AHOUSAHT FISHING CORPORATION

Financial Statements
March 31, 2016
(Unaudited)

<u>**Index**</u>

REVIEW ENGAGEMENT REPORT

TO THE SHAREHOLDERS OF AHOUSAHT FISHING CORPORATION

We have reviewed the balance sheet of Ahousaht Fishing Corporation as at March 31, 2016 and the statements of operations, shareholders' deficiency and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements, and accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Company.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

The financial statements of Ahousaht Fishing Corporation include a promissory note payable in the amount of $2,900,000 (note 11) related to the acquisition of fishing licenses due to the Ahousaht First Nation. There is no corresponding receivable recorded in the Ahousaht First Nation's financial statements. We were unable to obtain satisfactory financial information related to the existence, applicable interest rate, terms, or outstanding balance as at the balance sheet date of the promissory note payable, and consequently, we were unable to perform the procedures we considered necessary.

In addition, the financial statements of Ahousaht Fishing Corporation include a loan from IMA Trust Fund in the amount of $253,172 (note 12) which bears interest at 6% per annum. No payments have been made since July 23, 2002 and the accrued interest has been added to the balance of the loan up to March 31, 2013. We were unable to obtain satisfactory financial information related to the existence, applicable interest rate, terms, or outstanding balance as at the balance sheet date of the loan payable, and consequently, we were unable to perform the procedures we considered necessary.

We draw attention to note 4 to the financial statements, which describes that Ahousaht Fishing Corporation adopted International Financial Reporting Standards on April 1, 2015 with a transition date of April 1, 2014. These standards were applied retrospectively by management to the comparative information in these financial statements, including the balance sheets as at March 31, 2015 and April 1, 2014, and the statements of operations, shareholders' deficiency and cash flows for the year ended March 31, 2015 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is neither audited nor reviewed.

Except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to complete our review on the promissory note payable and loan payable as described in the above preceding paragraphs, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with International Financial Reporting Standards.

Chartered Professional Accountants

Vancouver, British Columbia
April XX, 2018

AHOUSAHT FISHING CORPORATION
Balance Sheet
(Unaudited)

		March 31, 2016		March 31, 2015		April 1, 2014
				(note 4)		(note 4)
Assets						
Current						
Cash	$	362,498	$	252,775	$	562,656
Accounts receivable		245,891		249,000		76,000
GST receivable		8,220		3,802		9,704
Prepaid expenses (note 10)		9,042		58,376		8,285
		625,651		563,953		656,645
Property and Equipment (note 7)		293,120		13,702		16,274
Intangible Assets (note 8)		253,500		253,500		253,500
	$	1,172,271	$	831,155	$	926,419
Liabilities						
Current						
Accounts payable and accrued liabilities	$	36,397	$	39,229	$	23,306
Due to Ahousaht First Nation (note 9)		230,825		307,767		384,709
Deferred revenue (note 13)		131,175		96,820		83,859
		398,397		443,816		491,874
Long-term Debt (note 12)		253,172		253,172		253,172
Promissory Note Payable (note 11)		2,900,000		2,900,000		2,900,000
		3,551,569		3,596,988		3,645,046
Capital Stock and Deficit						
Capital Stock (notes 15 and 16)		1		1		1
Deficit		(2,379,299)		(2,765,834)		(2,718,628)
		(2,379,298)		(2,765,833)		(2,718,627)
	$	1,172,271	$	831,155	$	926,419

Approved by the Board:

.... Director

.... Director

AHOUSAHT FISHING CORPORATION
Statement of Operations
Year Ended March 31
(Unaudited)

	2016	2015 (note 4)
Revenues		
Fishing and fishing license lease	$ 734,556	$ 554,410
Department of Fisheries and Oceans – PICFI	473,268	150,000
	1,207,824	704,410
Expenses		
Accounting fees	20,255	4,737
Amortization	25,518	2,572
Bank charges	1,438	815
Consultants	18,089	0
Fuel	60,389	2,717
Honoraria (note 10)	13,800	21,854
Insurance	13,554	8,194
Legal	7,661	0
Licenses, dues and subscriptions	0	3,927
Office	3,105	8,767
Repairs and maintenance	28,980	44,705
Supplies	786	1,216
Telephone	15,236	13,372
Towing	0	6,083
Training/education (note 10)	64,921	66,385
Travel (note 10)	192,762	190,520
Wages and employee benefits	354,795	375,752
	821,289	751,616
Net Income (Loss) for Year	$ 386,535	$ (47,206)

See notes to financial statements.

AHOUSAHT FISHING CORPORATION
Statement of Shareholders' Deficiency
Year Ended March 31
(Unaudited)

	Share Capital			
	Number of Shares	Amount	Deficit	Total
Balance, April 1, 2014	1	$ 1	$ (2,718,628)	$ (2,718,627)
Net loss for the year	0	0	(47,206)	(47,206)
Balance, March 31, 2015 (note 4)	1	1	(2,765,834)	(2,765,833)
Net income for the year	0	0	386,535	386,535
Balance, March 31, 2016	1	$ 1	$ (2,379,299)	$ (2,379,298)

See notes to financial statements.

AHOUSAHT FISHING CORPORATION
Statement of Cash Flows
Year Ended March 31
(Unaudited)

	2016	2015 (note 4)
Operating Activities		
Net income (loss)	$ 386,535	$ (47,206)
Item not involving cash		
Amortization	25,518	2,572
	412,053	(44,634)
Changes in non-cash working capital		
Accounts receivable	3,109	(173,000)
GST receivable/payable	(4,418)	5,902
Prepaid expenses	49,334	(50,091)
Accounts payable and accrued liabilities	(2,832)	15,923
Deferred revenue	34,355	12,961
	79,548	(188,305)
Cash Provided by (Used in) Operating Activities	491,601	(232,939)
Investing Activity		
Purchase of property and equipment	(304,936)	0
Financing Activity		
Due to Ahousaht First Nation	(76,942)	(76,942)
Inflow (Outflow) of Cash	109,723	(309,881)
Cash, Beginning of Year	252,775	562,656
Cash, End of Year	$ 362,498	$ 252,775

See notes to financial statements.

1. NATURE OF OPERATIONS

Ahousaht Fishing Corporation (the "Company") was incorporated on May 29, 1997 under the *Business Corporations Act* (British Columbia). The principal business of the Company is commercial fishing. The Company amalgamated with its subsidiary on December 6, 2011.

The Company's office is located at House #254, Ahousaht IRC #15, Ahousaht, British Columbia, Canada, V0R 1A0.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These financial statements are the Company's first IFRS annual financial statements; accordingly, IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied (note 4).

(b) Basis of presentation

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The financial statements are prepared on a going concern basis and have been expressed in Canadian dollars, which is the functional currency of the Company. The accounting policies set out in note 3 have been applied consistently in all material respects.

(c) Approval of financial statements

The financial statements of Ahousaht Fishing Corporation for the year ended March 31, 2016 were approved and authorized by the Board of Directors on March XX, 2018.

(d) Significant accounting judgments, estimates and assumptions

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and further periods if the review affects both current and future periods.

2. BASIS OF PREPARATION (Continued)

(d) Significant accounting judgments, estimates and assumptions (Continued)

Significant assumptions about the future and other sources of estimation uncertainty that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following.

Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year and include, but are not limited to, the following:

Recoverability of accounts receivable

Provisions are made against accounts that, in the estimation of management, may be uncollectable. The recoverability assessment of accounts receivable is based on a range of factors, including the age of the receivable and the creditworthiness of the customer. The provision is assessed monthly with a detailed formal review of balances and security being conducted annually. Determining the recoverability of an account involves estimation as to the likely financial condition of the customer and their ability to subsequently make payments. To the extent that future events impact the financial condition of the customers these provisions could vary significantly.

Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

Useful lives of intangible assets and property and equipment

Depreciation and amortization of the Company's property and equipment and intangible assets incorporate estimates of useful lives and residual values. These estimates may change as market conditions change and the future economic benefits from the use of the asset changes, thereby impacting the useful life and residual value of the equipment or intangible asset. Any revisions to useful life are accounted for prospectively.

Impairment of intangible assets and property and equipment

Determining the amount of fishing licenses and property and equipment requires an estimation of the recoverable amount, which is defined as the higher of fair value less the cost of disposal or value in use. Many factors used in assessing recoverable amounts are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period. These changes may result in future impairments of the Company's long-term assets, such as intangible assets and property and equipment.

2. BASIS OF PREPARATION (Continued)

(d) Significant accounting judgments, estimates and assumptions (Continued)

Critical accounting judgments (Continued)

Allocation of fair value of assets acquired

The determination of fair value of assets acquired requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of the assets and liabilities acquired require judgment and include estimates of future cash flows.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures and meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Cash

Cash includes bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with a maturity period of three months or less from the date of acquisition or are cashable at any time.

(b) Amortization

Property and equipment are amortized on the basis of their useful life using the declining-balance method at the following annual rates:

Fishing vessels	- 15%
Fishing vessels equipment	- 20%
Computer equipment	- 30%
Computer software	- 100%

Additions during the year are amortized at one-half the annual rates.

(c) Impairment of long-lived assets

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

3. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

(d) Intangible assets

Intangible assets are amortized on the basis of their useful life. No amortization is taken on licenses with indefinite lives.

(e) Income taxes

Income tax on the profit or loss for the years presented comprises current and deferred income tax. Income tax is recognized in profit or loss.

Deferred tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

(f) Revenue recognition

(i) Government contract revenue from the Pacific Integrated Commercial Fisheries Initiative ("PICFI") for business development and capacity building contribution is accounted for as outlined in the annual contract agreements, when the amount has been approved, is determinable and the collection is reasonably assured less hold back amounts as outlined in the contract agreement.

(ii) Fishing license lease revenue is recognized when the Company and the lessee agree to the terms of the contract, the price is fixed or determinable and collection is reasonably assured.

3. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

(g) Financial instruments

Financial assets

Financial assets are classified as financial assets at fair value through profit or loss ("FVTPL"), held-to-maturity ("HTM"), loans and receivables, available-for-sale ("AFS") or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition. Financial assets are recognized initially at fair value. The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at FVTPL

Financial assets are classified as held-for-trading and are included in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives, other than those designated as effective hedging instruments are also categorized as held-for-trading. These assets are carried at fair value with gains or losses recognized in profit or loss. Transaction costs associated with financial assets at FVTPL are expensed as incurred. Cash is included in this category of financial assets.

HTM and loans and receivables

HTM and loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in profit or loss when the financial assets classified in the categories are derecognized or impaired, as well as through the amortization process. Transaction costs are included in the initial carrying amount of the asset. Trade and other receivables, advances and long-term deposits are classified as loans and receivables.

AFS financial assets

AFS financial assets are those non-derivative financial assets that are not classified as loans and receivables. After initial recognition, AFS financial assets are measured at fair value, with gains or losses recognized within other comprehensive income. Accumulated changes in fair value are recorded as a separate component of equity until the investment is derecognized or impaired. Transaction costs are included in the initial carrying amount of the asset.

The fair value is determined by reference to bid prices at the close of business on the reporting date. Where there is no active market, fair value is determined using valuation techniques. Where fair value cannot be reliably measured, assets are carried at cost. The Company does not have any assets classified as AFS financial assets.

3. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

(g) Financial instruments (Continued)

Financial liabilities

Financial liabilities are classified as financial liabilities at FVTPL, derivatives designated as hedging instruments in an effective hedge or as financial liabilities measured at amortized cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. The measurement of financial liabilities depends on their classification, as follows:

Financial liabilities at FVTPL

Financial liabilities at FVTPL have two subcategories, comprised of financial liabilities held-for-trading and those designated by management on initial recognition. Transaction costs on financial liabilities at FVTPL are expensed as incurred. These liabilities are carried at fair value with gains or losses recognized in profit or loss. The Company has no financial liabilities at FVTPL.

Financial liabilities measured at amortized cost

All other financial liabilities are initially recognized at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized, respectively, in interest, other revenues and finance costs. bank indebtedness, trade and other payables, and long-term debt are included in this category of financial liabilities.

Hierarchy

Financial instruments measured at fair value are classified into one of the three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) New standards and interpretations not yet adopted

IFRS 16 *Leases*

Issued by IASB	January 13, 2016
Incorporated into CPA Canada handbook	June 2016
Effective for annual periods beginning on or after	January 1, 2019

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces

a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard supersedes the requirements in IAS 17 *Leases*, IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The new standard is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that also apply IFRS 15 *Revenue from Contracts with Customers*.

4. IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING AND RESTATEMENT

Effective April 1, 2015, the Company adopted the standards in Part I of the Chartered Professional Accountants of Canada ("CPA Canada") Handbook: International Financial Reporting Standards. These financial statements are the first financial statements for which the Company has applied IFRS. The financial statements for the year ended March 31, 2016 were prepared in accordance with the accounting principles and provisions set out in IFRS 1, for first-time adopters of this basis of accounting. IFRS 1 requires retrospective application of the

4. IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING AND RESTATEMENT (Continued)

accounting standards with certain elective exemptions and limited retrospective exceptions. The impact of these standards was accounted for in shareholder's deficiency at the date of transition.

Previously, the Company prepared its financial statements in accordance with the standards of the CPA Handbook. The adoption of IFRS did not result in adjustments to previously reported assets, liabilities, deficit, net income or cash flows of the Company. However, the following differences for 2015 were identified and corrected as follows;

	As previously reported March 31, 2015	Difference	Restated 2015
Assets			
Accounts receivable (a)	$ 200,000	$ 49,000	$ 249,000
Prepaid expenses (b)	$ 8,376	$ 50,000	$ 58,376
Property and equipment (c)	$ 18,413	$ (4,711)	$ 13,702
Liabilities and Shareholder's Deficiency			
Accounts payable (d)	$ 12,720	$ 26,509	$ 39,229
Due to Ahousaht First Nation (e)	$ -	$ 307,767	$ 307,767
Due to Shareholder (f)	$ 3,561,764	$ (3,561,764)	$ -
Deferred revenue (g)	$ -	$ 96,820	$ 96,820
Promissory note payable (f)	$ -	$ 2,900,000	$ 2,900,000
Deficit		$ (329,957)	
Sum of adjusted differences		-	

The differences are explained as follows:

(a) An additional $49,000 was receivable as at March 31, 2015, with a corresponding adjustment to revenues.

(b) This amount was adjusted from legal expenses as the nature related to prepaid legal fees paid to Nuu-chah-nulth.

(c) Items not capital in nature were previously capitalized as property and equipment and have been reclassified to repairs and maintenance.

(d) Additional accounts payable amounts related to wages and employee benefits were not appropriately accrued.

(e) Balance due to the Ahousaht Indian Band was not previously recorded. The amount has been adjusted to deficit.

4. IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING (Continued)

(f) The promissory note payable was previously recorded as due to shareholder along with other amounts. This amount has been reclassed as a separate line item on the financial statements.

(g) Deferred revenues were not previously accounted for, and have been adjusted to revenues.

The following differences for 2014 were identified and corrected as follows:

	As previously stated March 31, 2014	Difference	Restated 2014
Assets			
Accounts receivable (h)	$ 21,000	$ 55,000	$ 76,000
Property and equipment (i)	$ 22,184	$ (5,910)	$ 16,274
Liabilities and Shareholder's Deficiency			
Due to Ahousaht First Nation (j)	$ -	$ 384,709	$ 384,709
Due to shareholder (k)	$ 3,638,716	$ (3,638,716)	$ -
Deferred revenue (l)	$ -	$ 83,859	$ 83,859
Promissory note payable (k)	$ -	$ 2,900,000	$ 2,900,000
Deficit	$ -	$ (319,238)	$ -
Sum of adjusted differences		$ -	

The differences are explained as follows:

(h) An additional $55,000 was receivable as at March 31, 2014, with a corresponding adjustment to opening shareholders' deficit.

(i) Items not capital in nature were previously capitalized as property and equipment and have been reclassified to opening shareholders' deficit.

(j) Balance due to the Ahousaht Indian Band was not previously recorded. The amount has been adjusted to opening shareholders' deficit.

(k) The promissory note payable was previously recorded as due to shareholder along with other amounts. This amount has been reclassed as a separate line item on the financial statements.

(l) Deferred revenues were not previously accounted for, and have been adjusted to opening shareholders' deficit.

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

Financial Assets		**March 31, 2016**		**March 31, 2015**		**April 1, 2014**
FVTPL, at fair value						
Cash	$	362,498	$	252,775	$	562,656
Loans and receivables, at amortized costs						
Accounts receivable		245,891		249,000		76,000
	$	608,389	$	501,775	$	638,656

Financial Liabilities		**March 31, 2016**		**March 31, 2015**		**April 1, 2014**
Other liabilities, at amortized cost						
Accounts payable and accrued liabilities	$	36,397	$	39,229	$	23,306
Due to related parties		230,825		307,767		384,709
Deferred revenue		131,175		96,820		83,859
Promissory note		2,900,000		2,900,000		2,900,000
	$	3,298,397	$	3,343,816	$	3,391,874

(b) Fair value

The fair value recorded on initial recognition of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers the carrying amounts of all its financial assets and financial liabilities recognized at amortized cost in these financial statements to approximate their fair values due to the short-term maturity of these instruments.

(c) Management of financial risks

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of these risks. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

5. FINANCIAL INSTRUMENTS (Continued)

(c) Management of financial risks (Continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to credit risk consist of cash, trade and other receivables, and due from related parties. The Company deposits cash with major Canadian commercial banks. In order to reduce its credit risk in relation to license fees receivable, the Company has adopted credit policies that include the analysis of the financial position of its customers and the regular review of their respective credit limits. Additionally, accounts receivable due from government institutions relates only to a 10% holdback on contributions from government grants.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they become due. The Company is reliant upon fishing licenses revenue and government grants revenue for the management of fishing areas as its main sources of cash. The Company manages liquidity risk by maintaining an adequate level of cash to meet its ongoing obligations.

Interest rate risk

Currently the Company has a loan payable to the Ahousaht First Nation, without interest (note 9). Additionally, the Company has recorded a $2,900,000 note payable related to fishing licenses (note 11) for which the Company has not accrued any interest.

Foreign currency risk

The Company is not exposed to significant foreign currency risk.

Other risk

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or other risk. The Company does not hold or issue financial instruments for trading purposes, nor does it utilize derivative instruments in the management of foreign currency, commodity price or interest rate market risks.

6. COMPARATIVE FIGURES

Certain comparative figures were reclassified to conform to the presentation of adopted in the current year.

7. PROPERTY AND EQUIPMENT

	Fishing Vessel	Fishing Vessel Equipment	Skiff and Motor	Computers	Computer Software	Total
Cost						
Balance, April 1, 2014	$ 410,200	$ 20,404	$ 1	$ 6,359	$ 9,890	$ 446,854
Additions	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Balance, March 31, 2015	410,200	20,404	1	6,359	9,890	446,854
Additions	290,525	11,735	0	2,676	0	304,936
Disposals	0	0	0	0	0	0
Balance, March 31, 2016	$ 700,725	$ 32,139	$ 1	$ 9,035	$ 9,890	$ 751,790
Accumulated Amortization						
Balance, April 1, 2014	$ 395,756	$ 18,968	$ 0	$ 5,966	$ 9,890	$ 430,580
Charge for the year	2,167	287	0	118	0	2,572
Disposals	0	0	0	0	0	0
Balance, March 31, 2015	397,923	19,255	0	6,084	9,890	433,152
Charge for the year	23,631	1,403	0	484	0	25,518
Disposals	0	0	0	0	0	0
Balance, March 31, 2016	$ 421,554	$ 20,658	$ 0	$ 6,568	$ 9,890	$ 458,670
Carrying Value						
April 1, 2014	$ 14,444	$ 1,436	$ 1	$ 393	$ 0	$ 16,274
March 31, 2015	$ 12,277	$ 1,149	$ 1	$ 275	$ 0	$ 13,702
March 31, 2016	$ 279,171	$ 11,481	$ 1	$ 2,467	$ 0	$ 293,120

8. INTANGIBLE ASSETS

	Herring Gillnet License	Other Licenses	Total
Cost			
Balance, April 1, 2014	$ 380,000	$ 1	$ 380,001
Additions	0	0	0
Disposals	0	0	0
Balance, March 31, 2015	380,000	1	380,001
Additions	0	0	0
Disposals	0	0	0
Balance, March 31, 2016	$ 380,000	$ 1	$ 380,001
Accumulated Amortization			
Balance, April 1, 2014	$ 126,500	$ 1	$ 126,501
Charge for the year	0	0	0
Disposals	0	0	0
Balance, March 31, 2015	126,500	1	126,501
Charge for the year	0	0	0
Disposals	0	0	0
Balance, March 31, 2016	$ 126,500	$ 1	$ 126,501
Carrying Value			
April 1, 2014	$ 253,500	$ 0	$ 253,500
March 31, 2015	$ 253,500	$ 0	$ 253,500
March 31, 2016	$ 253,500	$ 0	$ 253,500

Other licenses consist of sea cucumber, rockfish, prawn, salmon, spawn on kelp and red sea urchin. These licenses were allocated to the Company by the Department of Fisheries and Oceans ("DFO") Allocation Transfer Program. The Company will maintain these licenses until the DFO decides to reallocate them to another entity.

9. DUE TO AHOUSAHT FIRST NATION

	March 31, 2016	**March 31, 2015**	**April 1, 2014**
Unsecured loan, repayable in quarterly principal amounts of $19,235 without interest, due no later than March 31, 2019	$ 230,825	$ 307,767	$ 384,709

10. RELATED PARTY TRANSACTIONS

As at March 31, 2015, prepaid expenses included $50,000 paid to related party Nuu-chah-nulth Tribal Council as prepayment of legal fees related to the appeal of a court case between the Ahousaht First Nation and the Government of Canada. Subsequent to the March 31, 2015 year-end, the appeal was won by the Ahousaht First Nation, and the full amount of funds were returned to the Company by the related party.

During the 2016 year-end, the Company spent $13,800 (2015 - $21,854) on honoraria expenses for its Board of Directors.

During the 2016 year-end, the Company spent $14,391 (2015 - $22,440) on training expenses for its band members. These expenses were not intended for Company business purposes.

During the 2016 year-end, the Company did not incur travel expenses for its band members that were not intended for the Company's business purposes.

11. PROMISSORY NOTE

On October 1, 1997, the Company acquired fishing licenses from the shareholder and as consideration issued a $2,900,000 note payable. The transaction was recorded in the Company's financial statements at the carrying amount of the licenses of $1. The difference between the consideration given and the carrying amount of $2,899,999 has been recorded against retained earnings.

12. LONG-TERM DEBT

The Company has long-term debt in the amount of $253,172 (2015 - $253,172) payable to IMA Trust Fund which is bearing at 6% (2015 – 6%) per annum, repayable in annual blended payments. No payments have been made since July 23, 2002 and the accrued interest has been added to the balance of the loan up to March 31, 2013.

13. DEFERRED REVENUE

During the year, the Company received $563,392 in deposits for the leasing of its fishing licenses, of which a total of $131,175 deposits have been deferred, as they pertain to the 2017 year-end, and therefore will be brought into revenue during fiscal 2017. During the 2015 year-end, the Company received $486,775 in deposits for the leasing of its fishing licenses, of which a total of $96,820 deposits were deferred, as they pertained to the 2016 year-end, and therefore have been brought into revenue during fiscal 2016.

	March 31, 2016	March 31, 2015	April 1, 2014
ATP License - Outside Rockfish	$ 8,250	$ 9,500	$ 1,625
Nation Owned - 2 Urchin	2,000	1,050	1,333
PICFI License - Salmon Troll	41,602	46,439	41,622
T'aaq-Wiihak Access – Sablefish	79,323	39,831	39,279
	$ 131,175	$ 96,820	$ 83,859

14. INCOME TAXES

A reconciliation of the statutory income tax rate to the effective income tax rate is as follows:

		2016		2015
Income tax expense at statutory rates	$	52,182	$	(10,725)
Amortization timing difference		(20,190)		(1,525)
Unutilized (utilized) non-capital losses		(31,992)		12,250
Income tax expense	$	0	$	0

As at March 31, 2016, the Company had non-capital losses of approximately $40,388 available for carry-forward to reduce future years' taxable income. The non-capital losses expire in 2035.

15. CAPITAL STOCK

Authorized

Unlimited number of common shares without par value.

Issued and outstanding

At March 31, 2016, there is 1 (March 31, 2015 - 1; April 1, 2014 - 1) common share outstanding.

During the year ended March 31, 2016, the Company did not redeem any shares (March 31, 2015 - nil; April 1, 2014 - nil).

There were no share issuances during the year ended March 31, 2016 (March 31, 2015 - nil; April 1, 2014 - nil).

16. EVENTS AFTER THE REPORTING DATE

On December 14, 2016, the Company executed a transfer of shares and share subscriptions as follows:

- Transfer of 1 common share without par value held in joint by Sidney Sam Sr. and Violet Clark to Sidney Sam Sr.;
- Subscription of 1 common share of the Company to Andrew William Webster;
- Subscription of 1 common share of the Company to Angus Campbell;
- Subscription of 1 common share of the Company to Brent Campbell; and
- Subscription of 1 common share of the Company to Eugenia Swann.

16. EVENTS AFTER THE REPORTING DATE (Continued)

On December 17, 2016, trust declarations were signed by the five owners, indicating that each individual was the registered owner of 1 common share in the Company, and that the share certifications issued to them were in trust for the sole and beneficial use and ownership of the members of the Ahousaht First Nation.

Subsequent to year-end, at the Company's Board of Directors' meeting held on April 14, 2016, directors' resolutions were signed approving the share transfer, as well as the allotment of additional shares.