PFN Group of Companies Inc.

Financial Statements

December 31, 2014

Chalupiak & *Associates*
Chartered Professional Accountants
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of PFN Group of Companies Inc.

We have audited the accompanying financial statements of PFN Group of Companies Inc., which comprise the statement of financial position as at December 31, 2014, and the statements of income, comprehensive income and changes in equity 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 International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of PFN Group of Companies Inc. as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Regina, Saskatchewan
July 28, 2015

Chalupiak & Associates

Assets		
Current asset		
Accounts receivable	$	11,820
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$	4,242
Due to related parties - note 6		7,578
		11,820
Shareholders' equity		
	$	11,820

Approved on behalf of the Board:

______________________________ Director

______________________________ Director

PFN Group of Companies Inc.
Statement of Income, Comprehensive Income and Changes in Equity
For the year ended December 31, 2014

Revenue		
Clean Harbors Canada Inc. project	$	290,061
K & S Potash project		5,822
SaskPower training		2,396
Other Revenue		77,366
		375,645
Expenses		
Bank charges		436
Clean Harbors project		1,070
Consultants and contractors		3,080
Insurance		12,297
K & S Potash project		3,218
Management fees		60,336
Professional fees		8,000
Registrations, tuitions, memberships		3,188
Supplies		12,628
Telephone		400
Training		5,755
Travel		24,517
Wages and benefits		240,720
		375,645
Net and comprehensive income		-
Retained earnings, beginning of year		-
Retained earnings, end of year	$	-

Cash flows from (used in) operating activities		
Net income	$	-
Items not involving cash		
Changes in non-cash operating items		
Accounts receivable		(11,820)
Accounts payable and accrued liabilities		4,242
		(7,578)
Cash flows from (used in) financing activity		
Due to (from) related parties		9,710
Decrease in bank indebtedness		2,132
Bank indebtedness, beginning of year		(2,132)
Cash, end of year	$	-

1. General

PFN Group of Companies Inc. is wholly owned by Pasqua First Nation and was incorporated on July 9, 2012 to carry out business development activities for the Pasqua First Nation.

2. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of Directors on behalf of the partners and authorized for issue on July 28, 2015.

3. Significant accounting policies

These financial statements are prepared in accordance with International Financial Reporting Standards. The significant policies are detailed as follows:

(a) Basis of presentation

These financial statements reflect only the assets, liabilities, revenue and expenses of the company and therefore do not include any other assets, liabilities, revenues or expenses of the Shareholders or the liability of the Shareholders for income taxes on earnings of the company.

Basis of measurement:

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are stated at fair value.

3. Significant accounting policies, continued

Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is also the company's functional currency.

Significant accounting judgments, estimates and assumptions:

The preparation of the company's financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainties about these assumptions and estimates could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date are discussed below.

- Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary;
- Depreciation is based on the estimated useful lives of property, plant and equipment;
- Impairment of property, plant and equipment is based on the estimated recoverable amount of the assets; and,
- The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. Significant accounting policies, continued

(b) Financial instruments

Financial assets and financial liabilities are initially measured at fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL") are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss. Transactions to purchase or sell these items are recorded on the trade date. During the year, there has been no reclassification of financial instruments.

Financial assets at fair value through profit or loss

The company has classified cash and cash equivalents and marketable securities as a financial asset at fair value through profit or loss. Any gain/loss arising as a result of the difference between the carrying amount and fair value is recognized in total comprehensive income.

Financial instruments at fair value through profit or loss are subsequently measured at their fair value.

Loans and receivables

The company has classified accounts receivable and due from related parties as loans and receivables.

Loans and receivables are subsequently measured at their amortized cost. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, plus or minus any reduction for impairment or uncollectability. Net gains and losses arising from changes in fair value are recognized in total comprehensive income upon de-recognition or impairment.

Financial liabilities measured at amortized cost

The company has classified accounts payable and accruals, and due to related parties as financial liabilities measured at amortized cost.

Financial liabilities measured at amortized cost are measured at their amortized cost subsequent to initial recognition. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Net gains and losses arising from changes in fair value are recognized in total comprehensive income upon de-recognition or impairment.

3. Significant accounting policies, continued

(c) Financial asset impairment

The company assesses impairment of all its financial assets, except those classified as fair value through profit and loss. Management considers whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Impairment is measured as the difference between the asset's carrying value and its fair value. Any impairment, which is not considered temporary, is included in current year earnings.

(d) Fair value measurements

The company classifies fair value measurements recognized in the statement of financial position using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities;

- Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly; and

- Level 3: Unobservable inputs in which there is little or no market data, which require the company to develop its own assumptions.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurement. This assessment requires judgment, considering factors specific to an asset or a liability and may affect placement within the fair value hierarchy.

(e) 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.

(f) Marketable securities

Marketable securities are classified at fair value through profit or loss. They consist of mutual funds which are all traded in public markets. Marketable securities are recorded at fair value, with changes to fair value recorded as other income.

3. Significant accounting policies, continued

(g) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset or its development when those costs are necessarily incurred for the asset to function in the manner intended by management. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

All assets having limited useful lives are depreciated using the straight-line or declining balance method over their estimated useful lives. Assets are depreciated from the date of acquisition. Internally constructed assets are depreciated from the time an asset is capable of operating in the manner intended by management.

In the year of acquisition, depreciation is taken at one-half of the above rates on furniture and fixtures, leasehold improvements, and mobile camp equipment.

The residual value, useful life and depreciation method applied to each class of assets are reassessed at each reporting date.

(h) **Impairment of non-financial assets**

At the end of each reporting period, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. Significant accounting policies, continued

(i) Revenue recognition

The company does not recognize revenue before the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company, the stage of completion of the transaction at the end of the reporting period can be measured reliably, the costs incurred for the transaction and the costs to complete the transaction can be measured reliably and collection of the related receivable is reasonably assured.

(j) Comprehensive income

Comprehensive income includes all changes in equity of the company, except those resulting from investments by partners and distributions to partners. Comprehensive income is the total of net earnings and other comprehensive income. Other comprehensive income comprises revenues, expenses, gains and losses that, in accordance with International Financing Reporting Standards, require recognition, but are excluded from net earnings. The company does not have any items giving rise to other comprehensive income, nor is there any accumulated balance of other comprehensive income. All gains and losses, including those arising from measurement of all financial instruments have been recognized in total comprehensive income for the period.

4. Related party transactions

Transactions with related parties are in the normal course of business and are for fair consideration that is mutually agreed upon by the related parties.

5. Financial instruments

The company as part of its operations carries a number of financial instruments. It is management's opinion that the company is not exposed to significant interest, currency, or credit risks arising from these financial instruments except as otherwise disclosed.

(a) Risk management policy

The company observes an informal risk management policy by maintaining the majority of the company's capital in liquid assets.

There have been no changes in risk exposures from the prior year.

5. Financial instruments, continued

(b) Fair value of financial instruments

The carrying amount of cash and cash equivalents, accounts receivable, and accounts payable and accruals approximate their fair value due to their short-term nature.

The fair value of amounts due from/to related parties is not determinable as timing of future cash flows cannot be estimated.

Financial assets at fair value through profit or loss:

Cash and cash equivalents are recorded at fair value, which is approximated by the initial carrying value, due to their short-term nature. Marketable securities are recorded at fair value, which is approximated by quoted prices available in an active market. Cash and cash equivalents and marketable securities are measured at level 1 in the fair value hierarchy.

Loans and receivables:

Accounts receivable and due from related parties are recorded at their amortized cost.

Financial liabilities measured at amortized cost:

Accounts payable and accruals and due from related parties are recorded at their amortized cost.

(c) Credit risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

The carrying amount of the company's accounts receivable best represents the maximum exposure to credit risk.

The company manages its credit risk by performing regular credit assessments of its customers, providing allowances for potentially uncollectible accounts receivable and considering credit ratings of counter parties. The company does not require collateral or other security relating to accounts receivable

(d) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the company manages exposure through diversification of both investments and maturity dates of investments.

The company is exposed to interest rate risk with respect to bank indebtedness and long-term due to related party.

5. Financial instruments, continued

(e) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The company enters into transactions to purchase goods and services on credit for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Partnership's future net cash flows for the possibility of negative net cash flow.

The company manages the liquidity risk resulting from its accounts payable by maintaining liquid assets.

6. Due to/from related parties

Amounts due to related parties are unsecured, non-interest bearing and have no fixed repayment schedules. Since the related parties have indicated that it is not their intention to request payment of these amounts during the next fiscal year, these amounts have been classified as non-current assets.

	2014
Due to Pasqua First Nation	$ 7,578