



SNAP LAKE ENVIRONMENTAL MONITORING AGENCY

2016-2017 ANNUAL REPORT OF ACTIVITIES

MESSAGE FROM THE CHAIRPERSON

This year is the first since SLEMA's inception that the Łutselk'e Dene First Nation has chaired SLEMA, and I am happy for the opportunity given to me by the board to be involved in the management of the agency. While the Snap Lake Mine has been under Care and Maintenance since December 2015, SLEMA has diligently continued to monitor the environmental conditions at the mine site and has been very active in the review of several important documents stemming from both regulatory instruments like land use permits and water license, and requirements under the Snap Lake Environmental Agreement.

As a representative of one of the four First Nations that have signed the Environmental Agreement, I believe SLEMA is an important agency that must continue its independent oversight role until the Snap Lake mine has been fully closed and reclaimed and that long-term monitoring results required under its water license and land use permits have demonstrated that the company can walk away from the site, leaving it as it was before development, and without any long-term negative legacy on the environment and the people who depend on its health and bounty.

This being said, SLEMA is quite pleased with the manner in which De Beers has operated the mine and has continued to involve all stakeholders in ensuring that its operations met all conditions of the various approvals and the spirit and intent of the Snap Lake Environmental Agreement. We are also very pleased to see how De Beers has maintained the lines of communications open with the communities and has demonstrated a strong willingness to ensure the views and concerns of the communities will be incorporated into the closure and reclamation of the mine, once a decision to that effect is made by the company. SLEMA is also very pleased with the Environment and Natural Resources-GNWT's active involvement in the various technical reviews since devolution a few years ago. We are also thankful to the Lands Inspectors responsible for inspection and enforcement of water licenses and land use permits who have continuously kept the SLEMA board and staff informed of their findings on how De Beers meets its regulatory requirements.

James Marlowe, Chairperson

ABOUT SLEMA

The Snap Lake Environmental Monitoring Agency (SLEMA) is a non-profit independent environmental watchdog responsible for monitoring the environmental performance of the Snap Lake Mine and to support the Aboriginal parties throughout the life of the mine.

WHAT IS THE SNAP LAKE ENVIRONMENTAL AGREEMENT?

The Snap Lake Environmental Agreement is a binding contract between De Beers Canada, the proponent of the Snap Lake Mine De Beers, the Government of Canada, the Government of the Northwest Territories and four affected Aboriginal Organizations:

- the Tlicho Government,
- the Yellowknives Dene First Nation,
- the North Slave Metis Alliance, and
- the Lutsel K'e Dene First Nation.

WHO WE ARE

SLEMA is directed by a Core Group made up of eight board members appointed for an indefinite term at the discretion of the four Aboriginal groups. Four of these members make up the Executive Committee and are appointed annually at the Annual General Meeting.

SLEMA board also relies on two panels:

- The Science Panel that has largely been replaced by staff expertise;
- The Traditional Knowledge Panel, made up of eight Elders selected by the Aboriginal communities, meets twice annually or as needed depending on issues of concerns to the Aboriginal membership. The TK Panel is made up of:

Joe Rabesca, *Tlicho Government*

Eddie Jones and **Wayne Langenham**, North Slave Metis Alliance

Albert Boucher and **Madeline Drybones**, Lutsel K'e Dene First Nation

Mike Francis and **Napolean Mackenzie**, Yellowknives Dene First Nation

CORE BOARD MEMBERS (EXECUTIVE)



James Marlowe

Lutsel K'e Dene First Nation



Alex Power

Yellowknives Dene First Nation



Johnny Weyallon

Tlicho Government



Arnold Enge

North Slave Metis Alliance

ALTERNATE MEMBERS



Greg Empson

Yellowknives Dene First Nation



Adrian D'Hont

North Slave Metis Alliance



Noel Drybones

Tlicho Government



Charlie Catholique

Lutsel K'e Dene First Nation

OUR STAFF

SLEMA is managed by an Executive Director who liaise with the Board and external stakeholders, and administers the agency, and an Environmental Analyst who is responsible for reviewing the operational performance of the mine as it relates to all regulatory approvals, including the requirements of the Environmental Agreement. Together, the staff provides advice and recommendations to the Core Group in all aspects of its mandate.



Zhong Liu
Environmental Analyst

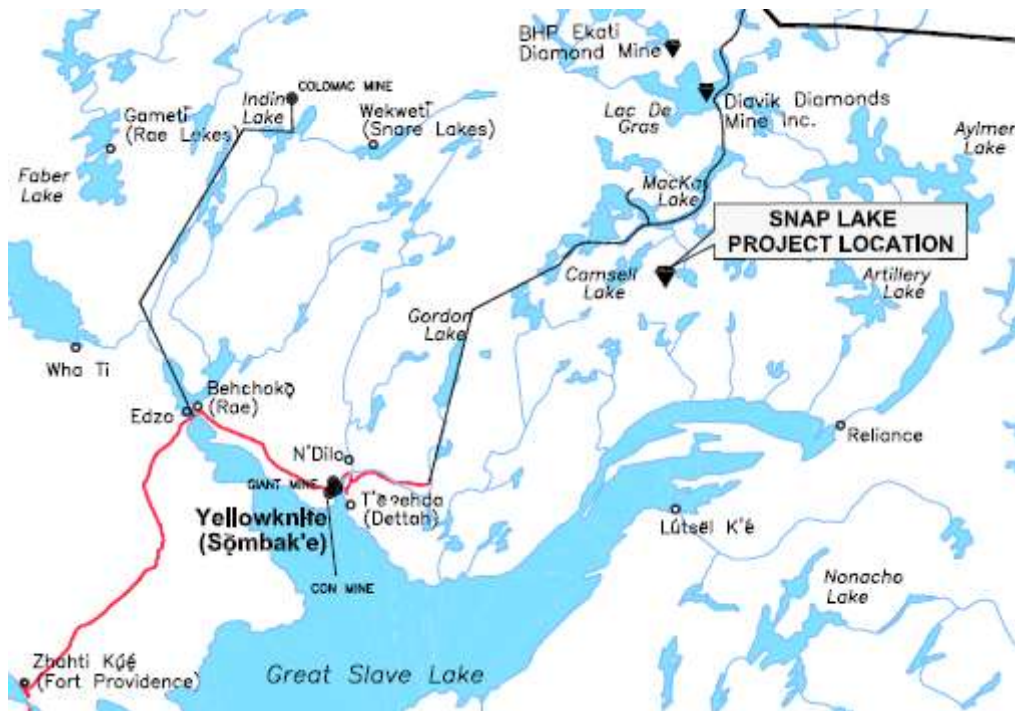


Philippe di Pizzo
Executive Director
(currently part-time)

THE SNAP LAKE MINE

The Snap Lake Mine is a diamond mine owned and operated by De Beers Canada. The mine is located about 220 kilometers northeast of Yellowknife, Northwest Territories. Mining began in 2007 and was expected to continue for 22 years until De Beers announced on December 4, 2015 that the mine was indefinitely being placed under care and maintenance. Since then, no kimberlite was mined and processed, but mine water has been pumped out of the underground and treated in the Water Treatment Plant throughout 2016.

Underground retreat was completed on February 9, 2017, and flooding of the underground workings continued throughout the year.



Location of Snap Lake Diamond Mine

SNAP LAKE MINE

- 1..... Air Strip
- 2..... Crusher/Waste Management
- 3..... AN Storage
- 4..... Emulsion Plant
- 5..... Starter Cell (North Pile)
- 6..... East Cell (North Pile)
- 7..... Fuel Storage
- 8..... Tire Shop
- 9..... Fresh/Fire Water Pump
- 10..... Cement Storage
- 11..... Satellite Mobile Shop
- 12..... Fresh Air Raise (FAR)
- 13..... Satellite Welding Shop
- 14..... Satellite Mine Shop
- 15..... Mine Portal
- 16..... Ore Conveyor
- 17..... Diffuser
- 18..... WTP Power House
- 19..... Heated Storage
- 20..... Main Shops/Warehouse
- 21..... Mine Dry/Admin
- 22..... Accommodation Facility
- 23..... Water Management Pond
- 24..... Lay Down/Cold Storage
- 25..... Organic Waste Collection
- 26..... Process Plant

DE BEERS
GROUP OF COMPANIES



Photo taken September 2013

Aerial View of the Mine Site

HIGHLIGHTS OF ACTIVITIES IN 2016-2017

- The SLEMA Board met in Yellowknife on May 2 and December 16, 2016 and March 17, 2017, as well as in Lutsel K'e August 29, 2016.
- SLEMA's Executive Committee met in Yellowknife on August 30, December 13, and December 16, 2016.
- SLEMA staff participated in the Snap Lake Mine Working Group Meeting on May 15, 2016.
- SLEMA hosted an Open House during community visit in Lutsel K'e on August 29, 2016.
- Noel Drybones represented SLEMA the Annual Fish Tasting Event at the Snap Lake Mine site on September 8, 2016.
- The 2016 Annual General Meeting was held in Yellowknife on December 15, 2016.
- SLEMA conducted the review of De Beers' annual environmental reports, monitoring programs and management plans, and study reports and made numerous comments and recommendations throughout the year.
- Monthly Environmental Updates are prepared and published on the SLEMA's website (www.slema.ca), and distributed to all stakeholders.



SLEMA Board Meeting in Lutsel K'e, August 29, 2016



SLEMA Open House in Lutsel Ke on August 29, 2016



Fish Tasting at the Mine, September 8, 2016

(Photography Courtesy of De Beers Group of Companies)

LIST OF DOCUMENTS SLEMA REVIEWED

- 2015 Annual Wildlife Effects Monitoring Program Report
- 2015 Annual Wildlife and Wildlife Habitat Protection Report
- 2015 Vegetation Monitoring Annual Report
- 2015 Air Quality Meteorology Monitoring and Emissions Annual Report
- Request to Alter and Suspend Reporting Requirements
- 2015 Environmental Agreement Annual Report
- 2015 Water License Annual Report
- 2015 Hydrology Annual Report
- 2015 Annual Closure and Reclamation Progress Report
- 2015 AEMP Annual Report
- Spill #16-147
- 2016 Geotechnical Inspection of North Pile and WMP Dams
- Extended Care and Maintenance Plan
- Extended Care and Maintenance Management Plans
- Request to Change SNP
- AEMP Design Plan
- Delayed ICRP update
- Interim Closure and Reclamation Plan

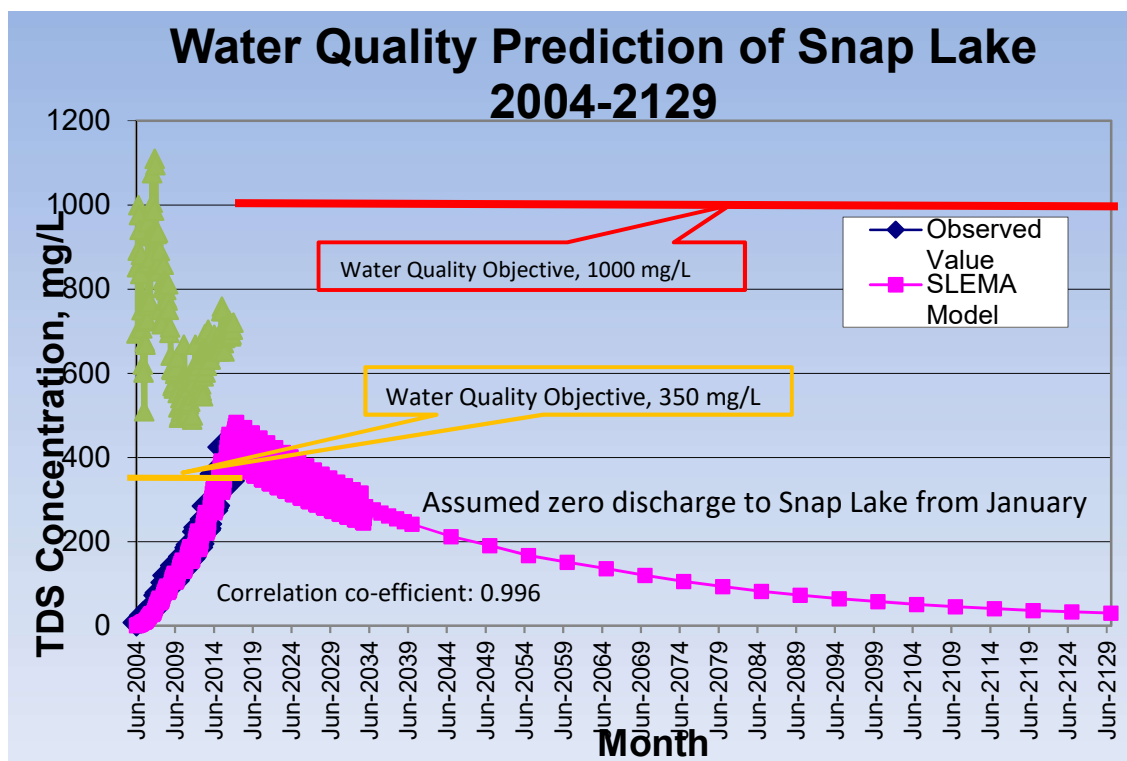
All reviews conducted by SLEMA on the entirety of plans and reports submitted by De Beers, are available on the SLEMA website.

MODELING UPDATE – EXTENDED CARE AND MAINTENANCE

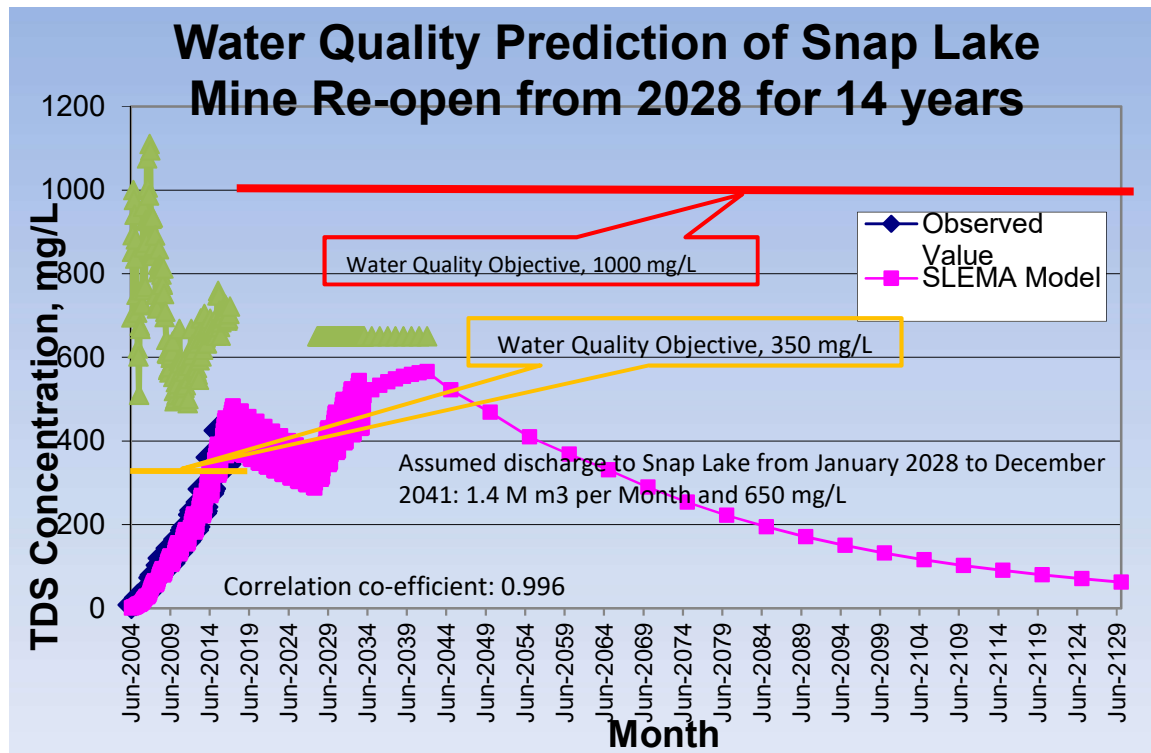
SLEMA updates the water quality model of the mine annually for Total Dissolved Solids (TDS). The model was updated in January 2017 to reflect the flooding scenarios during Extended Care and Maintenance of the mine.

Two scenarios were analyzed for Total Dissolved Solids in Snap Lake for 100 years.

- Scenario 1: the Mine will not re-open. Zero discharge is assumed.
- Scenario 2: the Mine will re-open in January 2028, and close in 2041, for a mine life of 14 years, with an assumed discharge to Snap Lake from January 2028 to December 2041 of 1.4 million m³ per Month and 650 mg/L of TDS.



Prediction under No-Reopen Scenario



Prediction under Reopen Scenario (2028-2041)

Modeling results show that under Scenario 1 (no re-open), TDS levels will decrease all the way, due to the natural dilution, and TDS levels will be between 26 – 30 mg/L in 2129.

Modeling results show that under Scenario 2 (re-open in 2028, for a mine life of 14 years), TDS levels will decrease from 2017 to 2027, and then go up (2028-2041) and down again due to the Mine re-open and final closure thereafter. TDS levels will be between 55 – 63 mg/L in 2129.

In summary, TDS levels will be a down trend due to the suspended operations and underground flooding, and as a result, the impacts on aquatic life will be much less than under normal operations. Modeling for a period of 100 years just provides a clear trend, and the results may not be accurate.

ASSESSMENT OF THE MINE

Based on a close monitoring and analysis of information made available by De Beers, SLEMA is generally satisfied that De Beers operated the Mine in a way that upheld the vast majority of its environmental commitments during the reporting period of 2016-2017.

During the period of the Care and Maintenance, De Beers has been taking diligent efforts in managing the mine site, including removing explosives and hydrocarbon related materials from the underground workings, ongoing dewatering and treatment operations for the minewater, preparing Extended Care and Maintenance Plan and updating related management plans and monitoring programs.

In conclusion, SLEMA appreciates De Beers responsible temporary shutdown planning and practices, and encourages De Beers to continue the diligent efforts after flooding the underground workings during the period of the Extended Care and Maintenance.

ASSESSMENT OF REGULATORS

SLEMA not only monitors the environmental performance of De Beers but also that of various regulators responsible for the Mine. In general, the regulators remain effective in making sure that De Beers runs the Mine in a way that maintains the majority of its environmental commitments.

HOW TO REACH US

By telephone

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Environmental Analyst: 867-765-0962

By Email

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In person (by appointment)

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Yellowknife NT X1A 1P8

By Mail

P.O. Box 95
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Website: www.slema.ca

Snap Lake Environmental Monitoring Agency

Financial Statements

March 31, 2017

**Snap Lake Environmental Monitoring Agency
Financial Statements**

Year ended March 31, 2017

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FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Snap Lake Environmental Monitoring Agency:

We have audited the accompanying financial statements of Snap Lake Environmental Monitoring Agency, which comprise of the statement of financial position as at March 31, 2017, the statement of operations, statement of changes in net assets, statement of cash flows for the year then ended, and a summary of significant accounting policies.

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 not-for-profit organizations, 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.

Auditor's 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 auditor's judgement, 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 auditor considers internal control relevant to the entity'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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the 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 Snap Lake Environmental Monitoring Agency as at March 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matters

The prior year financial statements were audited by another auditor and has provided an opinion without any modification on August 31, 2016.

EPR Yellowknife Accounting Prof. Corp.

EPR Yellowknife Accounting Professional Corporation
Yellowknife, NT
July 6, 2017

Snap Lake Environmental Monitoring Agency
STATEMENT OF FINANCIAL POSITION
As at March 31, 2017

Statement I

	2017	2016
ASSETS		
Current assets		
Cash	\$ 110,967	\$ 94,107
Accounts receivable	1,223	-
Prepaid expenses	6,672	3,958
	118,862	98,065
Tangible capital assets <i>(Note 4)</i>	3,362	5,108
TOTAL ASSETS	122,224	103,173
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities <i>(Note 5)</i>	8,448	16,487
Wages and benefit payable	24,829	19,866
Payroll taxes payable	10,663	8,408
Deferred revenue <i>(Note 6)</i>	74,000	53,304
	117,940	98,065
NET ASSETS		
Investment in capital assets	3,362	5,108
Unrestricted net assets	922	-
TOTAL NET ASSETS	4,284	5,108
TOTAL LIABILITIES AND NET ASSETS	\$ 122,224	\$ 103,173

APPROVED BY:

_____, Director

_____, Director

Snap Lake Environmental Monitoring Agency
STATEMENT OF OPERATIONS
For the Year Ended March 31, 2017

Statement II

	2017	2016
REVENUES		
De Beers Canada Mining Inc	439,423	530,420
Transferred To Deferred Revenue	(74,000)	(53,304)
Transferred from Prior Year Deferred Revenue	53,304	-
TOTAL REVENUES	418,727	477,116
EXPENSES		
Accounting and legal	9,027	12,170
Amortization	1,984	1,233
Bookkeeping	10,800	10,800
Consulting	14,624	-
Honoraria	114,839	129,070
Insurance	2,573	2,648
Interest and bank charges	1,050	1,065
Meetings-catering, translation and rentals	7,656	8,925
Meetings-travel and accommodation	23,304	26,951
Office and administration	13,398	11,086
Rent	17,774	36,540
Wages and benefits	202,522	227,374
TOTAL EXPENSES	419,551	467,862
Excess of revenues over expenses from operations	(824)	9,254
Transfer to investment in capital assets	1,984	1,233
Purchase of Capital Assets	(238)	(2,664)
Excess of revenues over expenses for the year	\$ 922	\$ 7,823

The accompanying notes and schedules form an integral part of the financial statements.

Snap Lake Environmental Monitoring Agency
STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended March 31, 2017

Statement III

	Unrestricted net assets	Investment in capital assets	Total 2017	Total 2016
Balance, beginning of year	-	5,108	5,108	(4,146)
Excess of revenues over Expenditure	922	-	922	7,823
Amortization	-	(1,984)	(1,984)	(1,233)
Additions	-	238	238	2,664
Balance, end of year	922	3,362	4,284	5,108

The accompanying notes and schedules form an integral part of the financial statements.

Snap Lake Environmental Monitoring Agency
STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2017

Statement IV

	2017	2016
Cash provided by (used in)		
Operating activities		
Excess (Deficit) of revenue over expenses	\$ (824)	\$ 9,254
Amortization	1,984	1,233
	1,160	10,487
Changes in non-cash working capital balances		
Increase in accounts receivable	(1,223)	-
Increase (Decrease) in prepaid expenses	(2,715)	3,068
Decrease in accounts payable and accrued liabilities	(8,038)	(1,111)
Increase in payroll tax payable	7,474	-
Decrease in wages payable	(256)	-
Increase (Decrease) in deferred revenue	20,696	(477,116)
Net change in non-cash working capital balances	15,938	(475,159)
Net cash provided by (used in) operating activities	17,098	(464,672)
Investing activity		
Purchase of capital assets	(238)	(2,664)
Net cash provided by (used in) investing activities	(238)	(2,664)
NET INCREASE IN CASH POSITION	16,860	(467,336)
CASH, AT BEGINNING OF YEAR	94,107	561,443
CASH, AT END OF YEAR	110,967	94,107
Cash consists of :		
Cash	110,967	94,107
	\$ 110,967	\$ 94,107

Snap Lake Environmental Monitoring Agency
NOTES TO FINANCIAL STATEMENTS
For The Year Ended March 31, 2017

1. ORGANIZATION AND JURISDICTION

Snap Lake Environmental Monitoring Agency ("the Agency") is a not-for-profit organization incorporated under the Societies Act of the Northwest Territories. It is exempt from income tax under Section 149(1)(i) of the Income Tax Act.

The mission of the Agency is to oversee environmental management of the De Beers Snap Lake Diamond Project.

The Agency was incorporated and commenced operations on December 10, 2004

2. BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the significant accounting policies set out below. These financial statements are prepared in accordance with Canadian Accounting Standards for not-for-profit organizations.

3. SIGNIFICANT ACCOUNTING POLICIES

The following is the summary of the significant accounting policies used by management in the preparation of these financial statements.

a) Fund accounting

The accounts of the Agency are maintained in accordance with the principle of fund accounting. A fund is a set of accounts established to classify resources according to specific activities. The following funds are maintained and are internally restricted by the Agency.

Unrestricted Fund - to record the general activities of the Agency.

Investment in Equipment - to record the historical cost of equipment acquired less accumulated amortization and disposal.

b) Tangible capital assets

Capital Assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is applied as a reduction to both the asset and net assets invested in Equipment. Amortization is calculated by the declining balance method over their estimated useful lives at the following rates:

Furniture and Fixtures	20%
Computer Equipment	30%
Computer Equipment-New	55%
Computers Software	100%

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD...)

c) Financial instruments - recognition and measurement

Snap Lake Environment Agency measures its financial assets and financial liabilities at fair value. The Agency subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investment in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at cost include cash, trade and other receivables, grant receivables and other short term investments. Financial liabilities that are measured at cost include cash, trade accounts payable and accrued liabilities. The Agency's financial assets measured at fair value include investment in quoted shares.

d) 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 to a maximum of the accumulated impairment loss recorded in respect of the particular financial asset.

e) Deferred revenue

Deferred revenue is the unexpended contribution amounts received during the fiscal year that are transferred by agreement into the subsequent year. It is reported as a current liability as it is expected that the program will be completed or funds be repaid within the next fiscal year.

f) Revenue recognition

The Agency follows the deferred method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses occur. Unrestricted contributions are recognized as revenue when they are received or receivable or if the amount can be reasonably estimated and its collection is reasonably assured. Management fees and other sources of revenue are recognized when the services have been provided.

g) Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Snap Lake Environmental Monitoring Agency
NOTES TO FINANCIAL STATEMENTS
For The Year Ended March 31, 2017

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2017 Net Book Value	2016 Net Book Value
Furniture & Equipment	\$ 11,822	\$ 9,599	\$ 2,223	\$ 3,313
Computer Equipment	7,668	6,529	1,139	1,795
Computer Software	5,556	5,556	-	-
Year end Balance	\$ 25,046	\$ 21,684	\$ 3,362	\$ 5,108

5. ACCOUNTS PAYABLE

	2017	2016
Trade Payables	\$ 8,448	\$ 16,487

6. DEFERRED REVENUE

	2017	2016
De Beers Mining Inc.	\$ 74,000	\$ 53,304

7. ECONOMIC DEPENDENCE

The Agency receives all of its contribution funding from De Beers Canada Mining Inc.. Management is of the opinion that operations would be significantly affected if the funding was substantially curtailed or ceased. In December 2015, DeBeers announced that the mine ceased operations and entered care and maintenance.,

8. COMMITMENTS

The Agency's lease agreement expired on March 31, 2017 and is currently on month to month rental contract until July 2017. After July 2017, the Agency will be moving to De Beers office at no cost.

Snap Lake Environmental Monitoring Agency
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended March 31, 2017

9. CAPITAL DISCLOSURE

The Agency's objectives when managing capital is:

- (a) To safeguard the Agency's ability to continue as a going concern, so that it can continue to provide service for its members.

The Agency manages the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. The Agency monitors capital on the basis of the working capital which is calculated as current assets minus liabilities as follows:

	2017	2016
Current Assets	\$ 122,224	\$ 103,173
Current Liabilities	117,940	98,065
	\$ 4,284	\$ 5,108

10. FINANCIAL INSTRUMENTS

Financial instruments consist of recorded amounts of cash, accounts receivable, contributions receivable, holdbacks receivable which will result in future cash receipts, as well as accounts payable and accrued liabilities, deferred revenue, and contributions repayable which will result in future cash outlays.

The Agency is exposed to the following risks in respect of certain of the financial instruments held:

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The agency is exposed to credit risk from its cash and account receivables.

i) Cash

Cash is held in a Canadian Chartered Bank except for small amounts of cash that are held on a temporary basis at the office premises until such time as a deposit can be made, generally on a weekly basis. The Agency minimizes its credit risk by limiting the amount held at entities other than reputable and high quality financial institutions.

ii) Accounts Receivable

The Agency is exposed to credit risk from clients in the amount of \$1,223 in the normal course of business. The accounts receivable are established based on specific credit risk associated with individual clients and other relevant information. However, since the majority of its customers are territorial or federal governmental departments, the credit risk is minimized.

(b) Liquidity risk

Liquidity risk arises from the potential that an entity will have difficulty in meeting its obligation associated with the financial liabilities. The Agency manages liquidity risk by continually monitoring actual and forecasted cash flows from operations to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Agency's reputation. The Agency has determined that the risk is not significant.

As of March 31, 2017, none of accounts payable and accrued liabilities were over 60 days due.

Snap Lake Environmental Monitoring Agency
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended March 31, 2017

c) Fair Value Measurement Hierarchy

All financial instruments must be classified in accordance with the significance of the inputs used in making fair value measurements. The fair value hierarchy prioritises the valuation techniques used to determine the fair value of a financial instrument based on whether the inputs to those techniques are observable or unobservable:

Level 1 - Financial instruments are considered level 1 when valuation can be based on quoted prices in active markets for identical assets and liabilities.

Level 2 - Financial instruments are considered level 2 when they are valued using quoted prices for similar assets and liabilities, quoted prices in markets are not active, or models using inputs that are observable.

Level 3 – Financial instruments are considered level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

The fair value hierarchy of financial assets and liabilities at March 31, 2017 is as follow:

	Level 1	Level 2	Level 3	Total
Financial Assets:				
Cash	\$ 110,967	-	-	\$ 110,967
Account Receivable	1,223	-	-	1,223
Financial Liabilities:				
Accounts payable and accrued liabilities	\$ 8,448	-	-	\$ 8,448

11. COMPARATIVE FIGURE

Comparative figures have been reclassified to conform with the presentation adopted in the current year. Prior Years financial statements were audited by another auditor and an opinion was provided on August 31, 2016.