



November •, 2018

Independent Auditor's Report

To the Members of the Association for Mineral Exploration British Columbia

Report on the financial statements

We have audited the accompanying financial statements of the Association for Mineral Exploration British Columbia, which comprise the statement of financial position as at August 31, 2018 and the statements of changes in net assets, revenue and expenditures, and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for 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 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 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 the Association for Mineral Exploration British Columbia as at August 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Report on other legal and regulatory requirements

As required by the British Columbia Societies Act, we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied, on a basis consistent with that of the preceding year.

Chartered Professional Accountants

Appendix B: Summary of unadjusted and adjusted items

a. Adjusted items

As a result of our audit, we noted the following items with an impact on the statements of financial position and revenue and expenditures.

Included in Annual Conference revenues, there are amounts received from companies for the purchase of booths, which includes a number of complementary individual memberships. These individual memberships are a separate service and therefore should be separated for the purpose of revenue recognition and an element of these memberships should be deferred at the year-end for the remaining period. The impact of this is as follows:

Description	Assets at August 31, 2018	Liabilities at August 31, 2018	Net Excess for year ended August 31, 2018
Individual membership adjustment	\$	\$	\$
Revenue:			
Annual conference	-	-	123,120
Member relations & events	-	-	(82,080)
Current liabilities:			
Deferred revenue	-	(41,040)	-
Total	-	(41,040)	41,040

b. Unadjusted items

b.i. Current year unadjusted items

As a result of our audit, we noted the following unadjusted items:

1. Included in prepayments is a \$16,149 payment for Roundup 2020, which has been included within current assets instead of non-current assets.
2. Included within deferred revenue there is an estimated \$28,644 deferral for membership fees relating to FY2020 that have been included within current liabilities instead of non-current liabilities.
3. Within the deferred revenue note in the notes to the financial statements, the annual conference deferred balance has a proportion relating to individual memberships estimated to be \$85,900. This has an impact on the notes to the financial statements only and has no impact on the statements of financial position and revenue and expenditures.

b.ii. Prior year unadjusted items

We note that the reason for the adjusted item above was also present in the prior year and the following is the impact on the prior year statements of financial position and revenue and expenditures.

<i>Description</i>	<i>Assets at August 31, 2017</i>	<i>Liabilities at August 31, 2017</i>	<i>Net Deficiency for year ended August 31, 2017</i>
Individual membership adjustment	\$	\$	\$
Revenue:			
Annual conference	-	-	109,440
Member relations & events	-	-	(72,960)
Current liabilities:			
Deferred revenue	-	(36,480)	-
Total	-	(36,480)	36,480

Other items

In addition, the following differences were noted in the prior as a result of the impact noted above:

1. Included within deferred revenue there is an \$18,120 deferral for membership fees relating to FY2019 that have been included within current liabilities instead of non-current liabilities.
2. Within the deferred revenue disclosure note there was an annual conference deferred balance that had a proportion relating to individual memberships estimated to be \$70,600. This only has an impact on the notes to the financial statements and has no impact on the statements of financial position and revenue and expenditures.

Appendix C: Management representation letter

[Client Letterhead]

November •, 2018

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place
250 Howe Street, Suite 1400
Vancouver British Columbia V6C 3S7

Attention: Mr. Dean Larocque, Partner

Dear Sir,

We are providing this letter in connection with your audit of the financial statements of Association for Mineral Exploration British Columbia – (AME) as at August 31, 2018 and for the year then ended for the purpose of expressing an opinion as to whether such financial statements present fairly, in all material respects, the financial position, the results of operations, the changes in net assets and the cash flows of AME in accordance with Canadian accounting standards for not-for-profit organizations.

Management’s responsibilities

We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 1, 2018. In particular, we confirm to you that:

- We are responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations;
- We are responsible for designing, implementing and maintaining an effective system of internal control over financial reporting to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error. In this regard, we are responsible for establishing policies and procedures that pertain to the maintenance of accounting systems and records, the authorization of receipts and disbursements, the safeguarding of assets and for reporting financial information;
- We have provided you with all relevant information and access, as agreed in the terms of the audit engagement; and
- All transactions have been recorded in the accounting records and are reflected in the financial statements.

We confirm the following representations:

Preparation of financial statements

The financial statements include all disclosures necessary for fair presentation in accordance with Canadian accounting standards for not-for-profit organizations and disclosures otherwise required to be included therein by the laws and regulations to which AME is subject.

We have appropriately reconciled our books and records (e.g. general ledger accounts) underlying the financial statements to their related supporting information (e.g. sub ledger or third party data). All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements. There were no material unreconciled differences or material general ledger suspense account items that should have been adjusted or reclassified to another account balance. There were no material general ledger suspense account items written off to a balance sheet account, which should have been written off to a profit and loss account and vice versa.

Accounting policies

We confirm that we have reviewed AME's accounting policies and, having regard to the possible alternative policies, our selection and application of accounting policies and estimation techniques used for the preparation and presentation of the financial statements is appropriate in AME's particular circumstances to present fairly in all material respects its financial position, the results of operations, the changes in net assets and the cash flows in accordance with Canadian accounting standards for not-for-profit organizations.

Internal controls over financial reporting

We have designed disclosure controls and procedures to ensure material information relating to AME is made known to us by others.

We have designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with Canadian accounting standards for not-for-profit organizations.

We have disclosed to you all deficiencies in the design or operation of disclosure controls and procedures and internal control over financial reporting that we are aware.

Minutes

All matters requiring disclosure to or approval of the Board of Directors have been brought before them at appropriate meetings and are reflected in the minutes.

Completeness of transactions

All contractual arrangements entered into by AME with third parties have been properly reflected in the accounting records or/and, where material (or potentially material) to the financial statements, have been disclosed to you. We have complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There are no side agreements or other arrangements (either written or oral) undisclosed to you.

Fraud

We have disclosed to you:

- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- All information in relation to fraud or suspected fraud of which we are aware affecting AME involving management, employees who have significant roles in internal control or others where the fraud could have a material effect on the financial statements; and
- All information in relation to any allegations of fraud, or suspected fraud, affecting AME's financial statements, communicated by employees, former employees, analysts, regulators or others.

Disclosure of information

We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters including:
 - Contracts and related data;
 - Information regarding significant transactions and arrangements that are outside the normal course of business;
 - Minutes of the meetings of management, directors and committees of directors.
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

We have no knowledge of any allegations of fraud or suspected fraud affecting AME received in communications from employees, former employees, analysts, regulators, short sellers, or others.

Compliance with laws and regulations

We have disclosed to you all aspects of laws, regulations and contractual agreements that may affect the financial statements, including actual or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

We are not aware of any illegal or possibly illegal acts committed by AME's directors, officers or employees acting on AME's behalf.

Accounting estimates and fair value measurements

Significant assumptions used by AME in making accounting estimates, including fair value accounting estimates, are reasonable.

For recorded or disclosed amounts in the financial statements that incorporate fair value measurements, we confirm that:

- The measurement methods are appropriate and consistently applied;
- The significant assumptions used in determining fair value measurements represent our best estimates, are reasonable and have been consistently applied;
- No subsequent event requires adjustment to the accounting estimates and disclosures included in the financial statements; and
- The significant assumptions used in determining fair value measurements are consistent with AME's planned courses of action. We have no plans or intentions that have not been disclosed to you, which may materially affect the recorded or disclosed fair values of assets or liabilities.

Significant estimates and measurement uncertainties known to management that are required to be disclosed in accordance with The Chartered Professional Accountants of Canada (CPA Canada) Handbook, Part II, Section 1508, *Measurement Uncertainty*, have been appropriately disclosed.

Related parties

We confirm that we have disclosed to you the identity of AME's related parties as defined by CPA Canada Handbook Part III Section 4460, *Disclosure of Related Party Transactions by Not-for-Profit Organizations*, and all the related party relationships and transactions.

The identity of, relationship, balances and transactions with related parties have been properly recorded and adequately disclosed in the financial statements, as required by Section 4460, *Disclosure of Related Party Transactions by Not-for-Profit Organizations*.

The list of related parties attached to this letter as Appendix A accurately and completely describes AME's related parties and the relationships with such parties.

Going concern

We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements (e.g. to dispose of the business or to cease operations).

Assets and liabilities

We have satisfactory title or control over all assets. There are no liens or encumbrances on AME's assets.

We have recorded or disclosed, as appropriate, all liabilities, in accordance with Canadian accounting standards for not-for-profit organizations. All liabilities and contingencies, including those associated with guarantees, whether written or oral, under which AME is contingently liable in accordance with the CPA Canada Handbook, Part II, Accounting Guideline 14, *Disclosure of Guarantees*, or the CPA Canada Handbook, Part II, Section 3290, *Contingencies*, have been disclosed to you and are appropriately reflected in the financial statements.

Litigation and claims

All known actual or possible litigation and claims, which existed at the statement of financial position date or exist now, have been disclosed to you and accounted for and disclosed in accordance with Canadian accounting standards for not-for-profit organizations, whether or not they have been discussed with legal counsel.

Misstatements detected during the audit

Certain representations in this letter are described as being limited to those matters that are material. Items are also considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement.

We confirm that the financial statements are free of material misstatements.

The effects of the uncorrected misstatements in the financial statements, as summarized in the accompanying schedule (Appendix B), are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

The adjusted misstatements identified during your audit and summarized in the attached schedule (Appendix B) have been approved by AME and adjusted in the financial statements.

Events after balance sheet date

We have noted no events that occurred between the statement of financial position date and the date of this letter that may require adjustment of, or disclosure in, the financial statements.

Yours truly,

Association for Mineral Exploration British Columbia

Edie Thome, President and Chief Executive Officer

Jim Gray, Treasurer

Appendix A – List of related parties

- Pakawa Geomanagement Inc. (related to Rob Stevens)
- De Visser Gray LLP (related to Jim Gray)
- Hemmera (related to Scott Weston)
- CTEM (related to Jill Tsolinas)
- Canadian International Resources & Development Institute (related to Rob Stevens)
- Shari Gardiner (Member of the Communication Committee)
- Faskens (related to Kevin O’Callahan, AME Director)
- SEG (related to Chris Ogryzio, AME Director)
- Resource Writer (related to Kylie Williams, Chair Communications Committee)
- Smithers Exploration Group (related to Chris Ogryzio, AME Director)

All directors and executives as listed below:

Executive members:

January 2017 to January 2018

Diane Nicolson, Chair
David McLelland, Past-Chair
Scott Weston, Vice Chair
Kendra Johnston, Vice Chair
Edie Thome, AME President & CEO
‘Lyn Anglin, Director
Robert McLeod, Director
Jim Gray, Treasurer
Glen Wonders, Vice President,
Technical & Government Affairs

January 2018 to January 2019

‘Lyn Anglin, Chair
Rob Mcleod, Vice Chair
Kendra Johnston, Vice Chair
Leilah Tate, Director
Jim Gray, Treasurer
Diane Nicolson Past Chair
Edie Thome, AME President & CEO
Rob Stevens, AME Vice President

Directors:

January 2017 to January 2018

Lana Eagle
Don Bragg
Scott Broughton
Michael Buchanan
Gavin Dirom
David Gale
Kendra Johnston
Fran MacPherson
Robert McLeod
Ken McNaughton
Diane Nicolson
Jane McCaw
Christine Ogryzlo
Jill Pardoe
Robert Stevens
Jill Tsolinas
Thomas Ullrich
Scott Weston
`Lyn Anglin
Andrew Randell
Dorrie Williams
John Murray
Bruce Scott
Bruce Sprague

January 2018 to January 2019

`Lyn Anglin
Don, Bragg
Scott Broughton
Michael Buchanan
Lana Eagle
David Gale
Stephen DeJong
Kendra Johnston
Tara Hassan
Sean Magee
Robert McLeod
Kevin O'Callaghan
Steve Robertson
Diane Nicolson
Christine Ogryzlo
Jill Pardoe
Andrew Randell
Bruce Scott
Leilah Tate
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Edie Thome
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