

To the Director of North Slave Metis Holdings Ltd.:

We have audited the balance sheet of North Slave Metis Holdings Ltd. as at March 31, 2006 and the statements of earnings (loss) and retained earnings and cash flows for the year then ended. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles using differential reporting options available to non-publicly accountable enterprises, as described in Note 2 to the financial statements. These financial statements are the responsibility of the Company's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grande Prairie, Alberta

June 22, 2006

Meyus Norris Penny LLP

Chartered Accountants

North Slave Metis Holdings Ltd.

Balance Sheet

As at March 31, 2006

	2006	2005 <i>(restated)</i>
Assets		
Current		
Cash	9,069	145,131
Accounts receivable <i>(Note 3)</i>	352,388	315,509
Income taxes recoverable	-	48,010
Prepaid expenses and deposits	9,884	9,135
	371,341	517,785
Property, plant and equipment <i>(Note 4)</i>	1,424,179	828,709
Investment in subsidiaries <i>(Note 5)</i>	306,414	272,004
	2,101,934	1,618,498
Liabilities		
Current		
Accounts payable and accruals	363,072	336,477
Deferred revenue <i>(Note 6)</i>	-	7,880
Future income taxes payable	234	11,504
Current portion of long-term debt	-	2,358
	363,306	358,219
Payable to shareholder <i>(Note 7)</i>	481,336	233,316
	844,642	591,535
Shareholder's Equity		
Share capital <i>(Note 9)</i>	1	1
Retained earnings	1,257,291	1,026,962
	1,257,292	1,026,963
	2,101,934	1,618,498


 Bill Enge

North Slave Metis Holdings Ltd.
Statement of Earnings (Loss) and Retained Earnings
For the year ended March 31, 2006

	2006	2005 <i>(restated)</i>
Sales	7,661,861	6,910,298
Cost of sales	7,496,056	6,770,105
Gross margin	165,805	140,193
Expenses		
Advertising and promotion	1,971	-
Amortization	62,362	48,054
Bad debts	7,088	-
Board expenditures	53,917	8,105
Consulting	8,206	12,884
Insurance	16,468	9,455
Interest and bank charges	3,125	1,720
Interest on long-term debt	-	1,001
Office	1,196	28,546
Other operating	16,704	-
Professional fees	51,167	13,921
Property taxes	10,892	5,053
Repairs and maintenance	8,740	-
Salaries, wages and benefits	211,864	363,268
Travel	16,379	17,600
Utilities	18,022	15,494
Vehicle	24,402	6,763
	512,503	531,864
Loss from operations	(346,698)	(391,671)
Other income (expense)		
Other revenue	36,369	30,608
Interest income	3,816	3,065
Profit sharing	303,687	29,442
Fire suppression contract revenue	102,980	117,920
Gain (loss) on investments	2,746	(72,689)
Rental income	62,159	18,006
Management fees	54,000	-
Joint venture income	-	93,231
Provision for impairment	-	(25,000)
	565,757	194,583
Earnings (loss) before income taxes	219,059	(197,088)

Continued on next page

North Slave Metis Holdings Ltd.
Statement of Earnings (Loss) and Retained Earnings
For the year ended March 31, 2006

	2006	2005 <i>(restated)</i>
Earnings (loss) before income taxes <i>(Continued from previous page)</i>	219,059	(197,088)
Provision for (recovery of) income taxes		
Current	-	(48,010)
Future	(11,270)	11,504
	(11,270)	(36,506)
Net earnings (loss)	230,329	(160,582)
Retained earnings, beginning of year	1,026,962	1,187,544
Retained earnings, end of year	1,257,291	1,026,962

North Slave Metis Holdings Ltd.

Statement of Cash Flows

For the year ended March 31, 2006

	2006	2005 (restated)
Cash provided by (used for) the following activities		
Operating activities		
Cash received from customers	8,152,801	7,148,288
Cash paid to suppliers	(7,698,276)	(7,027,384)
Cash paid to employees	(195,455)	(363,268)
Interest received	3,816	3,065
Interest paid	(3,125)	(2,721)
Income taxes (paid) recovered	48,010	(54,611)
	307,771	(296,631)
Financing activities		
Repayments of long-term debt	(2,358)	(7,948)
Advances from advances from partnership/joint venture	248,020	44,666
	245,662	36,718
Investing activities		
Purchases of property, plant and equipment	(657,832)	(48,493)
Advances	(5,500)	(151)
Advance to partnership/joint venture	(26,163)	-
	(689,495)	(48,644)
Decrease in cash resources	(136,062)	(308,557)
Cash resources, beginning of year	145,131	453,688
Cash resources, end of year	9,069	145,131

1. Incorporation and operations

North Slave Metis Holdings Ltd. (the "Company") was incorporated under the Business Corporations Act of the Northwest Territories on June 3, 1998. The Company provides janitorial and catering services to the mining industry in the Northwest Territories and Nunavut. The Company also provides a management role for its subsidiary companies and joint ventures, and provides fire fighting services within the Northwest Territories.

2. Significant accounting policies

The Company, with the consent of its shareholder, has elected to prepare its financial statements in accordance with Canadian generally accepted accounting principles, using the differential reporting options available to non-publicly accountable enterprises, including the following significant accounting policies:

Investments in significantly influenced entities

The Company has elected to apply the differential reporting option allowed for significantly influenced entities and, accordingly, accounts for all investments subject to significant influence using the cost method. Investment in companies subject to significant influence (those companies in which interests ranging from 20% to 50% are held) is recorded at cost, less any provisions for other than temporary impairment.

All transactions with significantly influenced entities are disclosed as related party transactions.

Investments in subsidiaries

The Company has elected to apply the differential reporting option allowed for subsidiaries and, accordingly, accounts for all subsidiaries using the equity method. Investments in subsidiaries (those companies in which interests greater than 50% are held), accounted for using the equity method, are recorded at acquisition cost and increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and dividends received.

All transactions with subsidiaries are disclosed as related party transactions.

In addition, the Company has applied the following significant accounting policies without reference to differential reporting:

Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Buildings	declining balance	4 %
Automotive	declining balance	30 %
Computer equipment	declining balance	30 %
Furniture and fixtures	declining balance	20 %

In the year of acquisition, amortization is taken at one-half of the above rates.

2. Significant accounting policies *(Continued from previous page)*

Revenue recognition

Revenues for janitorial, catering and other are recognized when services are provided and collection is reasonably assured.

Future income taxes

The Company follows the asset and liability method of accounting for future income taxes. Under this method, future income tax assets and liabilities are recorded based on temporary differences between the carrying amount of balance sheet items and their corresponding tax bases. In addition, the future benefits of income tax assets, including unused tax losses, are recognized, subject to a valuation allowance, to the extent that it is more likely than not that such future benefits will ultimately be realized. Future income tax assets and liabilities are measured using enacted tax rates and laws expected to apply when the tax liabilities or assets are to be either settled or realized.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of property, plant and equipment.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

Financial instruments

All significant financial assets, financial liabilities and equity instruments of the Company are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows and interest rate, currency or credit risk.

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 Shareholder or the liability of the Shareholder for income taxes on earnings of the Company.

Long-lived assets

Long-lived assets consist of property, plant and equipment. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Company performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in earnings for the year.

North Slave Metis Holdings Ltd.

Notes to the Financial Statements

For the year ended March 31, 2006

3. Accounts receivable

	2006	2005
Trade receivables	349,201	313,500
Goods and Services Tax receivable	3,187	2,009
	352,388	315,509

4. Property, plant and equipment

	2006	2005
	<i>Net book value</i>	<i>Net book value</i>
	<i>Cost</i>	<i>Accumulated amortization</i>
Land	147,500	-
Buildings	1,325,328	143,548
Automotive	151,780	85,017
Computer equipment	14,571	11,111
Furniture and fixtures	56,187	31,511
	1,695,366	271,187
	1,424,179	828,709

5. Investment in subsidiaries

The Company holds interests in the following subsidiaries:

					2006	2005
	<i>% Ownership</i>	<i>Acquisition cost</i>	<i>Cumulative earnings (loss) since acquisition</i>	<i>Dividends [and other distributions]</i>	<i>Total investment</i>	<i>Total investment</i>
Yellowknife River Resorts	25.0 %	153,600	-	-	153,600	153,600
Metcon Construction Ltd.	52.0 %	5,551	(383)	104,000	109,168	101,168
North Slave Logistics Ltd.	52.0 %	52	73	-	125	52
NSM Industrial Services Ltd.	100.0 %	15,301	2,057	26,163	43,521	17,184
		174,504	1,747	130,163	306,414	272,004

6. Deferred revenue

	2006	2005
North Slave Metis Alliance	-	7,880

7. Payable to shareholder

Amounts owing to the shareholder are non-interest bearing, and repayment has been postponed pursuant to financing.

8. Contingencies

The Company has been named as defendant in a lawsuit on behalf of Bryant Engineering, seeking to recover damages allegedly sustained by them as a result of a breach of contract. The complaint with respect to this action generally alleges the Company was in breach of contract and has filed a lawsuit for \$20,000. These lawsuits remain at an early stage, and as litigation is subject to many uncertainties, it is not possible to predict the ultimate outcome of these lawsuits or to estimate the loss, if any, which may result. The Company's insurers have been advised of these claims and are cooperating with the Company in the defense of these lawsuits subject to policy deductibles, limits, and terms and conditions. Management believes that the complaint will not result in a liability for the Company.

9. Share capital

The Company has elected to apply the differential reporting option allowed for share capital and, accordingly, has disclosed information relating to the terms and conditions of only issued share capital, as follows:

	<i>2006</i>	<i>2005</i>
Authorized		
Common shares		
Class A voting, no par		
Issued		
Common shares		
1 Class A	1	1

10. Comparative figures

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

11. Related party transactions

Included in sales for the current year ended are management fees of \$54,000 (2005 - \$0) to a parent owning 100% of the Company and rent of \$40,000 (2005 - \$0). The sales were conducted in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

12. 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.

Fair value disclosure

The Company has elected to apply the differential reporting option allowed for disclosure of fair value information and, accordingly, has elected not to disclose fair value information about financial assets and liabilities for which fair value was not readily obtainable.

13. Correction of an error

During the year ended the Company determined that the investments in subsidiaries for the prior year were overstated by \$72,689. The investment in North Slave Logistics Ltd. was overstated by \$81,560 due to the use of incomplete financial statements in the prior year for the calculation of the equity in investment and an understatement of the investment of NSM Industrial Ltd. of \$8,871 due to the unavailability of financial statements to complete the equity calculation. The 2005 comparative figures have been restated and net earnings after tax decreased by \$72,689.

14. Subsequent event

Subsequent to the date of the financial statements, the Company has entered into a joint venture with a mining supply company. Future operations are therefore likely to reflect operations under this joint venture agreement.

15. Economic dependence

The Company's primary source of income is the sale of janitorial and catering services to the diamond mining industry. The Company's ability to continue viable operations is dependent upon maintaining its obligations under these contracts. As at the date of these financial statements the Company believes that it is in compliance with the contract.