track record and heavy equipment fleet. LNSS undertakes construction projects in the mining, earthworks, and forestry sectors.
 - **LNSS:** LNSS owns a 100% interest in Ogilvie Mountain Holdings LP (“OMH”).
 - **OMH:** provides pipeline integrity services to Trans Mountain and Spectra/Enbridge’s pipelines. OMH’s services include pipeline integrity digs, ground excavations, soil remediation, industrial coating applications, abrasive blasting, and clockspring application.
- **Lower Nicola Indian Band Development Corporation:** this entity houses the labour and administrative activities/costs that are charged to all the other LNIBDC entities. LNIBDC earns a profit on the administrative services it provides to Shulus Electricity Transmission Line LP.
- **Other LNIBDC Entities:** LNIBDC has four other entities:
 - **LNIB General Contracting Ltd. and LNIB Construction Ltd.:** these two entities are inactive and are in the process of being merged with the LNIBDC.
 - **LNIB Holdings Ltd. and LNIB Real Estate Developments Ltd.:** these two entities own 227 acres of undeveloped fee simple land and are in the process of being merged together.

Outlined on the right is a tabular summary of the consolidated financial performance for all of the above outlined LNIB entities managed by LNIBDC for the year ended March 31st, 2021 relative to the previous year (note: this includes all of LNIB/LNIBDC’s limited partnership interests as well as the general partnership interests). The financial highlights are as follows:

- **Revenues Highest Ever:** revenues increased 18% to exceed \$31M, driven by increased sales from LNSS/LNIBV and supported by SFE to diversify its activities and capture significant work at Trans Mountain facilities.
- **Net Income Highest Ever:** net income attributable to controlling interests more than doubled to exceed \$4M, the highest level ever.
- **Cashflows Highest Ever:** cashflows exceeded \$3 million - the highest ever - despite investment activities of \$4.6M and financing activities of \$2.6M, supported by \$2.3M of changes in non-cash working capital.

A complete set of consolidated financial statements for the LNIB entities managed by LNIBDC for the year ended March 31st, 2021 are contained in Appendix I.1. The financial performance for each of the entities managed by LNIBDC is summarized in Sections D through H of this document).

LNIB Entities Managed by LNIBDC: Consolidated Financial Summary *

For the years ended March 31st**

Balance Sheet Summary		
	2021	2020
Current Assets	\$10,807,589	\$9,575,603
Capital Assets	\$8,496,074	\$9,287,928
Goodwill	\$3,619,008	\$3,619,008
Total Assets	\$22,922,671	\$22,482,539
Current Liabilities	\$6,170,896	\$6,910,901
Lease/Long Term Debt/Mortgage	\$4,574,790	\$7,196,641
Due to Related Party	\$1,458,838	\$1,449,387
Partner's Capital/Equity/Contributed Surplus	\$7,021,773	\$4,145,707
Non-Controlling Interest	\$3,696,374	\$2,779,903
Total Liabil., Capital & Retained Earnings	\$22,922,671	\$22,482,539

Income Statement Summary		
	2021	2020
Revenue	\$31,367,459	\$26,678,002
Direct Costs	\$21,064,757	\$19,349,378
Labour & Admin	\$3,962,036	\$3,367,478
Net Income/(Loss)	\$6,340,666	\$3,961,146
Attributable to Controlling Interests	\$4,346,195	\$1,999,049
Attributable to Non-Controlling Interests	\$1,994,471	\$1,962,097
		181,680

Cashflow Summary		
	2021	2020
Net Income/(Loss)	\$6,340,666	\$3,961,146
Adjustment for Non-Cash Items	\$2,540,520	\$1,482,701
Net Changes in Non-Cash Working Capital	\$2,295,981	-\$1,733,877
Investing Activities	-\$4,586,861	-\$2,974,698
Financing Activities	-\$2,562,173	-\$349,320
Net Increase/(Decrease) in Cash	\$3,028,133	\$385,952
Cash Beginning of Year	\$2,953,080	\$2,567,128
Cash End of Year	\$5,981,213	\$2,953,080

* Includes LNIBDC's proportionate ownership of SFE LP, Shulus Farms LP, LNIB Ventures LP, LNSS LP, LNIBDC, LNIB Real Estate Developments Ltd. and LNIB Holdings LP as well as their respective LNIBDC general partner interests.
 ** LNSS has a calendar year end. For consolidation this includes 9 months from LNSS' past year and 3 months from the current year.

LNIBDC Employment Report

LNIBDC entities jointly employed **33 separate individuals** in Fiscal 2021.

This was comprised of **21 employees that worked full time throughout the year without any layoffs:**

- ***LNIB Permanent: 4, LNIB Auxiliary: 9***
 - ***Total paid hours: 21,664 person hours***
- ***UNB Permanent: 2, UNB Auxiliary: 1***
 - ***Total paid hours: 6,483 person hours***
- ***Other FN Permanent: 1***
 - ***Total paid hours: 2,027 person hours***
- ***Non-FN Permanent: 3, Non-FN Auxiliary: 1***
 - ***Total paid hours: 5,884 person hours***

This was also comprised of **12 seasonal/short-term temporary employees:**

- ***LNIB: 9***
 - ***Total paid hours: 2,406 person hours***
- ***Other FN: 2***
 - ***Total paid hours: 782 person hours***
- ***Metis Summer Student: 1***
 - ***Total paid hours: 907 person hours***

A. Report From the Chair



Stuart Jackson
Chair of the Board of Directors

I am incredibly pleased to report that the diligent efforts of LNIB Development Corporation (“LNIBDC”) are setting all time records – LNIBDC achieved the highest ever revenue (\$31 million), highest ever net profit (\$4.3 million) and highest ever cashflows (\$3.0 million) in Fiscal 2021. I am also thrilled to report that LNIBDC was able to provide employment to 33 individuals in Fiscal 2021 – also the highest ever. This robust performance enabled LNIBDC to provide a meaningful cash distribution of \$987,843 to our shareholder, the Lower Nicola Indian Band – this was also a first.

During this past year, the Board promoted our interim General Manager, Don Gossoo, to be our full time General Manager. I am confident that Don and his team will continue to capitalize on the elevated level of activity in our traditional territory that is related to the Trans Mountain Pipeline Expansion Project and build relationships that can provide business opportunities into the future.

LNIBDC is continuing to strive to create value for our shareholder, the Lower Nicola Indian Band.

Stuart Jackson
Chair

B. Report from the General Manager



Don Gossoo
General Manager

Despite the challenges our team faced with COVID-19 pandemic related issues, I am very happy to report that the LNIBDC team was able to seamlessly navigate this difficult season. In fact, our team was able to thrive by doing significantly more with less – we achieved all time records in activity, profitability, employment and were able to accomplish this while expending \$207,000 less on management and consulting fees than last year. We achieved this by utilizing our current staff to complete virtually all of our accounting, data analysis, outreach, written reports and research work in-house. As a part of our corporate restructuring and streamlining processes, we also transferred all Shulus Forest Enterprises employees to the parent company, Lower Nicola Indian Band Development Corporation, effective

January 1, 2021. This enabled LNIBDC employees to contract their services to other LNIBDC entities by charging management fees for services rendered, creating a lasting revenue stream into LNIBDC.

Touching on safety, in Fiscal 2021 all entities in the LNIBDC family had zero serious incidents and only incurred minor incidents such as small cuts and muscle strains. We are transitioning from a small company safe certification to a large company safe certification and are well on our way to being compliant with BASE company standards. We have also hired a full time Safety Advisor to ensure that we will stay compliant and on top of our Safety Program. Our safety culture has improved tremendously over the last year and employees have been more diligent than ever.

In February 2021 LNIBDC launched a new corporate logo featuring an Elk. We selected the Elk because it is known to work closely together in its herd, empowering team strength and perseverance; and it symbolizes courage and adaptability.



Moving forward we will continue to hold the highest standards of workplace safety, environmental excellence, sustainable employment for LNIB members and financial growth for our shareholder, the Lower Nicola Indian Band.

A handwritten signature in black ink, appearing to be "Don Gossoo". The signature is fluid and cursive, written over a horizontal line.

Don Gossoo
General Manager

C. Consolidated Financial Picture

Outlined below is a tabular summary of the consolidated financial performance for all of the LNIB entities managed by LNIBDC for the year ended March 31st, 2021 (with proportional consolidation) relative to the previous year (note: this includes all of LNIB/LNIBDC's limited partnership interests as well as the general partnership interests). It should be noted that LNIBDC is the entity that houses the administrative activities/costs for all the other LNIBDC. To this end, on January 1, 2021 all Shulus Forest Enterprises employees were transferred over to the parent company, Lower Nicola Indian Band Development Corporation and moving forward LNIBDC employees provide their services to the other LNIBDC entities by charging management fees for services rendered. LNIBDC also retains the margin earned on administrative services provided to Shulus Electricity Transmission Line LP regarding the operation and maintenance of the Kingsvale electricity transmission line.

The financial highlights are as follows:

- **Revenues Increased 18%, Highest Ever:** revenues (on a proportionately consolidated basis) increased by 18% to exceed \$31M in fiscal 2021 – the highest in LNIBDC's history. This significant increase was driven largely by increased sales from LNSS/OMH and buttressed by SFE's ability to capture projects related to the Trans Mountain Expansion Project.
- **Net Income More Than Doubled, Highest Ever:** net income attributable to controlling interests more than doubled to exceed \$4M, the highest level ever. This is driven by strong financial performance for each of LNIBDC's entities.
- **Cashflows Up 800%, Over \$3M, Highest Ever:** cashflows exceeded \$3 million - the highest ever - despite investment activities of \$4.6M and financing activities of \$2.6M, supported by \$2.3M of changes in non-cash working capital.

A complete set of consolidated financial statements for the LNIB entities managed by LNIBDC for the year ended March 31st, 2021 (with proportional consolidation) are contained in Appendix I.1.

LNIB Entities Managed by LNIBDC: Consolidated Financial Summary*

For the years ended March 31st**

Balance Sheet Summary	2021	2020
Current Assets	\$10,807,589	\$9,575,603
Capital Assets	\$8,496,074	\$9,287,928
Goodwill	\$3,619,008	\$3,619,008
Total Assets	\$22,922,671	\$22,482,539

Current Liabilities	\$6,170,896	\$6,910,901
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Due to Related Party	\$1,458,838	\$1,449,387
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Direct Costs	\$21,064,757	\$19,349,378
Labour & Admin	\$3,962,036	\$3,367,478
Net Income/(Loss)	\$6,340,666	\$3,961,146
Attributable to Controlling Interests	\$4,346,195	\$1,999,049
Attributable to Non-Controlling Interests	\$1,994,471	\$1,962,097

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Cashflow Summary	2021	2020
Net Income/(Loss)	\$6,340,666	\$3,961,146
Adjustment for Non-Cash Items	\$1,540,520	\$1,482,701
Net Changes in Non-Cash Working Capital	\$2,295,981	-\$1,733,877
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Financing Activities	-\$2,562,173	-\$349,320
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Cash End of Year	\$5,981,213	\$2,953,080

* Includes LNIBDC's proportionate ownership of SFE LP, Shulus Farms LP, LNIB Ventures LP, LNSS LP, LNIBDC, LNIB Real Estate Developments Ltd. and LNIB Holdings LP as well as their respective LNIBDC general partner interests.

** LNSS has a calendar year end. For consolidation this includes 9 months from LNSS' past year and 3 months from the current year.

D. SHULUS FOREST ENTERPRISES

D.1. SFE's Annual Report

Despite the challenging market for forest products, Shulus Forest Enterprises ("SFE") was able to achieve its highest ever revenue by diversifying beyond its forestry base to capture work related to the Trans Mountain Expansion Project. Outlined below are some highlights from the past year:

- **Trans Mountain Expansion Project Work:** construction was completed on a laydown yard for the Trans Mountain Expansion Project as well as on the Kingvale Pumping Station. This construction lasted virtually all year, which kept several SFE employees working on a continual basis as well as much of our equipment. Revenues totaled over \$515,000.
- **Kingvale Electricity Transmission Line:** construction commenced in February 2021 and continued until September which kept the SFE team working on a continual basis as well as our excavator, dozer, and gravel truck. Revenues secured in Fiscal 2021 totaled over \$500,000.
- **Weyerhaeuser Work:** SFE secured continuous road construction, rehabilitation and maintenance work with Weyerhaeuser totaling over \$472,000.
- **Log/Fibre Deliveries:** fueled by increased demand for lumber due to higher housing starts, log/fibre deliveries resulted in over \$1.2 million of revenues (LNIB's Forest Licence A88928 yielded 94,766 m³ with revenues over \$1.1 million and On-Reserve Harvesting of 1,937 m³ with revenues of \$105,000).
- **Work for LNIB:** other significant revenues came from the Lower Nicola Indian Band, including Federally funded work to clean up numerous on-reserve dumping grounds (revenues of \$146,000), and fuel management work (revenues of \$103,000).
- **Safety is Paramount:** SFE is member of the BC Forest Safety Council since our average number of employees per month is now greater than 20, SFE is moving from what is classified as a SEBASE Company to a BASE Company - this involves a much more stringent safety program with commitments to annual internal audits, and external audits every 3 years. Moving forward SFE will continue to hold the highest standards of workplace safety.
- **Equipment Investment:** SFE replaced our 2014 Kobelco 160 Excavator with a new 2019 Kobelco 160 (cost of \$307,000) and we invested in a used 2014 John Deere 750K Dozer (cost of \$201,000) which enabled SFE to secure a good portion of the new work referenced above.

Notwithstanding the challenging conditions in the forest industry, SFE was able to achieve all-time highs in revenues, net income, cashflows and employment levels.



D.2. SFE's Financial Performance

Despite a continuing challenged forestry sector, SFE was able to capture increased demand for lumber due to higher housing starts by completing over 95,000 m³ of log/fibre deliveries in Fiscal 2021. In addition, SFE was able to diversify its activities and capture significant work at Trans Mountain facilities, site preparation at Trans Mountain's laydown yard in Merritt and construction of the Kingsvale Electricity Transmission Line.

Outlined below is a tabular summary of the SFE's financial performance during the year ended March 31st, 2021.

- **Diversified Revenues:** despite the challenged forestry sector, SFE was able to earn of \$4.3M in revenues by diversifying its operations to support the Trans Mountain Pipeline Expansion Project.
- **Net Income:** net income was \$1.1M, almost six times higher than last year, driven largely by increased log/fibre sales and attractive labour/equipment rates for work at Trans Mountain facilities.
- **Cashflows Increased:** SFE had positive cashflows of \$0.7M largely due to the higher net income. Further, SFE invested \$0.5M of investments in capital assets to position us for future success (e.g. excavator and dozer).

SFE's financial statements for the year ended March 31st, 2021 are contained in Appendix I.2.



Shulus Forest Enterprises LP*

For the years ended March 31st

Balance Sheet Summary	2021	2020
Current Assets	\$2,102,458	\$1,154,100
Capital Assets	\$1,047,131	\$736,773
Due From Related Party	\$4,504	\$2,907
GIC Investment	\$0	\$5,000
Total Assets	\$3,154,093	\$1,898,780
Current Liabilities	\$1,241,005	\$1,225,673
Lease/Long Term Debt/Mortgage	\$214,826	\$136,116
Capital Lease Obligation	\$119,530	\$93,364
Partner's Capital	\$1,578,732	\$443,627
Total Liabil., Capital & Retained Earnings	\$3,154,093	\$1,898,780

Income Statement Summary	2021	2020
Revenue	\$4,288,450	\$3,042,195
Direct Costs	\$2,325,658	\$2,416,854
Labour & Admin	\$942,376	\$433,664
Gain/(Loss) on disposal of capital assets	\$114,689	-\$762
Net Income/(Loss)	\$1,135,105	\$190,915

Cashflow Summary	2021	2020
Net Income/(Loss)	\$1,135,105	\$190,915
Adjustment for Non-Cash Items	\$232,535	\$247,439
Net Changes in Non-Cash Working Capital	-\$294,336	-\$247,334
Investing Activities	-\$537,894	-\$367,375
Financing Activities	\$204,619	-\$422,155
Net Increase/(Decrease) in Cash	\$740,029	-\$598,510
Cash Beginning of Year	\$513,714	\$1,112,224
Cash End of Year	\$1,253,743	\$513,714

* Excludes the 0.01% interested owned by Shulus Forest Enterprises Inc.

E. SHULUS FARMS

E.1. Shulus Farm's Annual Report

Shulus Farms Ltd.'s principal asset is 2,250 acres in the Nicola Valley. The vast majority of the farm property (~2,000 acres) remains under a triple net lease agreement with the Lower Nicola Cattle Company until January 2028. At the end of the lease term, control of the land will revert to Shulus Farms, including ownership of the pivot irrigation system (2017 installed value of ~\$500,000). The remaining 50 acres of Shulus Farms' land is comprised of the LNIB Community Garden lot, an acreage adjacent to the LNIB School; the north-east portion of District Lot #129 constituting the Eskers; and 8 acres of land with structures erected including the old barn and mobile home located along the ungazetted privately owned Settlers Road. Some of highlights from Shulus Farms during the past year include: landscaping improvements to the mobile home; de-commissioning of the unused well at the confluence of Guichon Creek and the Nicola Rivers; completed flood repairs at the head gate of Shulus Farms as well as upgrades to the water lines and electrical infrastructure that services the structures along the Settlers Road site; and the old metal shop on the north side of Settlers Road was torn down in preparation for construction of a new shop next year.



E.2. Shulus Farm's Financial Performance

Outlined below is a tabular summary of the Shulus Farm Ltd.'s financial performance during the year ended March 31st, 2021 (note: last year's financial performance is shown for comparative purposes). The financial highlights for Fiscal 2021 are as follows:

- **Revenues Relatively Flat:** as expected, leases revenues were relatively flat.
- **Net Loss:** a net loss of \$24k was incurred, largely due to the allocated administrative charges.
- **Cashflows Marginally Negative:** Shulus' cashflows were negative in 2021, due largely to the net loss, somewhat offset by an increase in cash related to changes in non-cash working capital.



Shulus Farm Ltd.'s unaudited financial statements for the year ended March 31st, 2021 are contained in Appendix I.3.

Shulus Farms Ltd.

For the years ended March 31st

Balance Sheet Summary	2021	2020
Current Assets	\$177,197	\$198,217
Capital Assets	\$96,341	\$101,962
Due From Related Party	\$255,000	\$250,000
Investment in Related Party	\$1	\$1
Total Assets	\$528,539	\$550,180
Current Liabilities	\$45,730	\$43,375
Lease/Long Term Debt/Mortgage	\$0	\$0
Due to Related Party	\$1	\$1
Retained Earnings	\$482,808	\$506,804
Total Liabil., Capital & Retained Earnings	\$528,539	\$550,180

Income Statement Summary	2021	2020
Revenue	\$50,879	\$55,345
Direct Costs	\$0	\$0
Labour & Admin	\$75,937	\$45,016
Other	\$1,062	-\$207
Net Income/(Loss)	-\$23,996	\$10,122

Cashflow Summary	2021	2020
Net Income/(Loss)	-\$23,996	\$10,122
Adjustment for Non-Cash Items	\$620	\$3,116
Net Changes in Non-Cash Working Capital	\$15,017	-\$11,115
Investing Activities	\$5,000	\$1,150
Financing Activities	-\$5,000	\$0
Net Increase/(Decrease) in Cash	-\$8,359	-\$573
Cash Beginning of Year	\$177,783	\$178,356
Cash End of Year	\$169,424	\$177,783

* Note: operations are booked through Shulus Farms Ltd. to utilize its tax losses.

F. LNIB VENTURES

F.1. LNIBV's Annual Report

LNIB Ventures Limited Partnership ("LNIBV") has entered into joint venture/strategic alliance/revenue sharing agreements with a wide range of companies. The objective for these agreements is to participate in royalty/revenue sharing as well as to capitalize on employment, training and contracting opportunities. LNIBV has signed agreements with the following 24 companies:

- Acres Construction Ltd
- Bayshore Services Ltd (Nicola Motorsports and Nicola Chainsaw & Equipment Rentals)
- Black Diamond LP
- AFD Petroleum Ltd
- Cargas Propane Inc
- Canruss Medical & Safety Services
- Chinook Scaffold Systems Ltd
- Civeo Canada LP
- Copper Tip Energy Services Inc
- Cordy Environmental Inc
- D&L Environmental Ltd
- GeoVerra Inc
- Hemmera Envirochem Inc
- Inter-Rail Transport Ltd
- Kan-Arm Contracting Ltd
- Leavitt Machinery GP
- McCaw's Drilling & Blasting Ltd
- Mameet Services Ltd
- Nomodic Modular Structures Inc
- Q-Line Trucking Ltd
- Ryan Company Ltd
- Sasco Contractors Ltd
- Secure Energy Services
- Securiguard Services Ltd



When Fiscal 2021 started in April 2020, LNIBV had six fully executed Revenue Sharing partnership agreements; when this fiscal year finished on March 31, 2021, LNIBV had twenty-four fully executed Revenue Sharing partnership agreements. This led to a very significant increase in revenue for LNIB Ventures from our Revenue Sharing partners. This year also included the collection of construction related royalties from the Trans Mountain Pipeline Expansion project related to the Kingsvale Electricity Transmission Line.

Each of LNIBV's revenue sharing agreements contain a non-disclosure clause. As a result, LNIBV is unable to disclose any further information regarding the dollar amounts received from individual partners. If you would like to receive further information, please speak with LNIBDC's General Manager.

Background on the Kingsvale Electricity Transmission

Line: LNIBDC entered into a partnership with Trans Mountain and to own, operate and maintain the new 24 kilometre transmission line that runs through LNIB's traditional territory. The 138-kV transmission line connects from BC Hydro's distribution line and provides additional power to Trans Mountain's existing Kingsvale pump station, as well as a new Kingsvale pump station, as part of the Trans Mountain Expansion Project.

LNIBDC is showing national leadership - this will be the first electricity transmission line to be constructed, majority-owned, operated, maintained, and financed by an Indigenous group in Canada. LNIBDC, and its partner Valard Construction LP, started operating and maintaining the Kingsvale Electricity Transmission Line when construction was completed in August 2021. The transfer of ownership is currently in process and will occur when the permits are transferred from Trans Mountain into our name. Note: LNIBDC is currently seeking to solve the unavailability of property insurance due to a hard insurance market.



F.2. LNIBV's Financial Performance

Shown to the right is a tabular summary of the LNIBV's financial performance during the year ended March 31st, 2021 (note: last year's financial performance is shown for comparative purposes). The financial highlights for Fiscal 2021 are as follows:

- **Revenues Increased 5X:** revenues increased over 500% relative to last year due to activities related to the Trans Mountain Expansion Project.
- **Net Income Increased 5X:** since expenses increased only marginally, net income increased by over 500%.
- **Cashflows Over \$1.3M:** due the significantly higher net income and positive changes in non-cash working capital, cash increased by over \$1.3 million in Fiscal 2021.

LNIBV's audited financial statements for the year ended March 31st, 2021 are contained in Appendix I.4.

LNIB Ventures LP*

For the years ended March 31st

Balance Sheet Summary	2021	2020
Current Assets	\$1,592,700	\$289,777
Capital Assets	\$0	\$0
Due From Related Party	\$1,029	\$20,424
Investment in Related Party	\$0	\$0
Total Assets	\$1,593,729	\$310,201
Current Liabilities	\$66,863	\$9,981
Lease/Long Term Debt/Mortgage		\$0
Due to Related Party	\$52,232	\$0
Partner's Capital	\$1,474,634	\$300,220
Retained Earnings	\$0	\$0
Total Liabil., Capital & Retained Earnings	\$1,593,729	\$310,201

Income Statement Summary	2021	2020
Revenue	\$1,291,986	\$229,685
Direct Costs	\$0	\$0
Labour & Admin	\$118,309	\$16,874
Other	\$737	\$0
Net Income/(Loss)	\$1,174,414	\$212,811

Cashflow Summary	2021	2020
Net Income/(Loss)	\$1,174,414	\$212,811
Adjustment for Non-Cash Items		
Net Changes in Non-Cash Working Capital	\$89,675	-\$187,023
Investing Activities	\$0	\$0
Financing Activities	\$71,627	-\$8,634
Net Increase/(Decrease) in Cash	\$1,335,716	\$17,154
Cash Beginning of Year	\$92,773	\$75,619
Cash End of Year	\$1,428,489	\$92,773

* Excludes the 0.01% interested owned by LNIB Ventures Ltd.

G. LNIB Aggregates

G.1. Report on LNIB Aggregates

LNIB Aggregates LP owns a 51% interest in Lower Nicola Site Services (“LNSS”) and LNSS owns 100% interest in Ogilvie Mountain Holdings (“OMH”). LNIB Aggregates recognizes revenue and expenses on a proportional basis. Outlined below is a tabular summary of LNIB Aggregates’ financial performance during the year ended March 31st, 2021 (note: last year’s financial performance is shown for comparative purposes).

The financial highlights for Fiscal 2021 are as follows:

- **Net Income Similar to Last Year:** LNSS’ net income increased relative to last year and OMH’s net income declined – resulting in net income that is very similar to the previous year.

LNIB Aggregates’ unaudited financial statements for the year end of March 31st, 2021 are contained in Appendix I.5.1. Note: LNSS’ and OMH’s audited financial statements for the year ending December 31st, 2020 are respectively contained in Appendices I.5.2 and I.5.3.

G.2. Report on Lower Nicola Site Services

LNSS is a partnership with Infracon (a civil earthworks company) – it seeks to match LNIBDC/LNIB’s access to resources and to public and private sector opportunities, with Infracon’s industry expertise, track record and heavy equipment fleet. LNSS undertakes construction projects in the mining, earthworks, and forestry sectors. Outlined below are some highlights from LNSS during the past year:

- **Kingsvale Electricity Transmission Line:** completed clearing and grubbing, road construction, erosion control, danger tree assessment, hand-falling and hand-bucking related to the Kingsvale Electricity Transmission Line (the work was completed by both SFE and Infracon crews). During 2020 LNSS booked revenues of \$5.2 million, earning a gross margin of \$1.55M (30%).
- **Trans Mountain Laydown Yard:** LNSS completed the excavation works, fencing and providing support services for the Trans Mountain Laydown Yard (including upgrading ranch land road for pipe hauling into the yard and maintenance work). During 2020 LNSS booked revenues of \$3.3 million from this contract, earning a gross margin of \$418k (13%).

LNIB Aggregates LP*

For the years ended March 31**

Balance Sheet Summary	2021	2020
Current Assets	\$0	\$0
Capital Assets	\$0	\$0
Due From Related Party	\$476,254	\$403,271
Investment in Related Party	\$3,845,921	\$2,892,007
Total Assets	\$4,322,175	\$3,295,278
Current Liabilities	\$1,800	\$1,800
Lease/Long Term Debt/Mortgage	\$0	\$0
Due to Related Party	\$0	\$50
Partner’s Capital	\$4,320,375	\$3,293,478
Retained Earnings	\$0	\$0
Total Liabil., Capital & Retained Earnings	\$4,322,175	\$3,295,328

Income Statement Summary	2021	2020
Revenue	\$0	\$0
Direct Costs	\$0	\$0
Labour & Admin	\$61,173	\$1,417
Income/(Loss) from Investment in Sub	\$2,075,914	\$2,040,822
Net Income/(Loss)	\$2,014,741	\$2,039,405

* Excludes the 0.01% interested owned by LNIB Aggregates Ltd.

** LNSS has a calendar year end. For consolidation this includes 9 months from LNSS’ past year and 3 months from the current year.



- **HVC Crushing Contract:** a key contract for LNSS continues to be the rock crushing project at the Teck Highland Valley Copper mine. The initial three-year contract signed in 2016 was renewed and extends to April 2023. The leases for the loaders were renewed in June 2020 for another three years and the crushing equipment was fully paid off in November 2020. During 2020 LNSS booked revenues of \$2.8 million from the crushing contract, earning a gross margin of \$217k (8%).
- **Trans Mountain's Kingsvale Pump Station Earthworks:** completed clearing and grubbing, excavation, fencing and additional work assisting in pipeline installation related to Trans Mountain's Kingsvale Pump Station (the work was completed by both SFE and Infracon crews). During 2020 LNSS booked revenues of \$0.44 million from the crushing contract, earning a gross margin of \$111k (25%).
- **Kingsvale and Kamloops Hydrovac:** provided hydrovac services to Trans Mountain's Kingsvale Pump Station as well as in Kamloops. During 2020 LNSS booked revenues of \$1.0 million, earning a gross margin of \$126k (12%).
- **Various Other Work:** During 2020 LNSS also completed the following other jobs: Kamloops and Kingsvale site servicing coordination; earthworks for the Ministry of Transportation's Marshall Road Project; and crushing at the Kuiper Gravel Pit.
- **Spraying Contracts for Trans Mountain, FLNRO, RDTN, HVC:** provided vegetation management services to Trans Mountain, FLNRO, RDTN and HVC. During 2020 LNSS booked revenues of \$0.22 million from the crushing contract, earning a gross margin of \$15k (7%).



Outlined to the right is a tabular summary of LNSS' financial performance during the year ended December 31st, 2020 (note: last year's financial performance is shown for comparative purposes). The financial highlights for 2020 are as follows:

- **Revenues Almost Tripled:** revenues increased relative to last year by over 295% - this is largely due to the continued crushing contract at Highland Valley Copper mine and new work related the Trans Mountain Pipeline Expansion project and the Kingsvale Electricity Transmission Line.
- **Net Income Increased by 27%:** despite the substantial increase in revenues, margins increased, and administrative expenses decreased, resulting in a net income that is almost \$1M higher than last year.

LNSS' unaudited financial statements for the year ended December 31st, 2020 are contained in Appendix I.5.2. It should be noted that LNSS has over \$20M of work awarded in 2021 related to the TransMountain Pipeline expansion project.

LNSS LP*

For the years ended December 31**

Balance Sheet Summary	2020	2019
Current Assets	\$2,836,195	\$1,826,278
Capital Assets	\$1,247,846	\$1,409,641
Investment in LP	\$5,799,354	\$3,329,659
Total Assets	\$9,883,395	\$6,565,578
Current Liabilities	\$1,326,000	\$1,262,497
Lease/Long Term Debt/Mortgage	\$95,396	\$112,780
Partner's Capital	\$8,461,999	\$5,190,301
Total Liabil., Capital & Retained Earnings	\$9,883,395	\$6,565,578

Income Statement Summary	2020	2019
Revenue	\$13,589,113	\$4,616,785
Direct Costs	\$10,615,349	\$3,568,281
Admin Expenses	\$971,761	\$420,443
Share of Net Income from LP	\$2,469,695	\$2,893,040
Net Income/(Loss)	\$4,471,698	\$3,521,101

* Excludes the 0.01% interested owned by Lower Nicola Site Services Ltd.

** LNSS has a calendar year end. For consolidation this includes 9 months from LNSS' past year and 3 months from the current year. 2019 reflects 9 months of activity.

G.3. Report on Ogilvie Mountain Holdings

OMH has been providing pipeline integrity services to Trans Mountain and Spectra/Enbridge's pipelines since 1993. OMH's services includes: pipeline integrity digs, ground excavations, soil remediation, industrial coating applications, abrasive blasting, and clockspring application. Since joining the LNIBDC family in 2018, OMH has expanded its services to provide emergency flood mitigation for the Province in Lower Nicola and Merritt, participated in a variety of construction projects for the BC Ministry of Transportation and Infrastructure and worked with Teck Highland Valley Copper.

Outlined below are some highlights from OMH during the past year (note: OMH has a calendar year end of December 31, the below report is for the period from January 1st, 2020 to December 31st, 2020):

- **New Equipment:** the following table provides a pictorial summary of the new equipment purchased by OMH during the past year.



OMH Purchased its own pair of access mat grapples for the use of mat placement for our integrity dig sites on Enbridge and Trans Mountain projects.



OMH purchased its first pipelayer and it put to work on the Enbridge project preparing pipe for a replacement section.

- **Project Updates:** the following table provides a pictorial summary of selected projects that OMH worked on during the past year.



OMH completed a legacy soil contamination project for Trans Mountain in the Hope area, utilizing water filtration and replacement of contaminated soils



OMH completed the replacement of pipe and concrete thrust blocks at the Savona C.S. 7 Enbridge site.



OMH completed the replacement of pipe and concrete thrust blocks at the Savona C.S. 7 Enbridge site.



OMH puts new pipelayer on Trans Mountain valve replacement project on Mill Creek Road.



OMH completed the replacement of pipe and concrete thrust blocks at the Savona C.S. 7 Enbridge site.



OMH completed the replacement of pipe and concrete thrust blocks at the Savona C.S. 7 Enbridge site.

Outlined below a tabular summary of OMH's financial performance during the year end of December 31st, 2020 (note: last year's financial performance is shown for comparative purposes).

The financial highlights for Fiscal 2020 are as follows:

- **Revenues Declined by 16%:** revenues decreased relative to last year by 16% - this is largely due to time lost in the scope of work from Trans Mountain Pipelines.
- **Net Income Declined by 16%:** net income declined on a pro-rata basis with the decrease in revenues.

OMH's unaudited financial statements for the year ended December 31st, 2020 are contained in Appendix I.5.3.

OMH LP

For the years ended December 31st*

Balance Sheet Summary	2020	2019
Current Assets	\$4,911,334	\$3,967,115
Capital Assets	\$5,729,125	\$6,548,875
Goodwill	\$3,619,003	\$3,619,003
Total Assets	\$14,259,462	\$14,134,993
Current Liabilities	\$4,114,701	\$3,984,149
Long Term Debt/Note Payable/Capital Lease	\$4,344,796	\$6,820,821
Partner's Capital	\$5,799,965	\$3,330,023
Total Liabil., Capital & Retained Earnings	\$14,259,462	\$14,134,993

Income Statement Summary	2020	2019
Revenue	\$13,465,785	\$16,015,771
Direct Costs	\$8,646,228	\$11,035,224
Admin Expenses & Amortization	\$2,381,827	\$2,082,128
Gain/(Loss) on Disposal of Equipment	\$32,212	-\$5,090
Net Income/(Loss)	\$2,469,942	\$2,893,329

* OMH has a calendar year end. For consolidation this includes 9 months from OMH's past year and 3 months from the current year.

H. Other LNIBDC Entities

H.1. Other LNIBDC Entities' Annual Report

LNIBDC has four other entities. A brief description of each is provided below:

- **LNIB General Contracting Ltd. and LNIB Construction Ltd.:** these two entities have been inactive for over 10 years and are in the process of being merged with the Lower Nicola Indian Band Development Corporation. There are no material assets in either entity.
- **LNIB Holdings LP and LNIB Real Estate Developments Ltd.:** these two entities respectively own undeveloped, fee simple land. LNIB Real Estate Developments Ltd. owns 30 acres near Kingsvale and another 110 acres near Juliet Creek (these parcels were appraised in 2019 with a combined value of \$233k). LNIB Holdings LP's sole asset is 87 acres in and near the District of Logan Lake, often referred to as the "Pipseul" property (this land is not currently accessible by road and was appraised at \$407,000 in 2018). We continue to investigate potential opportunities for the use of these undeveloped, fee simple lands. LNIB Real Estate Developments Ltd. will be merged into LNIB Holdings LP in the coming year.
- **Corporate Restructuring of LNIBDC:** we are working towards finalizing the last of the KPMG recommended corporate restructuring activities with the amalgamation into LNIBDC of the redundant / non-active companies: LNIB Construction Ltd., LNIB General Contracting Ltd., and LNIB Real Estate Developments Ltd. The official amalgamation time/date is scheduled for 12 am April 1, 2021. The fee simple land holdings owned by LNIB Real Estate Development Ltd will be included in the amalgamation with LNIBDC on a temporary basis with the final step of corporate restructuring being the ownership of those fee simple bare land holdings transferring over to LNIB Holdings LP's ownership in the late spring of 2021.

H.2. Other LNIBDC Entities' Combined Financial Performance

Outlined to the right is a tabular summary of the financial performance of LNIB Holdings LP and LNIB Real Estate Developments Ltd. during the year ended March 31st, 2021 (note: last year's financial performance is shown for comparative purposes).

The only noteworthy comment on the combined financials for these two LNIBDC entities is the net income of \$40k, largely due to the compensation received for granting of a right of way to the Trans Mountain Pipeline Expansion Project.

Unaudited financial statements for the year ended March 31st, 2021 for each of the following two LNIBDC entities are contained in their respective appendices, as follows:

- LNIB Holdings LP: Appendix I.6.1.
- LNIB Real Estate Developments Ltd.: Appendix I.6.2.

Other LNIBDC LPs *

For the years ended March 31st

Balance Sheet Summary	2021	2020
Current Assets	\$0	\$0
Capital Assets	\$544,800	\$544,800
Due From Related Party	\$4,054	\$101
Investment in Related Party	\$0	\$0
Total Assets	\$548,854	\$544,901
Current Liabilities	\$2,000	\$0
Lease/Long Term Debt/Mortgage	\$0	\$0
Due to Related Party	\$2,855	\$31,239
Partner's Capital	\$404,247	\$405,732
Retained Earnings	\$139,752	\$107,930
Total Liabil., Capital & Retained Earnings	\$548,854	\$544,901

Income Statement Summary	2021	2020
Revenue	\$0	\$0
Direct Costs	\$9,550	\$6,139
Labour & Admin	\$0	\$0
Gain on Sale of Capital Assets	\$39,887	\$0
Net Income/(Loss)	\$30,337	-\$6,139

* Includes LNIB Real Estate Developments Ltd. and LNIB Holdings LP, excludes the 0.1% general partner interest.

I. Financial Statement Appendices

I.1. Consolidated Financial Statements for LNIB Entities Controlled by LNIBDC

The financial statements are shown on the next several pages.

LOWER NICOLA INDIAN BAND DEVELOPMENT CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

LOWER NICOLA INDIAN BAND DEVELOPMENT CORPORATION

INDEX TO THE FINANCIAL STATEMENTS

March 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To: **The Board of Directors of
Lower Nicola Indian Band Development Corporation**

Opinion

We have audited the consolidated financial statements of Lower Nicola Indian Band Development Corporation, which comprise the consolidated balance sheet as at March 31, 2021, and the consolidated statements of income, deficit, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the company as at March 31, 2021, and consolidated its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Accounting Standards for Private Enterprises (ASPE).

Basis for Opinion

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 Consolidated Financial Statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the 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 opinion.

Emphasis of Matter

We draw attention to Note 11 to the consolidated financial statements, which describes the effects of the COVID-19 pandemic on the Company's operations. Our opinion is not modified in respect of this matter emphasized.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the company'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 company or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT, continued

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 company'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 company'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 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 company to cease to continue as a going concern.
- ♦ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT, continued

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Basis of Accounting and Restriction of Use

Without modifying our opinion, we draw attention to Note 2(a) to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Directors of Lower Nicola Indian Band Development Corporation. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Directors of Lower Nicola Indian Band Development Corporation and should not be used by parties other than the Directors of Lower Nicola Indian Band Development Corporation.



REID HURST NAGY INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

KELOWNA, B.C.
JUNE 25, 2021

LOWER NICOLA INDIAN BAND DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF INCOME

For the year ended March 31, 2021

	2021 \$	2020 \$
REVENUE		
Cost recoveries	582,648	-
Management fees (Note 5)	29,132	-
	611,780	-
EXPENSES		
Advertising and promotion	1,500	1,500
Bank charges	1,586	709
Contract services	21,237	115,991
Equipment rental	8,725	-
Honoraria	8,450	13,585
Insurance, fees, and dues	5,666	7,680
Management fees	31,795	140,015
Office and general	26,557	42,802
Professional fees	58,501	62,347
Rent (Note 5)	10,167	35,428
Telephone and utilities	5,550	7,289
Travel	2,360	6,589
Wages and benefits	401,609	-
	583,703	433,935
INCOME (LOSS) FROM OPERATIONS	28,077	(433,935)
OTHER INCOME (EXPENSE)		
Interest income	743	40
Income (loss) from investment in subsidiaries (Schedule 1)	373	(6,552)
NET INCOME (LOSS)	29,193	(440,447)

The accompanying notes are an integral part of these financial statements

LOWER NICOLA INDIAN BAND DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF DEFICIT

For the year ended March 31, 2021

	2021	2020
	\$	\$
BALANCE, beginning of the year	(424,334)	16,113
Net income (loss)	29,193	(440,447)
BALANCE, end of the year	(395,141)	(424,334)

The accompanying notes are an integral part of these financial statements

LOWER NICOLA INDIAN BAND DEVELOPMENT CORPORATION

CONSOLIDATED BALANCE SHEET As at March 31, 2021

	2021 \$	2020 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	537,916	437,452
Prepaid expenses	2,735	-
	540,651	437,452
OTHER ASSETS		
Investment in GIC	-	5,000
Due from related parties (Note 9)	1,262,951	1,220,823
Investments in related parties (Note 6)	291,861	291,488
	1,554,812	1,517,311
	2,095,463	1,954,763
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	18,984	13,405
Wages and benefits payable	91,530	-
GST payable	24,459	12,023
	134,973	25,428
OTHER LIABILITIES		
Due to related parties (Note 9)	2,225,861	2,223,899
	2,360,834	2,249,327
SHAREHOLDER'S DEFICIENCY		
Share capital (Note 7)	100	100
Contributed surplus (Note 8)	129,670	129,670
Deficit	(395,141)	(424,334)
	(265,371)	(294,564)
	2,095,463	1,954,763

Approved on behalf of the Board:

 Director

The accompanying notes are an integral part of these financial statements

LOWER NICOLA INDIAN BAND DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2021

	2021 \$	2020 \$
OPERATING ACTIVITIES		
Net income (loss)	29,193	(440,447)
ADJUSTMENTS FOR NON-CASH ITEMS		
Share of net (income) loss from investment in subsidiaries	(373)	6,552
	28,820	(433,895)
NET CHANGES IN NON-CASH WORKING CAPITAL		
Prepaid expenses	(2,735)	-
Accounts payable and accrued liabilities	5,578	(13,128)
Wages and benefits payable	91,530	-
GST payable	12,436	(24,098)
	135,629	(471,121)
INVESTING ACTIVITIES		
Advances from (to) related parties	(40,165)	878,118
Investment in related parties	-	(1)
Redemption of investment in GIC	5,000	-
	(35,165)	878,117
NET INCREASE IN CASH	100,464	406,996
CASH, beginning of the year	437,452	30,456
CASH, end of the year	537,916	437,452

The accompanying notes are an integral part of these financial statements

LOWER NICOLA INDIAN BAND DEVELOPMENT CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

1: GENERAL

Lower Nicola Indian Band Development Corporation was incorporated under the Business Corporations Act of British Columbia on July 10, 2013. The company was formed as a holding company for the corporations previously controlled by the Lower Nicola Indian Band. Lower Nicola Indian Band Development Corporation is wholly owned by the Lower Nicola Indian Band.

2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian accounting standards for private enterprises and include the following significant accounting policies where alternatives are available:

(a) Basis of accounting

Canadian Public Sector Accounting Standards prescribe that government business enterprises ("GBE") must apply Part I of the CPA Canada Handbook – Accounting (International Financial Reporting Standards – "IFRS") as their financial reporting framework. Lower Nicola Indian Development Corporation is considered to be a GBE under Canadian Public Sector Accounting Standards and should be preparing IFRS financial statements.

Lower Nicola Indian Development Corporation has not prepared IFRS financial statements. Rather, these financial statements have been prepared in accordance with Part II of the CPA Canada Handbook – Accounting (Canadian Accounting Standards for Private Enterprises – ASPE) for the purposes of the shareholder's oversight of Lower Nicola Indian Development Corporation and its financial performance. As a result, the financial statements may not be suitable for another purpose.

(b) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturity dates of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant level of risk to changes in their fair value.

LOWER NICOLA INDIAN BAND DEVELOPMENT CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Financial instruments

(i) Measurement of financial instruments

The company initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The company subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income (loss) in the period incurred.

Financial assets measured at amortized cost on a straight line basis include cash, accounts receivable, and notes receivable.

Financial liabilities measured at amortized cost on a straight-line basis include the bank overdraft, the bank loan, accounts payable, amounts due to directors and officers and long-term debt.

Financial assets measured at fair value include quoted shares.

(ii) Impairment

For financial assets measured at cost or amortized cost, the company determines whether there are indications of possible impairment. When there is an indication of impairment, and the company determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income (loss). A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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 (loss).

(iii) Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

(d) Related party transactions

Related party transactions are in the normal course of operations and have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

LOWER NICOLA INDIAN BAND DEVELOPMENT CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Revenue recognition

Revenue from services is recognized when the services are rendered and reasonable assurance exists regarding the consideration to be received and ultimate collection.

(f) 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 and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Items requiring the use of significant estimates include accounts payable accruals. Actual results could differ from those estimates.

(g) 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.

(h) Investment in subsidiary companies

The company uses the equity method to account for its investment in the subsidiary.

3: 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 financial statements in assessing the extent of risk related to financial instruments.

(a) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of long-term financial liabilities approximates their carrying value based on the presumption that the company is a going concern and thus expects to fully repay the outstanding amounts.

(b) Liquidity risk

The company does have a liquidity risk in the accounts payable and accrued liabilities of \$18,984 (2020-\$13,036). Liquidity risk is the risk that the company cannot repay its obligations when they become due to its creditors. The company reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due. In the opinion of management the liquidity risk exposure to the company low and is not material.

LOWER NICOLA INDIAN BAND DEVELOPMENT CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

4: INCOME TAXES

	2021	2020
	\$	\$
Net income (loss) for the year before income taxes	29,193	(440,447)
Differences between financial statement income and taxable income		
Income (loss) in equity of subsidiaries	(689)	6,552
CCA in excess of depreciation	(5,718)	(6,035)
Utilization of losses carried forward	(23,102)	439,930
Taxable loss	(316)	-

5: DUE FROM/TO RELATED PARTIES

(a) Advances to related parties

	2021	2020
	\$	\$
LNIB Aggregates Limited Partnership	66,891	64,740
LNIB Real Estate Developments Ltd.	-	29,870
LNIB Ventures Limited Partnership	52,232	-
LNIB Construction Ltd.	222,113	219,861
LNIB Holdings Ltd.	12,882	29,851
LNIB Ventures Ltd.	7,722	7,722
Shulus Forest Enterprises Limited Partnership	875,253	845,879
LNIB General Contracting Ltd.	22,585	21,112
1130618 BC Ltd.	364	418
LNIB Holdings Limited Partnership	2,855	1,370
	1,262,897	1,220,823

(b) Advances from related parties

	2021	2020
	\$	\$
LNIB Real Estate Developments Ltd.	3,952	-
LNIB Ventures Limited Partnership	-	20,324
Lower Nicola Indian Band	1,459,484	1,550,355
LNIB Aggregates Ltd.	476,203	403,220
Shulus Farms Ltd.	255,000	250,000
Due to/from related party #14	1	-
Shulus Electricity Transmission Line Limited Partnership	31,222	-
	2,225,862	2,223,899

LOWER NICOLA INDIAN BAND DEVELOPMENT CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

6: INVESTMENTS IN RELATED PARTIES

	2021	2020
	\$	\$
Investment in Shulus Farms Ltd.	482,807	506,803
Investment in Shulus Forestry Enterprises Ltd.	(4,406)	(3,945)
Investment in LNIB Energy Ltd.	(7,172)	(7,422)
Investment in LNIB Real Estate Developments Ltd.	139,754	107,932
Investment in LNIB Construction Ltd.	(222,114)	(219,862)
Investments/advances related party #6	1	-
Investment in LNIB General Contracting Ltd.	(22,585)	(21,112)
Investment in LNIB Aggregates Ltd.	(61,582)	(61,447)
Investment in LNIB Holdings Ltd.	(12,842)	(9,460)
Investment in 1130618 BC Ltd.	55	1
	291,916	291,488

Lower Nicola Indian Band Development Corporation holds 100% of issued shares in each above corporations (except Lower Nicola Site Services Ltd (51%) and 1130618 BC Ltd (55%)), exerting control over these entities. The investment in these corporations are accounted for using the equity method.

7: SHARE CAPITAL

	2021	2020
	\$	\$
Authorized		
Unlimited Common shares		
Issued and outstanding		
100 Common shares	100	100

8: CONTRIBUTED SURPLUS

The balance of contributed surplus represents the value of the investments in related entities previously held by Lower Nicola Indian Band Development Corporation upon its incorporation.

LOWER NICOLA INDIAN BAND DEVELOPMENT CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

9: RELATED PARTY TRANSACTIONS

The Corporation is related to Shulus Forestry Enterprises Limited Partnership (SFE LP), Shulus Farms Ltd., LNIB Ventures Limited Partnership, LNIB Aggregates Limited Partnership, Shulus Electricity Transmission Line Limited Partnership (SETL LP), and Lower Nicola Indian Band (LNIB) through the significant influence investment in these entities by a controlling entity.

The Corporation earned \$345,834.80 in management fee revenue and cost recoveries from SFE LP (2020 - nil).

The Corporation earned \$24,739.04 in management fee revenue and cost recoveries from Shulus Farms Ltd. (2020 - nil).

The Corporation earned \$64,183.53 in management fee revenue from LNIB Ventures Limited Partnership (2020 -nil).

The Corporation earned \$56,100 in management fee revenue from LNIB Aggregates Limited Partnership (2020 - nil).

The Corporation earned \$145,705.06 in management fee revenue from SETL LP (2020 - nil).

The Corporation incurred \$10,167 (2020 - \$35,428) for rent payments to Lower Nicola Indian Band.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties. There are no contracts in place for any of the transactions but they are deemed reasonable.

10: SUBSEQUENT EVENT

On April 1, 2021, Lower Nicola Indian Band Development Corporation was amalgamated with LNIB General Contracting Ltd., LNIB Construction Ltd., and LNIB Real Estate Developments Ltd. The remaining entity continued operations as Lower Nicola Indian Band Development Corporation.

11: COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the company's environment and in the global markets due to the possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the company's operations.

The extent of the impact of this outbreak and related containment measures on the company's operations cannot be reliably estimated at this time.

LOWER NICOLA INDIAN BAND DEVELOPMENT CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

12: COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

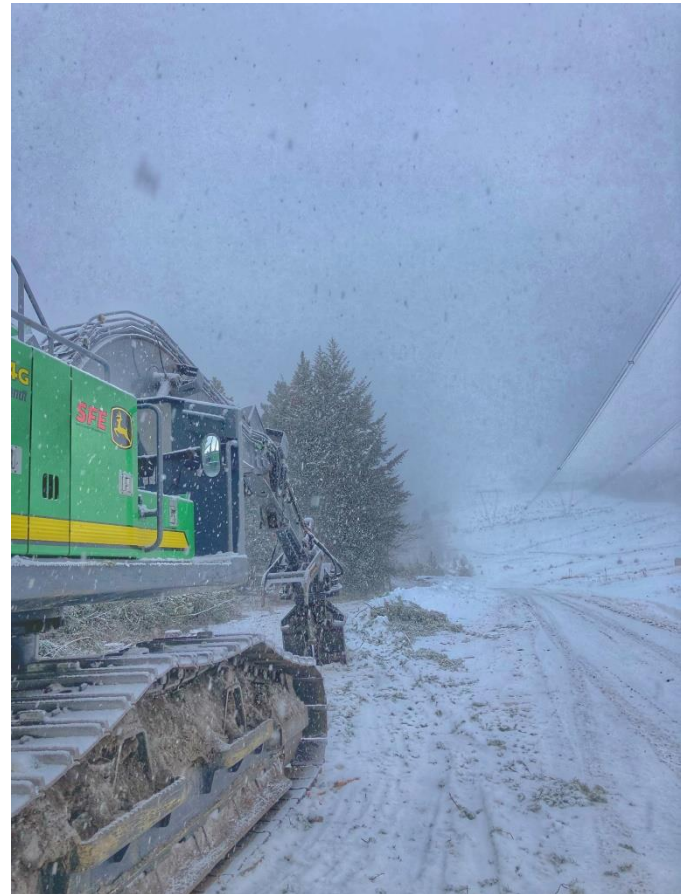
LOWER NICOLA INDIAN BAND DEVELOPMENT CORPORATION

CONSOLIDATED SCHEDULE OF INCOME (LOSS) FROM INVESTMENT IN SUBSIDIARIES **For the year ended March 31, 2021**

	2021	2020
	\$	\$
Income (loss) from Shulus Farms Ltd.	(23,996)	10,122
Loss from Shulus Forest Enterprises Inc.	(461)	(5,412)
Loss from LNIB Construction Ltd.	(2,252)	(1,628)
Income (loss) from LNIB Real Estate Developments	31,822	(4,769)
Income (loss) from LNIB Ventures Ltd.	250	(701)
Loss from LNIB General Contracting Ltd.	(1,473)	(1,269)
Income (loss) from LNIB Aggregates Ltd.	(135)	257
Loss from LNIB Holdings Ltd.	(3,382)	(3,152)
	373	(6,552)

I.2. SHULUS FOREST ENTERPRISE's Unaudited Financial Statements

The financial statements are shown on the next several pages.



SHULUS FOREST ENTERPRISES LIMITED PARTNERSHIP

FINANCIAL STATEMENTS

March 31, 2021

(Unaudited)

SHULUS FOREST ENTERPRISES LIMITED PARTNERSHIP

INDEX TO THE FINANCIAL STATEMENTS

March 31, 2021

(Unaudited)

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

**To: The Directors of
Shulus Forest Enterprises Limited Partnership**

We have reviewed the accompanying financial statements of Shulus Forest Enterprises Limited Partnership that comprise the balance sheet as at March 31, 2021, and the statements of income, partners' capital, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Shulus Forest Enterprises Limited Partnership as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT, continued

Basis of Accounting and Restriction on Use

Without modifying our conclusion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared for the purposes of the partners' oversight of Shulus Forest Enterprises Limited Partnership and its financial performance. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for Shulus Forest Enterprises Limited Partnership and its partners and should not be used by other parties.

Emphasis of matter

Without modifying our conclusion, we draw attention to note 10 to the financial statements, concerning the worldwide spread of a novel coronavirus known as COVID-19 subsequent to year-end and its effect on the global economy. Our opinion is not modified in respect of this matter.

A handwritten signature in black ink that reads 'Reid Hurst Nagy Inc.' in a cursive script.

REID HURST NAGY INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

KELOWNA, B.C.
JUNE 24, 2021

SHULUS FOREST ENTERPRISES LIMITED PARTNERSHIP

STATEMENT OF INCOME For the year ended March 31, 2021 (Unaudited)

	2021 \$	%	2020 \$	%
REVENUE				
Forestry	2,600,541	60.6	2,563,539	84.3
Fibre	1,063,294	24.8	-	
Fuel	242,893	5.7	236,539	7.8
Hauling	219,531	5.1	150,458	4.9
Fuel management	135,890	3.2	81,983	2.7
Rental	22,155	0.5	-	
Other	2,419	0.1	3,667	0.1
Interest	1,727		6,009	0.2
	4,288,450	100.0	3,042,195	100.0
DIRECT COSTS				
Fuel	388,064	9.0	410,401	13.5
Equipment and machinery costs	342,965	8.0	280,528	9.2
Materials	81,879	1.9	113,125	3.7
Subcontract	232,392	5.4	373,087	12.3
Labour	1,280,358	29.9	1,239,713	40.8
	2,325,658	54.2	2,416,854	79.4
GROSS PROFIT	1,962,792	45.8	625,341	20.6
EXPENSES				
Advertising and promotion	5,121	0.1	10,633	0.3
Bank charges and interest	12,907	0.3	6,846	0.2
Depreciation	347,224	8.1	246,677	8.1
Fees, licences and dues	54,705	1.3	15,209	0.5
Insurance	78,535	1.8	68,843	2.3
Management fees	345,835	8.1	-	
Office and administration	21,083	0.5	24,774	0.8
Professional fees	20,968	0.5	17,588	0.6
Repairs and maintenance	37,924	0.9	23,442	0.8
Telephone	5,021	0.1	5,280	0.2
Travel	13,053	0.3	14,372	0.5
	942,376	22.0	433,664	14.3
INCOME FROM OPERATIONS	1,020,416	23.8	191,677	6.3
OTHER				
Gain (loss) on disposal of capital assets	114,689	2.7	(762)	
NET INCOME	1,135,105	26.5	190,915	6.3

The accompanying notes are an integral part of these financial statements

SHULUS FOREST ENTERPRISES LIMITED PARTNERSHIP

STATEMENT OF PARTNERS' CAPITAL For the year ended March 31, 2021 (Unaudited)

	Partnership interest %	BALANCE, beginning of the year \$	Share of net income \$	2021 BALANCE, end of the year \$
Shulus Forest Enterprises Inc. (General Partner)	0.10	445	1,135	1,580
Lower Nicola Indian Band	99.90	443,182	1,133,970	1,577,152
	100.00	443,627	1,135,105	1,578,732

	Partnership interest %	BALANCE, beginning of the year \$	Share of net income \$	2020 BALANCE, end of the year \$
Shulus Forest Enterprises Inc. (General Partner)	0.10	254	191	445
Lower Nicola Indian Band	99.90	252,458	190,724	443,182
	100.00	252,712	190,915	443,627

The accompanying notes are an integral part of these financial statements

SHULUS FOREST ENTERPRISES LIMITED PARTNERSHIP

BALANCE SHEET

As at March 31, 2021

(Unaudited)

	2021 \$	2020 \$
ASSETS		
CURRENT ASSETS		
Cash	1,253,743	513,714
Accounts receivable	792,432	561,040
Inventory (Note 3)	11,419	12,253
Prepaid expenses	44,864	67,093
	2,102,458	1,154,100
OTHER ASSETS		
Investment in GIC	-	5,000
Due from related parties (Note 4)	4,504	2,907
Capital assets (Note 5)	1,047,131	736,773
	1,051,635	744,680
	3,154,093	1,898,780

Approved on behalf of the Partners:

 Partner

The accompanying notes are an integral part of these financial statements

SHULUS FOREST ENTERPRISES LIMITED PARTNERSHIP

BALANCE SHEET, continued As at March 31, 2021 (Unaudited)

	2021 \$	2020 \$
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	86,501	143,516
Wages and benefits payable	-	53,224
Government remittances payable	-	13,758
GST payable	58,322	20,333
Due to related parties (Note 4)	875,253	845,879
Current portion of long-term debt (Note 7)	90,594	36,926
Current portion of capital lease obligation (Note 8)	130,335	112,037
	1,241,005	1,225,673
LONG-TERM DEBT (Note 6)	214,826	136,116
OTHER LIABILITIES		
Capital lease obligation (Note 7)	119,530	93,364
	1,575,361	1,455,153
PARTNERS' CAPITAL	1,578,732	443,627
	3,154,093	1,898,780

The accompanying notes are an integral part of these financial statements

SHULUS FOREST ENTERPRISES LIMITED PARTNERSHIP

STATEMENT OF CASH FLOWS For the year ended March 31, 2021 (Unaudited)

	2021 \$	2020 \$
OPERATING ACTIVITIES		
Net income	1,135,105	190,915
ADJUSTMENTS FOR NON-CASH ITEMS		
Depreciation of tangible assets	347,224	246,677
Loss (gain) on disposal of capital assets	(114,689)	762
	1,367,640	438,354
NET CHANGES IN NON-CASH WORKING CAPITAL		
Accounts receivable	(231,392)	(351,626)
Inventory	834	37,044
Prepaid expenses	22,229	(57,093)
GST payable	37,989	24,501
Accounts payable and accrued liabilities	(57,014)	60,821
Wages and benefits payable	(53,224)	30,309
Government remittances payable	(13,758)	8,710
	1,073,304	191,020
INVESTING ACTIVITIES		
Redemption of investment in GIC	5,000	-
Purchase of capital assets	(665,394)	(373,575)
Proceeds of disposition	122,500	6,200
	(537,894)	(367,375)
FINANCING ACTIVITIES		
Advances from (to) related parties	27,777	(483,595)
Repayment of long-term debt	(72,743)	(20,958)
Proceeds of long-term debt	205,120	-
Proceeds of capital lease obligation	207,800	194,000
Repayment of capital lease obligation	(163,335)	(111,602)
	204,619	(422,155)
NET INCREASE (DECREASE) IN CASH	740,029	(598,510)
CASH, beginning of the year	513,714	1,112,224
CASH, end of the year	1,253,743	513,714

The accompanying notes are an integral part of these financial statements

SHULUS FOREST ENTERPRISES LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2021

(Unaudited)

1: NATURE OF OPERATION

Shulus Forest Enterprises Limited Partnership was formed as a limited partnership under the laws of the Province of British Columbia on October 4, 2013.

The limited partnership is involved in forestry related operations such as harvesting, brushing, and cruising. In addition, the limited partnership provides services in environmental monitoring, first aid, and security monitoring.

2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The limited partnership applies the Canadian accounting standards for private enterprises.

(a) Limited Partnership

These financial statements pertain to the partnership carried on under the name of Shulus Forest Enterprises Limited Partnership and accordingly do not include all the assets, liabilities, revenue and expenses of the individual partners. The accounts do not contain any charges for salaries or interest to the partners and no provision has been made in the financial statements for the effect of personal income taxes on their net income for the period.

(b) Basis of accounting

Canadian Public Sector Accounting Standards prescribe that government business enterprises ("GBE") must apply Part I of the CPA Canada Handbook – Accounting (International Financial Reporting Standards – "IFRS") as their financial reporting framework. Shulus Forest Enterprises Limited Partnership is considered to be a GBE under Canadian Public Sector Accounting Standards and should be preparing IFRS financial statements.

Shulus Forest Enterprises Limited Partnership has not prepared IFRS financial statements. Rather, these financial statements have been prepared in accordance with Part II of the CPA Canada Handbook – Accounting (Canadian Accounting Standards for Private Enterprises – ASPE) for the purposes of the shareholder's oversight of Shulus Forest Enterprises Limited Partnership and its financial performance. As a result, the financial statements may not be suitable for another purpose.

(c) Revenue recognition

Revenue on significant contracts, which provide for progress billings and payments as part of the contract, are recognized on the percentage of completion method. Deferred revenue, if any, represents billings rendered in excess of revenue earned.

(d) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

SHULUS FOREST ENTERPRISES LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2021

(Unaudited)

2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Financial instruments

(i) Measurement of financial instruments

The limited partnership initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The limited partnership subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income in the period incurred.

Financial assets measured at amortized cost on a straight line basis include cash and accounts receivable .

Investments in preferred shares of a private company are recognized at cost.

Financial liabilities measured at amortized cost on a straight-line basis include the bank overdraft, accounts payable, amounts due to directors and officers and long-term debt.

(ii) Impairment

For financial assets measured at cost or amortized cost, the limited partnership determines whether there are indications of possible impairment. When there is an indication of impairment, and the limited partnership determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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.

(iii) Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

(f) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the purchase cost method.

SHULUS FOREST ENTERPRISES LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2021

(Unaudited)

2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Capital assets

Capital assets are recorded at cost. The limited partnership provides for depreciation using the following methods at rates designed to depreciate the cost of the capital assets over their estimated useful lives. No depreciation is recorded in the year of disposal. The annual depreciation rates and methods are as follows:

Computer equipment	3 years Straight-line
Computer equipment	100% Declining balance
Equipment	20% Declining balance
Machinery	30% Declining balance
Vehicles	30% Declining balance
Asset under capital lease	30% Declining balance

Capital assets are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs.

(h) Related parties

Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

(i) Management estimates

The preparation of financial statements in accordance with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. The estimates made in the financial statements include: the useful life of tangible capital assets and related depreciation, the collectibility of accounts receivable, and accrued liabilities and related expenditures. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(j) Capital lease obligations

Assets financed by capital lease obligation are recorded at their value at the inception of the lease with the principal portion of the rental obligation recorded as a long-term liability. Amortization is recorded as outlined in note 7 and the interest portion of the lease payments is expensed as incurred.

SHULUS FOREST ENTERPRISES LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2021

(Unaudited)

3: INVENTORY

Inventory consists the following:

	2021	2020
	\$	\$
Gasoline and diesel	11,419	12,253

4: DUE TO/FROM RELATED PARTIES

(a) During the year, the company entered into transactions with the following related parties:

- 1) Lower Nicola Indian Band (limited partner)
- 2) Shulus Forest Enterprises Inc. (general partner)
- 3) Lower Nicola Indian Band Development Corporation (common control)

(b) Due from related parties

	2021	2020
	\$	\$
Lower Nicola Indian Band	100	100
Shulus Forest Enterprises Inc.	4,404	2,807
	4,504	2,907

(c) Due to related party

	2021	2020
	\$	\$
Lower Nicola Indian Band Development Corporation	875,253	845,879

The balances due to related parties are non-interest bearing with no specific terms of repayment.

5: CAPITAL ASSETS

	Cost	Accumulated depreciation	2021 Net	2020 Net
	\$	\$	\$	\$
Computer equipment	10,925	5,270	5,655	9,293
Equipment	89,985	22,628	67,357	55,034
Machinery	446,739	159,669	287,070	189,163
Vehicles	387,143	269,634	117,509	196,249
	934,792	457,201	477,591	449,739
Asset under capital lease	733,825	164,285	569,540	287,034
	1,668,617	621,486	1,047,131	736,773

SHULUS FOREST ENTERPRISES LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2021

(Unaudited)

6: LONG-TERM DEBT

	2021 \$	2020 \$
Royal Bank of Canada, loan payable in monthly blended payments of \$3,525 including interest at 3.44% per annum, matures August 2024. Loan secured under a general security agreement.	134,362	173,042
Royal Bank of Canada, loan repayable in monthly payments of \$4,760 including interest at 3.22% per annum, term due July 2024.	171,058	-
	305,420	173,042
Less: current portion	90,594	36,926
Due beyond one year	214,826	136,116
Estimated principal repayments are as follows:		
	\$	
2022	90,594	
2023	93,642	
2024	96,791	
2025	24,393	
	305,420	

SHULUS FOREST ENTERPRISES LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2021

(Unaudited)

7: CAPITAL LEASE OBLIGATION

	2021 \$	2020 \$
Brandt Finance Ltd., capital lease contract with John Deere 2154G logger-excavator pledged as security, repayable in monthly installments of \$9,336 plus GST including interest with a maturity date of February 2022 and a buyout option of \$1 plus tax at maturity.	93,364	205,401
Meridian Onecap Credit Corp. Capital lease contract with 2019 Kobelco excavator pledged as security, repayable in monthly instalments of \$3,196 plus GST including interest at 0.99% per annum with a maturity date of May 2025 and a buyout option of \$10 at maturity.	156,501	-
	249,865	205,401
Less: current portion	130,335	112,037
Due beyond one year	119,530	93,364
Estimated principal repayments are as follows:		
	\$	
2022	130,335	
2023	37,339	
2024	37,711	
2025	38,086	
2026	6,239	
Subsequent years	155	
	249,865	

SHULUS FOREST ENTERPRISES LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2021

(Unaudited)

8: RELATED PARTY TRANSACTIONS

The company is related to Lower Nicola Indian Band Development Corporation (LNIBDC), Lower Nicola Site Services Limited Partnership (LNSS), Ogilvie Mountain Holdings (OMH), Stuwix Resources Joint Venture (SRJV), and Lower Nicola Indian Band (LNIB) through the significant influence investment in these entities by a controlling entity.

The Limited Partnership incurred \$6,268 (2020 - \$32,108) for contractor payments with LNSS. The Limited Partnership also earned \$1,201,698 (2020 - 638,939) in revenue from this related company. As at March 31, 2021 the accounts receivable balance also included amounts receivable from LNSS of \$33,433 (2020 - \$242,858).

The Limited Partnership incurred \$591 (2020 - \$6,825) for contractor payments with SRJV. The Limited Partnership also earned \$1,613,049 (2020 - \$652,381) in revenue from this related company. As at March 31, 2021 the accounts receivable balance also included amounts receivable from SRJV of \$334,856 (2020 - \$40,072).

The Limited Partnership incurred \$17,733 (2020 - \$16,451) for contractor payments with LNIB. The Limited Partnership also earned \$577,957 (2020 - \$233,469) in revenue from this related party. As at March 31, 2021 the accounts receivable balance also included amounts receivable from LNIB of \$96,570 (2020 - \$31,436).

The Limited Partnership earned \$15,807 (2020 - nil) in revenue from OMH. As at March 31, 2021 the accounts receivable balance also included amounts receivable from OMH of \$1,802 (2020 - \$1,383).

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties

9: FINANCIAL INSTRUMENTS RISKS AND UNCERTAINTIES

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of long-term financial liabilities approximates their carrying value based on the presumption that the partnership is a going concern and thus expects to fully repay the outstanding amounts.

(a) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of long-term financial liabilities approximates their carrying value based on the presumption that the limited partnership is a going concern and thus expects to fully repay the outstanding amounts.

(b) Credit risk

The limited partnership does have credit risk in accounts receivable of \$792,432. Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss.

SHULUS FOREST ENTERPRISES LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2021

(Unaudited)

9: FINANCIAL INSTRUMENTS RISKS AND UNCERTAINTIES, continued

(c) Concentration of credit risk

The limited partnership does have concentration risk. Concentration risk is the risk that a customer has more than ten percent of the total accounts receivable balance and thus there is a higher risk to the business in the event of a default by one of these customers. Concentrations of credit risk relates to groups of counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. At March 31, 2021, receivables from 7 customers comprised approximately 95% of the total outstanding receivables. One particular customer's account represents 42% of the total outstanding receivables at March 31, 2021.

(d) Liquidity risk

The limited partnership does have a liquidity risk in the accounts payable and accrued liabilities of \$86,501. Liquidity risk is the risk that the limited partnership cannot repay its obligations when they become due to its creditors. The company manages this risk through maintaining sufficient cash balances to meet its obligations.

(e) Interest rate risk

The limited partnership is exposed to interest rate risk. Interest rate risk is the risk that the limited partnership has interest rate exposure on its bank indebtedness, which are variable based on the bank's prime rates. This exposure may have an effect on its earnings in future periods. The limited partnership reduces its exposure to interest rate risk by entering into loans agreements that are at fixed term rates, or zero interest rates and do not affect interest rate risk. The limited partnership does not use derivative instruments to reduce its exposure to interest rate risk. In the opinion of management the interest rate risk exposure to the limited partnership low and is not material.

(f) Price risk

The limited partnership is exposed to price risk. Price risk is the risk that the commodity prices that the limited partnership charges are significantly influenced by its competitors and the commodity prices that the limited partnership must charge to meet its competitors may not be sufficient to meet its expenses. The limited partnership reduces its exposure to price risk by ensuring that it obtains information regarding the commodity prices that are set by the competitors in the region to ensure that its prices are appropriate. In addition, management closely monitors expenses and matches capital outlays to its revenue stream. In the opinion of management the price risk exposure to the limited partnership is low and is not material.

SHULUS FOREST ENTERPRISES LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2021

(Unaudited)

10: COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the limited partnership's environment and in the global markets due to the possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the limited partnership's operations.

The extent of the impact of this outbreak and related containment measures on the limited partnership's operations cannot be reliably estimated at this time.

11: COMPARATIVE AMOUNTS

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.

I.3. SHULUS FARMS' Unaudited Financial Statements

The financial statements are shown on the next several pages.



SHULUS FARMS LTD.
FINANCIAL STATEMENTS
March 31, 2021
(Unaudited)

SHULUS FARMS LTD.

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March 31, 2021

(Unaudited)

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

**To: The Directors of
Shulus Farms Ltd.**

We have reviewed the accompanying financial statements of Shulus Farms Ltd. that comprise the balance sheet as at March 31, 2021, and the statements of loss, deficit, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Shulus Farms Ltd. as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT, continued

Emphasis of Matter

Without modifying our conclusion, we draw attention to note 12 to the financial statements, concerning the worldwide spread of a novel coronavirus known as COVID-19 and its effect on the global economy. Our conclusion is not modified in respect of this matter.

Basis of Accounting and Restriction on Use

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 to assist the Directors of Shulus Farms Ltd. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Directors of Shulus Farms Ltd. Inc and should not be used by parties other than the Directors of Shulus Farms Ltd.

Other Matter

The Shulus Farms Ltd. financial statements for the year ended ended March 31, 2020 were neither audited nor reviewed. Prior period figures have been included with these financial statements for comparative purposes only.

A handwritten signature in black ink that reads 'Reid Hurst Nagy Inc.'.

REID HURST NAGY INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

KELOWNA, B.C.
JUNE 24, 2021

SHULUS FARMS LTD.

STATEMENT OF LOSS For the year ended March 31, 2021 (Unaudited)

	2021 \$	2020 \$
REVENUE		
Leasing income	46,394	44,970
Rental	7,200	5,233
Cost recoveries (refund)	(2,715)	5,142
	50,879	55,345
EXPENSES		
Advertising and promotion	600	-
Bank charges and interest	125	154
Contract service	27,992	8,000
Depreciation	1,682	3,557
Equipment rental	133	-
Fees, licences and dues (recovery)	(2,166)	8,002
Fuel	1,670	-
Insurance	6,100	5,680
Management fees	24,739	-
Professional fees	6,898	4,345
Property taxes	1,640	1,666
Repairs and maintenance	22	13,512
Supplies	5,849	-
Utilities	653	100
	75,937	45,016
INCOME (LOSS) FROM OPERATIONS	(25,058)	10,329
OTHER INCOME (EXPENSE)		
Gain on sale of capital assets	1,062	441
Penalty and interest	-	(648)
	1,062	(207)
NET INCOME (LOSS)	(23,996)	10,122

The accompanying notes are an integral part of these financial statements

SHULUS FARMS LTD.

STATEMENT OF DEFICIT For the year ended March 31, 2021 (Unaudited)

	2021	2020
	\$	\$
BALANCE, beginning of the year	(541,108)	(551,230)
Net income (loss)	(23,996)	10,122
BALANCE, end of the year	(565,104)	(541,108)

The accompanying notes are an integral part of these financial statements

SHULUS FARMS LTD.

BALANCE SHEET

As at March 31, 2021

(Unaudited)

	2021 \$	2020 \$
ASSETS		
CURRENT ASSETS		
Cash	169,424	177,783
Accounts receivable	-	20,434
Prepaid expenses	5,700	-
GST receivable	2,073	-
	177,197	198,217
CAPITAL ASSETS (Note 5)	96,341	101,962
OTHER ASSETS		
Investment (Note 6)	1	1
Due from related party (Note 7)	255,000	250,000
	255,001	250,001
	528,539	550,180
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	5,458	3,000
Unearned revenue (Note 8)	39,672	38,460
Deposits	600	600
GST payable	-	1,315
Due to related party (Note 7)	1	1
	45,731	43,376
SHAREHOLDER'S EQUITY		
Share capital (Note 9)	1	1
Contributed surplus (Note 10)	1,047,911	1,047,911
Deficit	(565,104)	(541,108)
	482,808	506,804
	528,539	550,180

Approved on behalf of the Board:



Director

The accompanying notes are an integral part of these financial statements

SHULUS FARMS LTD.

STATEMENT OF CASH FLOWS For the year ended March 31, 2021 (Unaudited)

	2021 \$	2020 \$
OPERATING ACTIVITIES		
Net income (loss)	(23,996)	10,122
ADJUSTMENTS FOR NON-CASH ITEMS		
Depreciation	1,682	3,557
Gain on sale of capital assets	(1,062)	(441)
	(23,376)	13,238
NET CHANGES IN NON-CASH WORKING CAPITAL		
Accounts receivable	20,434	(1,095)
Prepaid expenses	(5,700)	-
GST receivable	(2,073)	-
Accounts payable and accrued liabilities	2,459	(4,988)
Unearned revenue	1,212	1,182
Deposits	-	150
GST payable	(1,315)	(10,610)
	(8,359)	(2,123)
INVESTING ACTIVITY		
Proceeds on disposal of capital assets	5,000	1,550
FINANCING ACTIVITY		
Due to related party	(5,000)	-
NET DECREASE IN CASH	(8,359)	(573)
CASH, beginning of the year	177,783	178,356
CASH, end of the year	169,424	177,783

The accompanying notes are an integral part of these financial statements

SHULUS FARMS LTD.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2021

(Unaudited)

1: GENERAL

Shulus Farms Ltd. was incorporated on October 6, 1987 under the Business Act of British Columbia. The company's primary operations is leasing farm land. The company is a fully owned subsidiary of Lower Nicola Indian Band Development Corporation, a subsidiary entity of the Lower Nicola Indian Band.

2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The company applies the Canadian accounting standards for private enterprises.

(a) Basis of accounting

Canadian Public Sector Accounting Standards prescribe that government business enterprises ("GBE") must apply Part I of the CPA Canada Handbook – Accounting (International Financial Reporting Standards – "IFRS") as their financial reporting framework. Shulus Farms Ltd. is considered to be a GBE under Canadian Public Sector Accounting Standards for the purpose of consolidation with the Lower Nicola Indian Band, net investment and net income must be recognized in accordance with IFRS.

Shulus Farms Ltd. has not prepared IFRS financial statements. Rather, these financial statements have been prepared in accordance with Part II of the CPA Canada Handbook – Accounting (Canadian Accounting Standards for Private Enterprises – ASPE) for the purposes of the shareholder's oversight of Shulus Farms Ltd. and its financial performance. As a result, the financial statements may not be suitable for another purpose.

(b) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

(c) Capital assets

Capital assets are recorded at cost. The company provides for depreciation using the declining balance method at rates designed to depreciate the cost of the capital assets over their estimated useful lives. The annual depreciation rate is as follows:

Buildings	10%
-----------	-----

Capital assets are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs.

SHULUS FARMS LTD.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2021

(Unaudited)

2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(d) 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.

(e) Revenue recognition

Rental income from leased land is recognized straight line over the contract term.

(f) 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.

(g) Related parties

Related party transactions are in the normal course of operations and have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

(h) Accounting estimates

The preparation of financial statements in accordance with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Items requiring the use of significant estimates include accounts payable accruals and the useful life of tangible capital assets. Actual results could differ from these estimates.

SHULUS FARMS LTD.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2021

(Unaudited)

2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(i) Financial instruments

(i) Measurement of financial instruments

The company initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The company subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income (loss) in the period incurred.

Financial assets measured at amortized cost on a straight line basis include cash, term deposits, accounts receivable and notes receivable.

Financial liabilities measured at amortized cost on a straight-line basis include the bank overdraft, the bank loan, accounts payable, amounts due to directors and officers and long-term debt.

Financial assets measured at fair value include quoted shares.

(ii) Impairment

For financial assets measured at cost or amortized cost, the company determines whether there are indications of possible impairment. When there is an indication of impairment, and the company determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income (loss). A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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 (loss).

(iii) Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

SHULUS FARMS LTD.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2021

(Unaudited)

3: INCOME TAXES

The provision for income taxes recorded in the financial statements differs from the amount which would be obtained by applying the statutory income tax rate of 50.67% (2020 - 50.67%) to the net income (loss) for the years as follows:

	2021	2020
	\$	\$
Net income (loss) for the year before income taxes	(23,996)	10,122
Anticipated income tax (recovery)	(12,159)	5,129
Tax effect of the following:		
Effect of items not deductible for tax purposes	-	328
CCA in excess of amortization	(7,064)	(26,811)
Utilization of losses carried forward	19,223	21,354
Income tax expense	-	-

4: 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 financial statements in assessing the extent of risk related to financial instruments.

(a) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of long-term financial liabilities approximates their carrying value based on the presumption that the company is a going concern and thus expects to fully repay the outstanding amounts.

(b) Credit risk

The company does have credit risk in accounts receivable \$- (2020-\$20,434). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The company reduces its exposure to credit risk by performing credit valuations on a regular basis; granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The company maintains strict credit policies and limits in respect to counterparties. In the opinion of management the credit risk exposure to the company is low and is not material.

(c) Liquidity risk

The company does have a liquidity risk in the accounts payable and accrued liabilities of \$5,458 (2020-\$3,000). Liquidity risk is the risk that the company cannot repay its obligations when they become due to its creditors. The company reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the company low and is not material.

SHULUS FARMS LTD.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2021

(Unaudited)

5: CAPITAL ASSETS

	Cost	Accumulated depreciation	2021 Net	2020 Net
	\$	\$	\$	\$
Land	81,200	-	81,200	81,200
Buildings	106,490	91,349	15,141	16,824
Farm Vehicle	-	-	-	3,938
	187,690	91,349	96,341	101,962

6: INVESTMENT

The company is the General Partner of Shulus Farms Limited Partnership which had no active operations during the year. The company owns 1 partnership unit for a total ownership percentage of 0.99%. The investment is recorded using the equity method.

	2021	2020
	\$	\$
Investment in Shulus Farms Limited Partnership	1	1

7: DUE FROM (TO) RELATED PARTIES

(a) The company is related to Lower Nicola Indian Band Development Corporation (LNIBDC), Shulus Farms Limited Partnership and Lower Nicola Site Services LP (LNSS) through the significant influence investment in these entities by a controlling entity.

(b) Advances to related party

	2021	2020
	\$	\$
Lower Nicola Indian Band Development Corporation	255,000	250,000

(c) Advances from related party

	2021	2020
	\$	\$
Shulus Farms Limited Partnership	1	1

8: UNEARNED REVENUE

	2021	2020
	\$	\$
Land lease prepayment	39,672	38,460

SHULUS FARMS LTD.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2021

(Unaudited)

9: SHARE CAPITAL

	2021 \$	2020 \$
Authorized		
50,000 Common shares with a par value of \$0.10 each		
Issued and outstanding		
2 Common shares with a par value of \$0.10 each	1	1

10: CONTRIBUTED SURPLUS

Contributed surplus is representative of assets and funds contributed to the Company by the Lower Nicola Indian Band upon formation of the company and in subsequent years.

11: RELATED PARTY TRANSACTIONS

The Corporation is related to Lower Nicola Indian Band (LNIB) and Lower Nicola Site Services LP (LNSS LP) through the significant influence investment in these entities by a controlling entity.

The Corporation incurred \$24,739 (2019 - nil) in management fees to Lower Nicola Indian Band Development Corporation.

The Corporation incurred \$4,295 (2019 - nil) in supplies payments to Lower Nicola Site Services LP.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

12: COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the company's environment and in the global markets due to the possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the company's operations.

The extent of the impact of this outbreak and related containment measures on the company's operations cannot be reliably estimated at this time.

SHULUS FARMS LTD.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2021

(Unaudited)

13: COMPARATIVE FIGURES

Financial statements for the year ended March 31, 2020 were neither audited nor reviewed and presented for comparative purposes only.

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.

I.4. LNIB VENTURES' Unaudited Financial Statements

The financial statements are shown on the next several pages.

LNIB VENTURES LIMITED PARTNERSHIP

FINANCIAL STATEMENTS

March 31, 2021

(Unaudited)

LNIB VENTURES LIMITED PARTNERSHIP

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March 31, 2021

(Unaudited)

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To: **The Partners of
LNIB Ventures Limited Partnership**

We have reviewed the accompanying financial statements of LNIB Ventures Limited Partnership that comprise the balance sheet as at March 31, 2021, and the statements of income, partners' capital, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of LNIB Ventures Limited Partnership as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT, continued

Emphasis of Matter

Without modifying our conclusion, we draw attention to note 7 to the financial statements, concerning the worldwide spread of a novel coronavirus known as COVID-19 and its effect on the global economy. Our opinion is not modified in respect of this matter.

Basis of Accounting and Restriction on Use

Without modifying our conclusion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared for the purposes of the partners' oversight of LNIB Ventures Limited Partnership and its financial performance. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for LNIB Ventures Limited Partnership and its partners and should not be used by other parties.

Other Matter

The financial statements of LNIB Ventures Limited Partnership for the year ended March 31, 2020 were neither audited nor reviewed. Prior year figures have been included with these financial statements for comparative purposes only.

A handwritten signature in black ink that reads 'Reid Hurst Nagy Inc.' in a cursive script.

REID HURST NAGY INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

KELOWNA, B.C.
JUNE 24, 2021

LNIB VENTURES LIMITED PARTNERSHIP

STATEMENT OF INCOME For the year ended March 31, 2021 (Unaudited)

	2021	2020
	\$	\$
REVENUE	1,291,986	229,685
EXPENSES		
Bank charges and interest	49	-
Management salaries	64,184	-
Office	-	1,200
Professional fees	54,076	9,462
Subcontractors	-	6,212
	118,309	16,874
INCOME FROM OPERATIONS	1,173,677	212,811
OTHER INCOME (EXPENSE)		
Penalty and interest	(112)	-
Interest income	849	-
NET INCOME	1,174,414	212,811

The accompanying notes are an integral part of these financial statements

LNIB VENTURES LIMITED PARTNERSHIP

STATEMENT OF PARTNERS' CAPITAL For the year ended March 31, 2021 (Unaudited)

	Partnership interest %	BALANCE, beginning of the year \$	Share of net income \$	2021 BALANCE, end of the year \$
Lower Nicola Indian Band	99.9	299,920	1,173,235	1,473,155
LNIB Ventures Ltd.	0.1	300	1,179	1,479
	100.0	300,220	1,174,414	1,474,634

	Partnership interest %	BALANCE, beginning of the year \$	Share of net income \$	2020 BALANCE, end of the year \$
Lower Nicola Indian Band	99.9	87,322	212,598	299,920
LNIB Ventures Ltd.	0.1	87	213	300
	100.0	87,409	212,811	300,220

The accompanying notes are an integral part of these financial statements

LNIB VENTURES LIMITED PARTNERSHIP

BALANCE SHEET As at March 31, 2021 (Unaudited)

	2021 \$	2020 \$
ASSETS		
CURRENT ASSETS		
Cash	1,428,489	92,773
Accounts receivable	164,211	197,004
	1,592,700	289,777
OTHER ASSETS		
Due from related parties (Note 3)	1,029	20,424
	1,593,729	310,201
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	7,802	-
GST payable	59,061	9,981
	66,863	9,981
OTHER LIABILITIES		
Due to related parties (Note 3)	52,232	-
	119,095	9,981
PARTNERS' CAPITAL	1,474,634	300,220
	1,593,729	310,201

Approved on behalf of the Partners:

 Partner

The accompanying notes are an integral part of these financial statements

LNIB VENTURES LIMITED PARTNERSHIP

STATEMENT OF CASH FLOWS For the year ended March 31, 2021 (Unaudited)

	2021 \$	2020 \$
OPERATING ACTIVITIES		
Net income	1,174,414	212,811
NET CHANGES IN NON-CASH WORKING CAPITAL		
Accounts receivable	32,793	(197,004)
Accounts payable and accrued liabilities	7,802	-
GST payable	49,080	9,981
	1,264,089	25,788
FINANCING ACTIVITY		
Advances to related parties	71,627	(8,634)
NET INCREASE IN CASH	1,335,716	17,154
CASH, beginning of the year	92,773	75,619
CASH, end of the year	1,428,489	92,773

The accompanying notes are an integral part of these financial statements

LNIB VENTURES LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2021

(Unaudited)

1: NATURE OF OPERATION

LNIB Ventures Limited Partnership ("the partnership") was formed under the laws of the province of British Columbia on April 6, 2018. The partnership participates in the Kingsvale project and shares profits from various profit sharing agreements and receives construction service fees.

LNIB Ventures Limited Partnership is unincorporated and these financial statements therefore include only those assets, liabilities, revenues and expenses of the partnership, and do not include all of the assets, liabilities, revenues and expenses of the partners. No provision has been made for income taxes as income of the partnership is taxed in the hands of the partners.

2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The partnership applies the Canadian accounting standards for private enterprises.

(a) Limited Partnership

These financial statements pertain to the partnership carried on under the name of LNIB Ventures Limited Partnership and accordingly do not include all the assets, liabilities, revenue and expenses of the individual partners. The accounts do not contain any charges for salaries or interest to the partners and no provision has been made in the financial statements for the effect of personal income taxes on their net income for the period.

(b) Basis of accounting

Canadian Public Sector Accounting Standards prescribe that government business enterprises ("GBE") must apply Part I of the CPA Canada Handbook – Accounting (International Financial Reporting Standards – "IFRS") as their financial reporting framework. LNIB Ventures Limited Partnership is considered to be a GBE under Canadian Public Sector Accounting Standards and should be preparing IFRS financial statements.

LNIB Ventures Limited Partnership has not prepared IFRS financial statements. Rather, these financial statements have been prepared in accordance with Part II of the CPA Canada Handbook – Accounting (Canadian Accounting Standards for Private Enterprises – ASPE) for the purposes of the partners oversight of LNIB Ventures Limited Partnership and its financial performance. As a result, the financial statements may not be suitable for another purpose.

(c) Revenue recognition

The limited partnership recognizes revenue upon the completion of the terms of the contracts that it enters into, which generally coincides with the delivery of the product to the customer. For fee for service arrangements, the revenue is recognized as the service is provided. If revenue is received in advance of the contract or provision of the service, then this revenue is deferred until the above revenue recognition criteria is met.

LNIB VENTURES LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2021

(Unaudited)

2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Financial instruments

(i) Measurement of financial instruments

The limited partnership initially measures its financial assets and 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 limited partnership subsequently measures its financial assets and financial liabilities at amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Forward exchange contracts and interest rate swaps that are not hedging items are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, accounts receivable and loans receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

Financial assets measured at fair value include a number of other investments, i.e. quoted shares.

Financial liabilities measured at amortized cost on a straight-line basis include the bank overdraft, the bank loan, accounts payable, amounts due to directors and officers and long-term debt.

Financial assets measured at fair value include quoted shares.

(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.

LNIB VENTURES LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2021

(Unaudited)

2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Financial instruments, continued

(iii) Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

(e) Related parties

Related party transactions are in the normal course of operations and have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

(f) Measurement uncertainty

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 and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Significant areas requiring the use of estimates include: allowance for doubtful accounts and accrued liabilities. Actual results could differ from those estimates.

3: DUE FROM/TO RELATED PARTIES

(a) During the year, the partnership entered into transactions with the following related parties:

Lower Nicola Indian Band Development Corporation (common control)
Due from Lower Nicola Indian Band (limited partner)
Due from LNIB Ventures Ltd. (general partner)

(b) Due from related parties

	2021	2020
	\$	\$
Lower Nicola Indian Band Development Corporation	-	20,324
Due from Lower Nicola Indian Band	100	100
Due from LNIB Ventures Ltd.	929	-
	<u>1,029</u>	<u>20,424</u>

(c) Advances from related party

	2021	2020
	\$	\$
Lower Nicola Indian Band Development Corporation	<u>52,232</u>	<u>-</u>

LNIB VENTURES LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2021

(Unaudited)

4: PARTNERS' CAPITAL

Amounts related to the partners' contributions, distributions, and share of profits and losses are non-interest bearing with no specific terms of repayment.

99.9% of the profits and losses of the limited partnership will be allocated to the Lower Nicola Indian Band. The general partner will be allocated 0.1% of profits and losses. Distributions to the limited partners are made at the discretion of, and in amounts determined by, the general partner.

5: 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 financial statements in assessing the extent of risk related to financial instruments.

(a) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of long-term financial liabilities approximates their carrying value based on the presumption that the partnership is a going concern and thus expects to fully repay the outstanding amounts.

(b) 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.

(c) Credit risk

The partnership does have credit risk in accounts receivable of \$164,211 (2020 - \$197,004). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The partnership reduces its exposure to credit risk by performing credit valuations on a regular basis; granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The partnership maintains strict credit policies and limits in respect to counterparties. In the opinion of management the credit risk exposure to the partnership is low and is not material.

(d) Liquidity risk

The partnership does have a liquidity risk in the accounts payable and accrued liabilities of \$7,802 (2020 - \$-). Liquidity risk is the risk that the partnership cannot repay its obligations when they become due to its creditors. The partnership reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the partnership is low and is not material.

LNIB VENTURES LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2021

(Unaudited)

5: FINANCIAL INSTRUMENTS, continued

(e) Price risk

The partnership is exposed to price risk. Price risk is the risk that the commodity prices that the partnership charges are significantly influenced by its competitors and the commodity prices that the partnership must charge to meet its competitors may not be sufficient to meet its expenses. The partnership reduces its exposure to price risk by ensuring that it obtains information regarding the commodity prices that are set by the competitors in the region to ensure that its prices are appropriate. In addition, management closely monitors expenses and matches capital outlays to its revenue stream. In the opinion of management the price risk exposure to the partnership is low and is not material.

6: RELATED PARTY TRANSACTIONS

The partnership is related to Lower Nicola Indian Band Development Corporation (LNIBDC), LNIB Ventures Ltd. and Lower Nicola Indian Band (LNIB) through the significant influence investment in these entities by a controlling entity.

The partnership incurred \$64,184 (2019 - nil) in management fees to Lower Nicola Indian Band Development Corporation.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

7: COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the partnership's environment and in the global markets due to the possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the partnership's operations.

The extent of the impact of this outbreak and related containment measures on the partnership's operations cannot be reliably estimated at this time.

8: COMPARATIVE FIGURES

Financial statements for the year ended March 31, 2020 were neither audited nor reviewed and presented for comparative purposes only.

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.

I.5 LNIB Aggregates' Unaudited Financial Statements

I.5.1. LNIB Aggregates' Unaudited Financial Statements

LNIB Aggregates' financial statements are for the year ending March 31st, 2021 and includes 9 months from LNSS' and OMH's audited financial statements for their year ending December 31st, 2020 as well as three months from LNSS' and OMH's unaudited financial statements from its current year are shown on the next several pages.

LNIB AGGREGATES LIMITED PARTNERSHIP

FINANCIAL STATEMENTS

March 31, 2021

(Unaudited - See Notice to Reader)

LNIB AGGREGATES LIMITED PARTNERSHIP

INDEX TO THE FINANCIAL STATEMENTS

March 31, 2021

(Unaudited - See Notice to Reader)

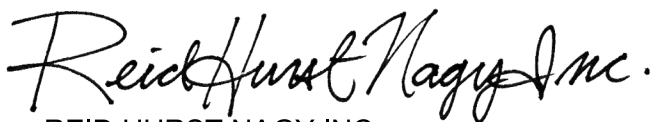
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NOTICE TO READER

On the basis of information provided by the partners, we have compiled the balance sheet of LNIB Aggregates Limited Partnership as at March 31, 2021 and the statements of income and partners' capital for the year then ended.

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

Accordingly, readers are cautioned that these statements may not be appropriate for their purposes.

A handwritten signature in black ink that reads 'Reid Hurst Nagy Inc.' in a cursive script.

REID HURST NAGY INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

KELOWNA, B.C.
JUNE 2, 2021

LNIB AGGREGATES LIMITED PARTNERSHIP

STATEMENT OF INCOME

For the year ended March 31, 2021

(Unaudited - See Notice to Reader)

	2021 \$	2020 \$
REVENUE	2,075,914	2,040,822
EXPENSES		
Management fees	58,905	-
Professional fees	2,268	1,417
	61,173	1,417
NET INCOME	2,014,741	2,039,405

The accompanying notes are an integral part of these financial statements

LNIB AGGREGATES LIMITED PARTNERSHIP

STATEMENT OF PARTNERS' CAPITAL

For the year ended March 31, 2021

(Unaudited - See Notice to Reader)

	Partnership interest %	BALANCE, beginning of the year \$	Drawings \$	Share of net income \$	2021 BALANCE, end of the year \$
LNIB Aggregates Ltd.	0.1	3,296	-	2,015	5,311
Lower Nicola Indian Band	99.9	3,290,182	(987,844)	2,012,726	4,315,064
	100.0	3,293,478	(987,844)	2,014,741	4,320,375

	Partnership interest %	BALANCE, beginning of the year \$	Share of net income \$	2020 BALANCE, end of the year \$
LNIB Aggregates Ltd.	0.1	1,256	2,040	3,296
Lower Nicola Indian Band	99.9	1,252,817	2,037,365	3,290,182
	100.0	1,254,073	2,039,405	3,293,478

LNIB AGGREGATES LIMITED PARTNERSHIP

BALANCE SHEET

As at March 31, 2021

(Unaudited - See Notice to Reader)

	2021 \$	2020 \$
ASSETS		
OTHER ASSETS		
Investments (Note 1)	3,845,921	2,892,007
Due from related parties (Note 2)	476,254	403,271
	<u>4,322,175</u>	<u>3,295,278</u>
LIABILITY		
CURRENT LIABILITY		
Accounts payable and accrued liabilities	1,800	1,800
PARTNERS' CAPITAL	<u>4,320,375</u>	<u>3,293,478</u>
	<u>4,322,175</u>	<u>3,295,278</u>

Approved on behalf of the Partners:



Partner

The accompanying notes are an integral part of these financial statements

LNIB AGGREGATES LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2021

(Unaudited - See Notice to Reader)

1: INVESTMENTS

LNIB Aggregates Limited Partnership holds a 51% interest in Lower Nicola Site Services Limited Partnership and recognizes revenue on a proportionate basis.

	2021	2020
	\$	\$
Investment in Lower Nicola Site Services Limited Partnership	3,845,921	2,892,007

2: DUE FROM RELATED PARTIES

Amounts due from related parties are non-interest bearing and have no specific terms of repayment.

I.5.2. LNSS' Unaudited Financial Statements

LNSS' financial statements are for the year ended December 31st, 2020 are shown on the next several pages.



Lower Nicola Site Services Limited Partnership

**Financial Statements
(Unaudited)**

December 31, 2020

Lower Nicola Site Services Limited Partnership

Financial Statements (Unaudited)

December 31, 2020

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Independent Practitioners' Review Engagement Report

To the Partners of Lower Nicola Site Services Limited Partnership

We have reviewed the accompanying financial statements of Lower Nicola Site Services Limited Partnership that comprise the balance sheet as at December 31, 2020, and the statements of income, partners' capital and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Practitioners' Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioners perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Lower Nicola Site Services Limited Partnership as at December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

**Edmonton, Canada
March 29, 2021**

Crowe MacKay LLP

Chartered Professional Accountants

Lower Nicola Site Services Limited Partnership

Statement of Income (Unaudited)

For the period ended December 31,	2020 (12 months)	2019 (9 months)
Revenue	\$ 13,589,113	\$ 4,616,785
Direct costs		
Equipment costs	563,854	280,589
Materials	285,760	287,342
Rentals	520,881	433,963
Trades and subcontracts	9,179,820	2,554,087
Travel	65,034	12,300
	10,615,349	3,568,281
Gross margin	2,973,764	1,048,504
General and administrative expenses		
Advertising and promotion	12,391	8,733
Amortization	191,214	190,972
Consulting fees	-	10,409
Insurance	47,056	29,241
Interest and bank charges	9,997	18,260
Interest on capital lease obligation	20,964	44,123
Office and miscellaneous	572,170	89,601
Professional fees	81,336	26,417
Property taxes	728	250
Repairs and maintenance	120	-
Safety and training	1,272	3,278
Wages and benefits	37,500	-
	974,748	421,284
Income before other items	1,999,016	627,220
Interest and other	2,987	841
Share of net income from limited partnership	2,469,695	2,893,040
Net income	\$ 4,471,698	\$ 3,521,101

Lower Nicola Site Services Limited Partnership

Statement of Partners' Capital (Unaudited)

	Balance, beginning of year	Drawings	Share of net income	2020 (12 months) Balance, end of year
LNIB Aggregates Limited Partnership (limited partner)	\$ 2,646,768	\$ (612,000)	\$ 2,280,338	\$ 4,315,106
1020172 BC Ltd. (limited partner)	2,542,973	(588,000)	2,190,913	4,145,886
Lower Nicola Site Services Ltd. (general partner)	560	-	447	1,007
	\$ 5,190,301	\$ (1,200,000)	\$ 4,471,698	\$ 8,461,999

	Balance, beginning of period	Drawings	Share of net income	2019 (9 months) Balance, end of period
LNIB Aggregates Limited Partnership (limited partner)	\$ 1,259,186	\$ (408,000)	\$ 1,795,582	\$ 2,646,768
1020172 BC Ltd. (limited partner)	1,209,806	(392,000)	1,725,167	2,542,973
Lower Nicola Site Services Ltd. (general partner)	208	-	352	560
	\$ 2,469,200	\$ (800,000)	\$ 3,521,101	\$ 5,190,301

Lower Nicola Site Services Limited Partnership

Balance Sheet (Unaudited)

December 31,	2020	2019
Assets		
Current		
Cash	\$ 289,119	\$ 816,990
Accounts receivable (note 4)	2,488,226	994,190
Inventory	48,350	-
Prepaid expenses and deposits	10,500	15,098
	2,836,195	1,826,278
Investment in limited partnership (note 5)	5,799,354	3,329,659
Property and equipment (note 6)	1,247,846	1,409,641
	\$ 9,883,395	\$ 6,565,578
Liabilities		
Current		
Accounts payable and accrued liabilities (note 7)	\$ 1,308,616	\$ 834,353
Current portion of capital lease obligation	-	411,723
Current portion of mortgage payable (note 8)	17,384	16,421
	1,326,000	1,262,497
Mortgage payable (note 8)	95,396	112,780
	1,421,396	1,375,277
Partners' capital	8,461,999	5,190,301
	\$ 9,883,395	\$ 6,565,578

Approved on behalf of the Partners:

_____ General Partner

Lower Nicola Site Services Limited Partnership

Statement of Cash Flows (Unaudited)

For the period ended December 31,	2020 (12 months)	2019 (9 months)
Cash provided by (used for)		
Operating activities		
Net income	\$ 4,471,698	\$ 3,521,101
Items not affecting cash		
Amortization	191,214	190,972
Share of net income from limited partnership	(2,469,695)	(2,893,040)
	2,193,217	819,033
Change in non-cash working capital items		
Accounts receivable	(1,494,036)	(515,647)
Inventory	(48,350)	-
Prepaid expenses and deposits	4,598	1,854
Accounts payable and accrued liabilities	474,264	346,185
	1,129,693	651,425
Financing activities		
Repayment of mortgage	(16,421)	(5,269)
Proceeds from mortgage	-	134,470
Repayment of capital lease obligation	(411,723)	(307,482)
Distributions to limited partners	(1,200,000)	(800,000)
Distributions from limited partnership	-	300,000
	(1,628,144)	(678,281)
Investing activities		
Advances from related party	-	760,053
Purchase of property and equipment	(29,420)	(191,889)
	(29,420)	568,164
(Decrease) increase in cash	(527,871)	541,308
Cash, beginning of period	816,990	275,682
Cash, end of period	\$ 289,119	\$ 816,990

Lower Nicola Site Services Limited Partnership

Notes to the Financial Statements (Unaudited)

December 31, 2020

1. Nature of operations

Lower Nicola Site Services Limited Partnership (the "Limited Partnership") was formed as a limited partnership under the laws of the Province of British Columbia on April 22, 2016. The Limited Partnership is involved in providing construction services to a variety of customers in British Columbia.

Lower Nicola Site Services Limited Partnership is unincorporated and these financial statements therefore include only those assets, liabilities, revenues and expenses of the Limited Partnership, and do not include all of the assets, liabilities, revenues and expenses of the partners. No provision has been made for income taxes as income of the Limited Partnership is taxed in the hands of the partners.

2. COVID-19 pandemic

On March 11, 2020, the World Health Organization declared a global pandemic. The outbreak of the novel strain of the coronavirus, COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility. Governments and central banks, including Canadian federal, provincial, territorial and municipal governments, have responded with significant monetary and fiscal interventions designed to stabilize economic conditions.

At the time of approval of these financial statements, in response to the COVID-19 pandemic, the Limited Partnership has pursued available government assistance programs, implemented remote work arrangements for those able to do so and has implemented stringent health and safety procedures. Management has been proactive and diligent in addressing the implementation of infection prevention and other precautionary measures, guided by public health authorities, to limit the spread of COVID-19 and the impact of the pandemic and the related economic contraction on the Limited Partnership.

The rapidly evolving event, including health and safety conditions, economic environment and resulting government measures, creates a high level of uncertainty and risk that may result in significant impacts to the Limited Partnership's activities, results of operations and financial condition. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. As such it is not possible to estimate the length and severity of these developments and the impact on the financial results and conditions on the Limited Partnership and its operations in future periods.

Lower Nicola Site Services Limited Partnership

Notes to the Financial Statements (Unaudited)

December 31, 2020

3. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for private enterprises. The significant accounting policies are detailed as follows:

(a) Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions, including assumptions about the future effects of the COVID-19 pandemic, 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 reporting period.

These estimates are reviewed periodically and adjustments are made to net income as appropriate in the period they become known.

Items subject to significant management estimate include the amortization of property and equipment, the appropriate allowance for doubtful accounts and the impairment of long-lived assets.

COVID-19 is considered an indication of impairment and has impacted the assumptions underlying the forecasted cash flows used in performing the Limited Partnership's impairment analysis of its long-lived assets. Actual impairment and other results could differ from these and other estimates.

(b) Financial instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

The Limited Partnership subsequently measures the following financial assets and financial liabilities at amortized cost:

Financial assets measured at amortized cost include cash and accounts receivable.

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

Lower Nicola Site Services Limited Partnership

Notes to the Financial Statements (Unaudited)

December 31, 2020

3. Significant accounting policies (continued)

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank deposits.

(d) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted average method.

(e) Investment in limited partnership

The Limited Partnership records its investment in limited partnerships using the equity method. Under the equity method the investment is initially recorded at cost and increased (decreased) for the Limited Partnership's proportionate share of net income (loss), and is increased by any contributions made and decreased by any distributions received.

(f) Property and equipment

Property and equipment are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful life of the asset commencing in the month following the month of acquisition.

The amortization rates used for each class of property and equipment are as follows:

Automotive equipment	5 years
Machinery and equipment	10 years
Machinery and equipment under capital lease	10 years

Lower Nicola Site Services Limited Partnership

Notes to the Financial Statements (Unaudited)

December 31, 2020

3. Significant accounting policies (continued)

(g) Impairment of long-lived assets

The carrying value of long-lived assets is reviewed for impairment whenever events or circumstances indicate that their carrying amount may not be recoverable. If the sum of the undiscounted expected future cash flows expected to result from the use and eventual disposition of an asset is less than its carrying amount, it is considered to be impaired. An impairment loss is measured at the amount by which the carrying amount of the asset exceeds its fair value. When quoted market prices are not available, the Limited Partnership uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value.

(h) Revenue recognition

Revenue from fixed price construction contracts is recognized using the percentage of completion method as performance of each individual obligation within the contract is completed, whereby revenue is measured by the proportion of costs incurred to date as a percentage of estimated total costs. Revenue that is recognized, but is not yet billed, is recorded as accrued revenue by the Limited Partnership.

For contracts in progress, where current estimates indicate a probable ultimate loss, the full amount of the estimated loss is accrued. Indirect costs and administrative expenses are charged to income as incurred and are not allocated to contract costs.

(i) Leases

Leases that transfer substantially all the benefits and risks incidental to the ownership of property are recorded as capital leases. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease. Amortization is based upon the assets estimated useful life using the methods and rates described above. All other leases are accounted for as operating leases and payments are expensed as incurred.

4. Accounts receivable

Included in accounts receivable as at December 31, 2020 is \$nil of holdbacks (2019 - \$17,236).

Lower Nicola Site Services Limited Partnership

Notes to the Financial Statements (Unaudited)

December 31, 2020

5. Investment in limited partnership

	2020	2019
Ogilvie Mtn. Holdings Limited Partnership		
100 LP Units, at cost (representing 100% of issued LP Units)	\$ 100	\$ 100
Share of net income since date of acquisition	5,799,254	3,629,559
Distributions received since date of acquisition	-	(300,000)
	\$ 5,799,354	\$ 3,329,659

6. Property and equipment

	2020			2019	
	Cost	Accumulated amortization	Net book value		Net book value
Land	\$ 191,889	\$ -	\$ 191,889	\$	191,889
Automotive equipment	102,281	57,103	45,178		30,572
Machinery and equipment	126,001	36,564	89,437		102,038
Machinery and equipment under capital lease	1,638,000	716,658	921,342		1,085,142
	\$ 2,058,171	\$ 810,325	\$ 1,247,846	\$	1,409,641

7. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities as at December 31, 2020 is \$5,627 (2019 - \$27,720) of government remittances payable.

Lower Nicola Site Services Limited Partnership

Notes to the Financial Statements (Unaudited)

December 31, 2020

8. Mortgage payable

	2020	2019
Mortgage, payable \$1,948 per month, principal and interest at 4.79%, due August, 2022. Land with a net book value of \$191,889, a corporate guarantee from the general partner of the Limited Partnership and assignment of insurance have been provided as collateral	\$ 112,780	\$ 129,201
Less current portion	17,384	16,421
	<u>\$ 95,396</u>	<u>\$ 112,780</u>
Estimated principal repayments are as follows:		
2021	\$ 17,384	
2022	95,396	
	<u>\$ 112,780</u>	

9. Allocation of net income or net loss

Net income or net loss for a fiscal period is allocated as follows:

- (i) 0.01% to the GP Unit; and
- (ii) 99.99% to the limited partners holding LP units in proportion to their respective partnership interest.

Income for tax purposes for any fiscal period must be allocated as follows:

- (i) first, to the GP Unit, such amount (if any) to be calculated as (a) the aggregate of all losses allocated to the GP Unit for prior fiscal periods, minus (b) the aggregate of all income allocated to the GP Unit for prior fiscal periods; and
- (ii) the balance amongst the limited partners holding LP Units in proportion to their respective partnership interest.

Distributable cash will be paid quarterly, if available, to each limited partner in proportion to their respective partnership interest.

10. Economic dependence

The Limited Partnership generates approximately 94% of revenues from four customers (2019 - 85% of revenues from two customers). If these customers substantially reduce or cease their purchases from the Limited Partnership, the Limited Partnership's ability to continue viable operations may be significantly affected.

Lower Nicola Site Services Limited Partnership

Notes to the Financial Statements (Unaudited)

December 31, 2020

11. Related party transactions

During the year the Limited Partnership had transactions with related parties. The details of these transactions are as follows:

- (a) The Limited Partnership incurred \$4,915,789 (2019 - \$1,966,096) for labour, materials, rentals, trades and subcontracts, travel, repairs and maintenance, equipment fuel, professional fees, advertising and promotion, office, safety and training and management and administration fees with a related company. Of this amount, \$612,206 is included in accounts payable and accrued liabilities as at December 31, 2020 (2019 - \$200,554). The Limited Partnership also earned \$149,065 (2019 - \$10,593) in revenue from this related company. Of this amount, \$129,326 is included in accounts receivable as at December 31, 2020 (2019 - \$7,739). The shareholder of the limited partner which owns 49% of the LP Units of the Limited Partnership owns 100% of the issued shares of the related company.
- (a) The Limited Partnership incurred \$1,464,823 (2019 - \$372,077) for materials and trades and subcontracts with a related company. Of this amount, \$133,109 is included in accounts payable and accrued liabilities as at December 31, 2020 (2019 - \$34,567). The Limited Partnership also earned \$nil (2019 - \$17,355) in revenue from this related company. The limited partner which owns 51% of the LP Units of the Limited Partnership and the related company have common control.
- (a) The Limited Partnership incurred \$nil (2019 - \$2,550) for labour, rentals, travel and advertising and promotion with a related party. The Limited Partnership also earned \$nil (2019 - \$23,070) in revenue from this related party. The related party controls the limited partner which owns 51% of the LP Units of the Limited Partnership.
- (a) The Limited Partnership earned \$52,357 (2019 - \$nil) in revenue from a related limited partnership. Of this amount, \$24,700 is included in accounts receivable as at December 31, 2020 (2019 - \$nil). The Limited Partnership owns 100% of the issued LP Units of the related Limited Partnership.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Lower Nicola Site Services Limited Partnership

Notes to the Financial Statements (Unaudited)

December 31, 2020

12. Financial instruments

The Limited Partnership is exposed to various risks through its financial instruments. The following analysis provides a measure of the Limited Partnership's risk exposure and concentrations at December 31, 2020, which have increased from the prior period as a result of the COVID-19 pandemic. The Limited Partnership cannot predict changes in these risks or the impact on operating results. Such changes related to the COVID-19 pandemic could have a material effect on the Limited Partnership's operations and financial condition. Unless otherwise noted, it is management's opinion that the Limited Partnership is not exposed to significant credit, liquidity or market risk arising from these financial instruments.

(a) 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 Limited Partnership's exposure to credit risk relates to accounts receivable and arises from the possibility that a debtor does not fulfil its obligations. Management believes this risk is minimized through performing credit valuations on a regular basis, granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The Limited Partnership performs continuous evaluation of its financial assets and records impairment in accordance with the stated policy.

The Limited Partnership is exposed to concentration of credit risk as three customers comprise approximately 91% of the total accounts receivable as at December 31, 2020 (2019 - three customers comprising approximately 89% of the total accounts receivable as at December 31, 2019).

COVID-19 has resulted in an increase in credit risk for the Limited Partnership. If a key customer experiences financial difficulty or fails to comply with their contractual obligations, which may occur as the COVID-19 pandemic continues, this could result in significant financial loss to the Limited Partnership.

(b) 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 Limited Partnership is mainly exposed to interest rate risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Limited Partnership is exposed to interest rate risk on its fixed-rate financial instruments. The Limited Partnership's fixed-rate financial instruments include mortgage payable. The fair value of fixed-rate financial instruments fluctuate as market rates of interest change. The Limited Partnership does not employ derivative financial instruments to hedge its exposure to interest rate risk.

Lower Nicola Site Services Limited Partnership

Notes to the Financial Statements (Unaudited)

December 31, 2020

13. Contingent liabilities

- (a) The Limited Partnership has guaranteed to a maximum of \$5,565,000 a credit facility of a related limited partnership, of which \$4,159,817 is outstanding as at December 31, 2020 (2019 - \$4,701,235). The Limited Partnership will only be required to act on the guarantee if the related limited partnership is in default. The Limited Partnership owns 100% of the issued LP Units of the related limited partnership.
- (b) In the normal course of operations the Limited Partnership may be subject to litigation and claims from customers, suppliers and former employees. Management believes that adequate provisions have been recorded in the accounts where required. Although it is not possible to estimate the extent of potential costs, if any, management believes that the ultimate resolution of such contingencies would not have a material adverse effect on the financial position of the Limited Partnership.

I.5.3. OMH's Unaudited Financial Statements

OMH's financial statements are for the year ended December 31st, 2020 are shown on the next several pages.



Ogilvie Mtn. Holdings Limited Partnership

**Non-Consolidated Financial Statements
(Unaudited)**

December 31, 2020

Ogilvie Mtn. Holdings Limited Partnership

Non-Consolidated Financial Statements (Unaudited)

December 31, 2020

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Independent Practitioners' Review Engagement Report

To the Partners of Ogilvie Mtn. Holdings Limited Partnership

We have reviewed the accompanying non-consolidated financial statements of Ogilvie Mtn. Holdings Limited Partnership that comprise the non-consolidated balance sheet as at December 31, 2020, and the non-consolidated statements of income, partners' capital and cash flows for the year then ended, and a summary of significant accounting policies 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 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.

Practitioners' Responsibility

Our responsibility is to express a conclusion on the accompanying non-consolidated financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of non-consolidated financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioners perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these non-consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the non-consolidated financial statements do not present fairly, in all material respects, the financial position of Ogilvie Mtn. Holdings Limited Partnership as at December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

**Edmonton, Canada
March 29, 2021**

Crowe MacKay LLP

Chartered Professional Accountants

Ogilvie Mtn. Holdings Limited Partnership

Non-Consolidated Statement of Income (Unaudited)

For the year ended December 31,	2020	2019
Revenue	\$ 13,465,785	\$ 16,015,771
Direct costs	8,646,228	11,035,224
Gross margin	4,819,557	4,980,547
General and administrative expenses		
Advertising and promotion	41,920	34,400
Amortization	1,136,373	981,968
Consulting fees	-	630
Insurance	140,730	138,933
Interest and bank charges	15,973	34,848
Interest on capital lease obligations	183,946	156,084
Interest on long-term debt	42,371	39,617
Interest on note payable	212,467	250,000
Office and miscellaneous	249,368	237,237
Professional development	21,810	-
Professional fees	45,152	28,946
Property taxes	12,787	956
Rent and occupancy costs	48,150	48,000
Repairs and maintenance	16,881	17,792
Shop supplies	3,192	2,996
Telephone and utilities	37,077	31,763
Travel and automotive	5,325	2,458
Wages and benefits	168,305	75,500
	2,381,827	2,082,128
Income before other item	2,437,730	2,898,419
Gain (loss) on disposal of property and equipment	32,212	(5,090)
Net income	\$ 2,469,942	\$ 2,893,329

Ogilvie Mtn. Holdings Limited Partnership

Non-Consolidated Statement of Partners' Capital (Unaudited)

	Balance, beginning of year	Share of net income	2020 Balance, end of year
Lower Nicola Site Services Limited Partnership (limited partner)	\$ 3,329,659	\$ 2,469,695	\$ 5,799,354
Ogilvie Mtn. Holdings Inc. (general partner)	364	247	611
	\$ 3,330,023	\$ 2,469,942	\$ 5,799,965

	Balance, beginning of year	Drawings	Share of net income	2019 Balance, end of year
Lower Nicola Site Services Limited Partnership (limited partner)	\$ 736,619	\$ (300,000)	\$ 2,893,040	\$ 3,329,659
Ogilvie Mtn. Holdings Inc. (general partner)	75	-	289	364
	\$ 736,694	\$ (300,000)	\$ 2,893,329	\$ 3,330,023

Ogilvie Mtn. Holdings Limited Partnership

Non-Consolidated Balance Sheet (Unaudited)

December 31,	2020	2019
Assets		
Current		
Cash	\$ 1,477,593	\$ 1,334,109
Term deposits (note 4)	1,500,000	400,000
Accounts receivable (note 5)	1,931,708	2,210,996
Prepaid expenses	2,033	22,010
	4,911,334	3,967,115
Investment in subsidiary company (note 6)	5	5
Property and equipment (note 7)	5,729,120	6,548,870
Goodwill	3,619,003	3,619,003
	\$ 14,259,462	\$ 14,134,993
Liabilities		
Current		
Accounts payable and accrued liabilities (note 8)	\$ 966,347	\$ 1,103,715
Current portion of note payable (note 9)	1,666,667	1,666,667
Current portion of long-term debt (note 10)	263,579	213,279
Current portion of capital lease obligations (note 11)	1,218,108	1,000,488
	4,114,701	3,984,149
Note payable (note 9)	1,666,666	3,333,333
Long-term debt (note 10)	534,590	653,797
Capital lease obligations (note 11)	2,143,540	2,833,691
	8,459,497	10,804,970
Partners' capital (note 12)	5,799,965	3,330,023
	\$ 14,259,462	\$ 14,134,993

Approved on behalf of the Partners:

_____ General Partner

Ogilvie Mtn. Holdings Limited Partnership

Non-Consolidated Statement of Cash Flows (Unaudited)

For the year ended December 31,	2020	2019
Cash provided by (used for)		
Operating activities		
Net income	\$ 2,469,942	\$ 2,893,329
Items not affecting cash		
Amortization	1,136,373	981,968
(Gain) loss on disposal of property and equipment	(32,212)	5,090
	3,574,103	3,880,387
Change in non-cash working capital items		
Accounts receivable	279,288	(438,874)
Prepaid expenses	19,977	51,081
Accounts payable and accrued liabilities	(137,369)	50,087
	3,735,999	3,542,681
Financing activities		
Repayment of note payable	(1,666,667)	(500,000)
Repayment of long-term debt	(117,386)	(181,377)
Repayment of capital lease obligations	(586,328)	(786,497)
Advances to related party	-	(760,153)
Distribution to limited partner	-	(300,000)
	(2,370,381)	(2,528,027)
Investing activities		
Increase in term deposits	(1,100,000)	(400,000)
Purchase of property and equipment	(304,363)	(178,936)
Proceeds on disposal of property and equipment	182,229	3,600
	(1,222,134)	(575,336)
Increase in cash	143,484	439,318
Cash, beginning of year	1,334,109	894,791
Cash, end of year	\$ 1,477,593	\$ 1,334,109

Non-cash transactions (note 13)

Ogilvie Mtn. Holdings Limited Partnership

Notes to the Non-Consolidated Financial Statements (Unaudited)

December 31, 2020

1. Nature of operations

Ogilvie Mtn. Holdings Limited Partnership (the "Limited Partnership") was formed as a limited partnership under the laws of the Province of British Columbia on October 25, 2017 under the name OMH Acquisition Limited Partnership. The Limited Partnership is involved in pipeline integrity and maintenance services in British Columbia.

Ogilvie Mtn. Holdings Limited Partnership is unincorporated and these non-consolidated financial statements therefore include only those assets, liabilities, revenues and expenses of the Limited Partnership, and do not include all of the assets, liabilities, revenues and expenses of the partners. No provision has been made for income taxes as income of the Limited Partnership is taxed in the hands of the partners.

2. COVID-19 pandemic

On March 11, 2020, the World Health Organization declared a global pandemic. The outbreak of the novel strain of the coronavirus, COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility. Governments and central banks, including Canadian federal, provincial, territorial and municipal governments, have responded with significant monetary and fiscal interventions designed to stabilize economic conditions.

At the time of approval of these financial statements, in response to the COVID-19 pandemic, the Limited Partnership has pursued available government assistance programs, implemented remote work arrangements for those able to do so and has implemented stringent health and safety procedures. Management has been proactive and diligent in addressing the implementation of infection prevention and other precautionary measures, guided by public health authorities, to limit the spread of COVID-19 and the impact of the pandemic and the related economic contraction on the Limited Partnership. During the year the Limited Partnership has applied for \$195,527 under the Canada Emergency Wage Subsidy program and has continued to pursue benefits under this program subsequent to year end.

The rapidly evolving event, including health and safety conditions, economic environment and resulting government measures, creates a high level of uncertainty and risk that may result in significant impacts to the Limited Partnership's activities, results of operations and financial condition. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. As such it is not possible to estimate the length and severity of these developments and the impact on the financial results and conditions on the Limited Partnership and its operations in future periods.

Ogilvie Mtn. Holdings Limited Partnership

Notes to the Non-Consolidated Financial Statements (Unaudited)

December 31, 2020

3. Significant accounting policies

These non-consolidated financial statements are prepared in accordance with Canadian accounting standards for private enterprises. The significant accounting policies are detailed as follows:

(a) Use of estimates

The preparation of the non-consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions, including assumptions about the future effects of the COVID-19 pandemic, 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 reporting period.

These estimates are reviewed periodically and adjustments are made to net income as appropriate in the period they become known.

Items subject to significant management estimate include the amortization of property and equipment, the appropriate allowance for doubtful accounts and the impairment of long-lived assets and goodwill.

COVID-19 is considered an indication of impairment and has impacted the assumptions underlying the forecasted cash flows used in performing the Limited Partnership's impairment analysis of its long-lived assets. Actual impairment and other results could differ from these and other estimates.

(b) Financial instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

The Limited Partnership subsequently measures the following financial assets and financial liabilities at amortized cost:

Financial assets measured at amortized cost include cash, term deposits and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, note payable and long-term debt.

Ogilvie Mtn. Holdings Limited Partnership

Notes to the Non-Consolidated Financial Statements (Unaudited)

December 31, 2020

3. Significant accounting policies (continued)

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and term deposits with a maturity period of three months or less at the date of acquisition.

(d) Property and equipment

Property and equipment are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful life of the asset commencing in the month following the month of acquisition.

The amortization rates used for each class of property and equipment are as follows:

Computer software	1 year
Automotive equipment	7 years
Construction equipment	7 years
Small equipment and tools	7 years
Automotive equipment under capital lease	7 years
Construction equipment under capital lease	7 years
Small equipment and tools under capital lease	7 years

(e) Investment in subsidiary company

The Limited Partnership records its investments in subsidiaries using the equity method. Under the equity method the investments are initially recorded at cost and increased (decreased) for the Limited Partnership's proportionate share of earnings (losses), and are decreased by any dividends received.

(f) Goodwill

Goodwill represents the excess of the purchase consideration paid for an enterprise over the net of the fair value of the assets acquired and liabilities assumed. Goodwill is not amortized. Goodwill is tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the reporting unit to which the goodwill is assigned may exceed the reporting unit's fair value. Goodwill is carried at cost less accumulated impairment losses.

Ogilvie Mtn. Holdings Limited Partnership

Notes to the Non-Consolidated Financial Statements (Unaudited)

December 31, 2020

3. Significant accounting policies (continued)

(g) Impairment of long-lived assets

The carrying value of long-lived assets is reviewed for impairment whenever events or circumstances indicate that their carrying amount may not be recoverable. If the sum of the undiscounted expected future cash flows expected to result from the use and eventual disposition of an asset is less than its carrying amount, it is considered to be impaired. An impairment loss is measured at the amount by which the carrying amount of the asset exceeds its fair value. When quoted market prices are not available, the Limited Partnership uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value.

(h) Revenue recognition

Revenue from fixed price construction contracts is recognized using the percentage of completion method as performance of each individual obligation within the contract is completed, whereby revenue is measured by the proportion of costs incurred to date as a percentage of estimated total costs. Revenue that is recognized, but is not yet billed, is recorded as accrued revenue by the Limited Partnership.

For contracts in progress, where current estimates indicate a probable ultimate loss, the full amount of the estimated loss is accrued. Indirect costs and administrative expenses are charged to income as incurred and are not allocated to contract costs.

(i) Government assistance

Government grants are recognized when there is reasonable assurance that the Limited Partnership will comply with the conditions of the grant and the grant will be received. The Limited Partnership recognizes government grants in the statement of net income in the same period the qualifying expenses are incurred. If a government grant is intended as compensation for expenses incurred in previous periods, the grant is recorded in income when it is received.

(j) Leases

Leases that transfer substantially all the benefits and risks incidental to the ownership of property are recorded as capital leases. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease. Amortization is based upon the assets estimated useful life using the methods and rates described above. All other leases are accounted for as operating leases and payments are expensed as incurred.

Ogilvie Mtn. Holdings Limited Partnership

Notes to the Non-Consolidated Financial Statements (Unaudited)

December 31, 2020

4. Term deposits

	2020	2019
Term deposit, bearing interest at 0.66%, maturing January 22, 2021	\$ 250,000	\$ -
Term deposit, bearing interest at 0.62%, maturing January 26, 2021	250,000	-
Term deposit, bearing interest at 0.63%, maturing March 25, 2021	250,000	-
Term deposit, bearing interest at 0.63%, maturing March 30, 2021	250,000	-
Term deposit, bearing interest at 0.63%, maturing April 1, 2021	250,000	-
Term deposit, bearing interest at 0.60%, maturing April 28, 2021	250,000	-
Term deposit, matured May 27, 2020	-	200,000
Term deposit, matured June 17, 2020	-	200,000
	\$ 1,500,000	\$ 400,000

5. Accounts receivable

Included in accounts receivable as at December 31, 2020 is \$6,626 (2019 - \$23,363) of holdbacks and \$195,527 (2019 - \$nil) of government assistance receivable.

6. Investment in subsidiary company

	2020	2019
1139643 BC Ltd.		
5 Class A common voting shares (represents 100% of issued Class A shares)	\$ 5	\$ 5

Ogilvie Mtn. Holdings Limited Partnership

Notes to the Non-Consolidated Financial Statements (Unaudited)

December 31, 2020

7. Property and equipment

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Computer software	\$ 30,160	\$ 6,304	\$ 23,856	\$ -
Automotive equipment	1,644,124	500,966	1,143,158	1,303,438
Construction equipment	251,230	7,126	244,104	-
Small equipment and tools	33,110	6,777	26,333	31,067
Automotive equipment under capital lease	763,246	230,656	532,590	546,109
Construction equipment under capital lease	4,244,670	1,277,327	2,967,343	3,703,805
Small equipment and tools under capital lease	1,207,796	416,060	791,736	964,451
	\$ 8,174,336	\$ 2,445,216	\$ 5,729,120	\$ 6,548,870

8. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities as at December 31, 2020 is \$102,214 (2019 - \$92,550) of government remittances payable.

9. Note payable

	2020	2019
Promissory note, payable interest-only quarterly at 5% per annum, with principal payments of \$1,666,667 payable July 18, 2021 and July 18, 2022, secured by a security interest in the assets of the Limited Partnership and limited guarantees in the aggregate amount of \$5,000,000 from a related company and a related limited partnership	\$ 3,333,333	\$ 5,000,000
Less current portion	1,666,667	1,666,667
	\$ 1,666,666	\$ 3,333,333

Ogilvie Mtn. Holdings Limited Partnership

Notes to the Non-Consolidated Financial Statements (Unaudited)

December 31, 2020

10. Long-term debt

	2020	2019
Bank loan, payable \$16,510 per month, principal and interest at 4.96%, due July, 2023	\$ 479,442	\$ 558,500
Bank loan, payable \$1,499 per month, principal and interest at 5.49%, due October, 2023	47,114	56,874
Bank loan, payable \$3,620 per month, principal and interest at 5.25%, due April, 2024	132,546	149,321
Bank loan, payable \$2,286 per month, principal and interest at 4.96%, due August, 2024	91,995	102,381
Bank loan, payable \$861 per month, principal and interest at 4.46%, due May, 2025	47,072	-
	798,169	867,076
Less current portion	263,579	213,279
	\$ 534,590	\$ 653,797
Estimated principal repayments are as follows:		
2021	\$ 263,579	
2022	277,109	
2023	205,127	
2024	42,353	
2025	10,001	
	\$ 798,169	

Collateral has been provided for the bank loans (see note 17).

Ogilvie Mtn. Holdings Limited Partnership

Notes to the Non-Consolidated Financial Statements (Unaudited)

December 31, 2020

11. Capital lease obligations

	2020	2019
Capital lease, payable \$83,444 per month, bearing interest at 4.96%, due June, 2023. Specific automotive equipment, construction equipment and small equipment and tools with a net book value of \$3,284,002 (2019 - \$4,149,471) have been provided as collateral	\$ 2,360,624	\$ 2,793,655
Capital lease, payable \$9,656 per month, bearing interest at 5.04%, due October, 2023. Specific construction equipment with a net book value of \$307,485 (2019 - \$360,239) has been provided as collateral	308,244	353,496
Capital lease, payable \$10,291 per month, bearing interest at 5.04%, due October, 2023. Specific construction equipment with a net book value of \$327,685 (2019 - \$383,905) has been provided as collateral	328,494	376,718
Capital lease, payable \$7,004 per month, bearing interest at 4.96%, due July, 2024. Specific construction equipment with a net book value of \$272,600 (2019 - \$320,749) has been provided as collateral	274,894	310,310
Capital lease, payable \$1,920 per month, bearing interest at 4.34%, due May, 2025. Specific automotive equipment with a net book value of \$104,816 (2019 - \$nil) has been provided as collateral	89,392	-
	3,361,648	3,834,179
Less current portion	1,218,108	1,000,488
	\$ 2,143,540	\$ 2,833,691

Ogilvie Mtn. Holdings Limited Partnership

Notes to the Non-Consolidated Financial Statements (Unaudited)

December 31, 2020

11. Capital lease obligations (continued)

Capital leases are recorded at an amount equal to the present value of the lease payments using the interest rate implicit in the lease. The following is a schedule of future minimum lease payments under capital leases.

2021	\$ 1,347,784
2022	1,347,784
2023	807,079
2024	72,079
2025	9,603
<hr/>	
Total future minimum lease payments	3,584,329
Less amount representing interest	222,681
<hr/>	
Present value of minimum net lease payments	3,361,648
Less current portion	1,218,108
<hr/>	
	\$ 2,143,540
<hr/>	

Collateral has been provided for the capital lease obligations (see note 17).

12. Partners' capital

Upon formation the Limited Partnership issued 100 LP Units for \$100 and 1 GP Unit for \$1. The LP Units are entitled to one vote in respect of all matters to be decided by the partners and do not have any exchange, preemptive, retraction or redemption rights. The GP Unit does not carry the right to vote.

13. Non-cash transactions

Excluded from the non-consolidated statement of cash flows are the following non-cash transactions relating to investing and financing activities:

	2020	2019
<hr/>		
Repayment of amount due to related party by redemption of preferred shares	\$ -	\$ 2,500,000
Property and equipment acquired by way of capital leases	113,797	1,098,770
Property and equipment acquired by way of long-term debt	48,479	350,879
<hr/>		
	\$ 162,276	\$ 3,949,649
<hr/>		

Ogilvie Mtn. Holdings Limited Partnership

Notes to the Non-Consolidated Financial Statements (Unaudited)

December 31, 2020

14. Allocation of net income or net loss

Net income or net loss for a fiscal period is allocated as follows:

- (i) 0.01% to the GP Unit; and
- (ii) 99.99% to the limited partners holding LP Units in proportion to their respective partnership interest.

Income for tax purposes for any fiscal period must be allocated as follows:

- (i) first, to the GP Unit, such amount (if any) to be calculated as (a) the aggregate of all losses allocated to the GP Unit for prior fiscal periods, minus (b) the aggregate of all income allocated to the GP Unit for prior fiscal periods; and
- (ii) the balance amongst the limited partners holding LP Units in proportion to their respective partnership interest.

Distributable cash will be paid quarterly, if available, to each limited partner in proportion to their respective partnership interest.

15. Related party transactions

During the year ended December 31, 2020 the Limited Partnership incurred sub-contract and administrative services from a related party in the amount of \$132,216 (2019 - \$182,931). Of this amount, \$20,796 is included in accounts payable and accrued liabilities as at December 31, 2020 (2019 - \$13,601). The shareholder of the limited partner which owns 49% of the units of Lower Nicola Site Services Limited Partnership owns 100% of the issued shares of the related party.

During the year ended December 31, 2020 the Limited Partnership incurred sub-contract services from its limited partner in the amount of \$52,357 (2019 - \$nil). Of this amount, \$24,700 is included in accounts payable and accrued liabilities as at December 31, 2020 (2019 - \$nil).

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

16. Commitments

The Limited Partnership leases premises under a long-term operating lease. The rent for premises is exclusive of operating costs. Total future minimum lease payments over the next two years are as follows:

2021	\$	48,000
2022		24,000
		<hr/>
		\$ 72,000

Ogilvie Mtn. Holdings Limited Partnership

Notes to the Non-Consolidated Financial Statements (Unaudited)

December 31, 2020

17. Credit facility

The Limited Partnership's banking agreement includes a revolving demand operating facility to a maximum of \$500,000, at an interest rate of prime plus 1.5%.

The following has been pledged as collateral for the revolving demand operating facility, bank loans (see note 10) and capital lease obligations (see note 11):

- (a) general security agreements executed by the Limited Partnership, the general partner of the Limited Partnership and a related limited partnership, representing a first charge over all present and after acquired property of the Limited Partnership;
- (b) assignment of insurance by the Limited Partnership and the general partner of the Limited Partnership;
- (c) unlimited guarantees executed by the Limited Partnership and the general partner of the Limited Partnership;
- (d) limited corporate guarantees in the amount of \$5,565,000 executed by a related limited partnership and the general partner of the related limited partnership in support of the Limited Partnership and the general partner of the Limited Partnership;
- (e) limited corporate guarantees based upon percentage ownership of a related limited partnership executed by a limited partner of the related limited partnership and a company related to a limited partner of the related limited partnership in support of the Limited Partnership and the general partner of the Limited Partnership; and
- (f) security agreement executed by the Limited Partnership and the general partner of the Limited Partnership representing a first charge over specific assets in the amount of \$4,900,000.

The Limited Partnership's revolving demand operating facility, bank loans and capital lease obligations are subject to the following externally imposed capital requirements, to be tested on a combined basis with the general partner of the Limited Partnership:

- (a) maintain a debt service coverage ratio of not less than 120%, to be tested on an annual basis; and
- (b) maintain a debt to tangible net worth ratio of no greater than 3 to 1, to be tested on an annual basis.

At December 31, 2020 the Limited Partnership has not drawn on its revolving demand operating facility (2019 - \$nil).

At December 31, 2020 the Limited Partnership is in compliance with its externally imposed capital requirements.

18. Contingent liabilities

In the normal course of operations the Limited Partnership may be subject to litigation and claims from customers, suppliers and former employees. Management believes that adequate provisions have been recorded in the accounts where required. Although it is not possible to estimate the extent of potential costs, if any, management believes that the ultimate resolution of such contingencies would not have a material adverse effect on the financial position of the Limited Partnership.

Ogilvie Mtn. Holdings Limited Partnership

Notes to the Non-Consolidated Financial Statements (Unaudited)

December 31, 2020

19. Financial instruments

The Limited Partnership is exposed to various risks through its financial instruments. The following analysis provides a measure of the Limited Partnership's risk exposure and concentrations at December 31, 2020, which have increased from the prior year as a result of the COVID-19 pandemic. The Limited Partnership cannot predict changes in these risks or the impact on operating results. Such changes related to the COVID-19 pandemic could have a material effect on the Limited Partnership's operations and financial condition. Unless otherwise noted, it is management's opinion that the Limited Partnership is not exposed to significant credit, liquidity or market risk arising from these financial instruments.

(a) 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 Limited Partnership's exposure to credit risk relates to accounts receivable and arises from the possibility that a debtor does not fulfil its obligations. Management believes this risk is minimized through performing credit valuations on a regular basis, granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The Limited Partnership performs continuous evaluation of its financial assets and records impairment in accordance with the stated policy.

The Limited Partnership is exposed to concentration of credit risk as one customer comprises approximately 82% of the total accounts receivable as at December 31, 2020 (2019 - one customer comprising approximately 92% of the total accounts receivable as at December 31, 2019).

COVID-19 has resulted in an increase in credit risk for the Limited Partnership. If a key customer experiences financial difficulty or fails to comply with their contractual obligations, which may occur as the COVID-19 pandemic continues, this could result in significant financial loss to the Limited Partnership.

(b) 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 Limited Partnership is mainly exposed to interest rate risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Limited Partnership is exposed to interest rate risk on its fixed-rate financial instruments. The Limited Partnership's fixed-rate financial instruments include term deposits, note payable and long-term debt. The fair value of fixed-rate financial instruments fluctuate as market rates of interest change. The Limited Partnership does not employ derivative financial instruments to hedge its exposure to interest rate risk.

I.6 Unaudited Financial Statements for Other LNIBDC Entities

I.6.1. LNIB Holdings LP

The financial statements are shown on the next several pages.

LNIB HOLDINGS LIMITED PARTNERSHIP

FINANCIAL STATEMENTS

March 31, 2021

(Unaudited - See Notice to Reader)

LNIB HOLDINGS LIMITED PARTNERSHIP

INDEX TO THE FINANCIAL STATEMENTS

March 31, 2021

(Unaudited - See Notice to Reader)

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STATEMENT OF PARTNERS' CAPITAL	2
BALANCE SHEET	3
NOTES TO THE FINANCIAL STATEMENTS	4

NOTICE TO READER

On the basis of information provided by the partners, we have compiled the balance sheet of LNIB Holdings Limited Partnership as at March 31, 2021 and the statements of loss and partners' capital for the year then ended.

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

Accordingly, readers are cautioned that these statements may not be appropriate for their purposes.



REID HURST NAGY INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

KELOWNA, B.C.
MAY 14, 2021

LNIB HOLDINGS LIMITED PARTNERSHIP

STATEMENT OF LOSS

For the year ended March 31, 2021

(Unaudited - See Notice to Reader)

	2021	2020
	\$	\$
EXPENSES		
Professional fees	1,485	1,370
NET LOSS	(1,485)	(1,370)

The accompanying notes are an integral part of these financial statements

LNIB HOLDINGS LIMITED PARTNERSHIP

STATEMENT OF PARTNERS' CAPITAL For the year ended March 31, 2021 (Unaudited - See Notice to Reader)

		BALANCE , beginning of the year \$	Share of net loss \$	2021 BALANCE, end of the year \$
Lower Nicola Indian Band	Partner ship int erest %	405,689	(1,485)	404,204
	99.99			
LNIB Holdings Ltd.	0.01	42	-	42
	100.00	405,731	(1,485)	404,246

		BALANCE , beginning of the year \$	Share of net loss \$	2020 BALANCE , end of the year \$
Lower Nicola Indian Band	Partner ship int erest %	407,059	(1,370)	405,689
	99.99			
LNIB Holdings Ltd.	0.01	42	-	42
	100.00	407,101	(1,370)	405,731

LNIB HOLDINGS LIMITED PARTNERSHIP

BALANCE SHEET

As at March 31, 2021

(Unaudited - See Notice to Reader)

	2021 \$	2020 \$
ASSET		
CAPITAL ASSETS (Note 1)	407,000	407,000
<u>DUE FROM RELATED PARTIES (Note 2)</u>	<u>101</u>	<u>101</u>
	<u>407,101</u>	<u>407,101</u>
LIABILITY		
DUE TO RELATED PARTY (Note 2)	2,855	1,370
<u>PARTNERS' CAPITAL</u>	<u>404,246</u>	<u>405,731</u>
	<u>407,101</u>	<u>407,101</u>

Approved on behalf of the Partners:

 Partner

The accompanying notes are an integral part of these financial statements

LNIB HOLDINGS LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2021

(Unaudited - See Notice to Reader)

1: CAPITAL ASSETS

	Cost	Accumulated depreciation	2021 Net	2020 Net
	\$	\$	\$	\$
Land	407,000	-	407,000	407,000

2: DUE FROM/TO RELATED PARTIES

Amounts due from/to related parties are non-interest bearing and have no specific terms of repayment.

I.6.2. LNIB Real Estate Developments Ltd.

The financial statements are shown on the next several pages.

LNIB REAL ESTATE DEVELOPMENTS LTD.

FINANCIAL STATEMENTS
March 31, 2021
(Unaudited - See Notice to Reader)

LNIB REAL ESTATE DEVELOPMENTS LTD.

INDEX TO THE FINANCIAL STATEMENTS

March 31, 2021

(Unaudited - See Notice to Reader)

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STATEMENT OF RETAINED EARNINGS	2
BALANCE SHEET	3
NOTES TO THE FINANCIAL STATEMENTS	4

NOTICE TO READER

On the basis of information provided by the company, we have compiled the balance sheet of LNIB Real Estate Developments Ltd. as at March 31, 2021 and the statements of income and retained earnings for the year then ended.

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

Accordingly, readers are cautioned that these statements may not be appropriate for their purposes.



A handwritten signature in black ink that reads 'Reid Hurst Nagy Inc.' in a cursive script.

REID HURST NAGY INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

KELOWNA, B.C.
JUNE 2, 2021

LNIB REAL ESTATE DEVELOPMENTS LTD.

STATEMENT OF INCOME

For the year ended March 31, 2021

(Unaudited - See Notice to Reader)

	2021 \$	2020 \$
EXPENSES		
Professional fees	6,543	2,930
Property taxes	1,522	1,839
	8,065	4,769
LOSS FROM OPERATIONS	(8,065)	(4,769)
Gain on sale of capital assets	39,887	-
NET INCOME (LOSS)	31,822	(4,769)

The accompanying notes are an integral part of these financial statements

LNIB REAL ESTATE DEVELOPMENTS LTD.

STATEMENT OF RETAINED EARNINGS

For the year ended March 31, 2021

(Unaudited - See Notice to Reader)

	2021	2020
	\$	\$
BALANCE, beginning of the year	(31,677)	(26,908)
Net income (loss)	31,822	(4,769)
BALANCE, end of the year	145	(31,677)

The accompanying notes are an integral part of these financial statements

LNIB REAL ESTATE DEVELOPMENTS LTD.

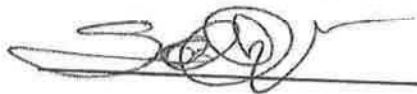
BALANCE SHEET

As at March 31, 2021

(Unaudited - See Notice to Reader)

	2021 \$	2020 \$
ASSET		
CAPITAL ASSETS (Note 1)	137,800	137,800
OTHER ASSETS		
Due from corporate shareholder (Note 2)	3,953	-
	<u>141,753</u>	<u>137,800</u>
LIABILITIES		
CURRENT LIABILITY		
Accounts payable and accrued liabilities	2,000	-
OTHER LIABILITY		
Due to corporate shareholder (Note 2)	-	29,869
	<u>2,000</u>	<u>29,869</u>
SHAREHOLDER'S EQUITY		
Share capital (Note 3)	1	1
Contributed surplus	139,607	139,607
Retained earnings (deficit)	145	(31,677)
	<u>139,753</u>	<u>107,931</u>
	<u>141,753</u>	<u>137,800</u>

Approved on behalf of the Board:



Director

The accompanying notes are an integral part of these financial statements

LNIB REAL ESTATE DEVELOPMENTS LTD.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2021

(Unaudited - See Notice to Reader)

1: CAPITAL ASSETS

	Cost	Accumulated depreciation	2021 Net	2020 Net
	\$	\$	\$	\$
Land	137,800	-	137,800	137,800

2: DUE FROM CORPORATE SHAREHOLDER

Amounts due from the corporate shareholder are non-interest bearing with no specific terms of repayment.

3: SHARE CAPITAL

	2021 \$	2020 \$
Authorized		
10,000 Common shares without par value		
20,000 Preferred shares with a par value of \$100.00 each		
Issued and outstanding		
100 Common shares without par value	1	1

I.6.3. LNIB General Contracting Ltd.

There was no activity in Fiscal 2021 in LNIB General Contracting Ltd., so there are no financial statements.

I.6.4. LNIB Construction Ltd.

There was no activity in Fiscal 2021 in LNIB Construction Ltd., so there are no financial statements.