

# **ESHIPPERS MANAGEMENT LTD.**

## **CONDENSED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

**Six Month Period Ended**

**November 30, 2017**

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The Company's independent auditor has not performed a review of these condensed interim financial statements. The accompanying condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

**ESHIPPERS MANAGEMENT LTD.**

Condensed Interim Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

	<b>November 30, 2017</b>	<b>May 31, 2017</b>
	<b>(\$)</b>	<b>(\$)</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	818,266	852,901
Prepays	3,257	7,297
GST receivable	532	-
	<b>822,055</b>	<b>860,198</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 4)	11,775	12,687
<b>Shareholders' equity</b>		
Share capital (Note 5)	5,048,385	5,048,385
Share-based reserves (Note 5)	181,374	181,374
Deficit	(4,419,479)	(4,382,248)
	<b>810,280</b>	<b>847,511</b>
	<b>822,055</b>	<b>860,198</b>

**Nature of operations and going concern** (Note 1)

These condensed interim financial statements were authorized by the Board of Directors on December 19, 2017. They are signed on the Company's behalf by:

"Leo Berezan" Director

"Edward Leung" Director

*The accompanying notes are an integral part of these condensed interim financial statements.*

**ESHIPPERS MANAGEMENT LTD.**

Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	<b>Three Month Period Ended November 30, 2017</b>	<b>Three Month Period Ended November 30, 2016</b>	<b>Six Month Period Ended November 30, 2017</b>	<b>Six Month Period Ended November 30, 2016</b>
			(\$)	(\$)
<b>EXPENSES</b>				
Interest expense	-	2,747	-	4,489
Management fees (Note 6)	4,500	4,500	9,000	4,750
Office and miscellaneous	2,036	1,824	4,443	2,102
Professional fees	8,294	7,073	17,529	11,811
Rent (Note 6)	-	-	-	1,500
Transfer agent and filing fees	3,053	4,785	7,027	8,488
<b>Loss from operations</b>	<b>(17,883)</b>	<b>(20,929)</b>	<b>(37,999)</b>	<b>(33,140)</b>
Interest income	400	-	768	-
Gain on settlement of debt	-	7,711	-	9,022
<b>Loss and comprehensive loss for the period</b>	<b>(17,483)</b>	<b>(13,218)</b>	<b>(37,231)</b>	<b>(24,118)</b>
<b>Basic and diluted loss per common share</b>	<b>(0.00)</b>	<b>(0.00)</b>	<b>(0.00)</b>	<b>(0.00)</b>
<b>Weighted average common shares outstanding</b>	<b>14,062,158</b>	<b>5,153,806</b>	<b>14,062,158</b>	<b>5,153,806</b>

*The accompanying notes are an integral part of these condensed interim financial statements.*

**ESHIPPERS MANAGEMENT LTD.**

Condensed Interim Statements of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian Dollars)

(Unaudited)

	<b>Number of Shares</b>	<b>Amount (\$)</b>	<b>Share-based Reserves (\$)</b>	<b>Deficit (\$)</b>	<b>Total Shareholders' Equity (Deficiency) (\$)</b>
<b>Balance at May 31, 2016</b>	<b>5,153,808</b>	<b>3,856,488</b>	<b>181,374</b>	<b>(4,193,359)</b>	<b>(155,497)</b>
Loss for the period	-	-	-	(24,118)	(24,118)
<b>Balance at November 30, 2016</b>	<b>5,153,808</b>	<b>3,856,488</b>	<b>181,374</b>	<b>(4,217,477)</b>	<b>(179,615)</b>
Common shares issued for debt settlement	1,536,185	307,237	-	-	307,237
Common shares issued for private placement	7,372,165	884,660	-	-	884,660
Loss for the period	-	-	-	(164,771)	(164,771)
<b>Balance at May 31, 2017</b>	<b>14,062,158</b>	<b>5,048,385</b>	<b>181,374</b>	<b>(4,382,248)</b>	<b>847,511</b>
Loss for the period	-	-	-	(37,231)	(37,231)
<b>Balance at November 30, 2017</b>	<b>14,062,158</b>	<b>5,048,385</b>	<b>181,374</b>	<b>(4,419,479)</b>	<b>810,280</b>

*The accompanying notes are an integral part of these condensed interim financial statements.*

**ESHIPPERS MANAGEMENT LTD.**

Condensed Interim Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	<b>Six Month Period Ended November 30, 2017 (\$)</b>	<b>Six Month Period Ended November 30, 2016 (\$)</b>
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Loss for the period	(37,231)	(24,118)
Items not affecting cash:		
Accrued interest expense	-	1,774
Gain on settlement of debt	-	(9,022)
Changes in non-cash working capital items:		
Receivables	(532)	(625)
Prepays	4,040	-
Accounts payable and accrued liabilities	(912)	(8,035)
<b>Cash used in operating activities</b>	<b>(34,635)</b>	<b>(40,026)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from notes payable	-	50,000
<b>Cash provided by financing activities</b>	<b>-</b>	<b>50,000</b>
<b>Change in cash during the period</b>	<b>(34,635)</b>	<b>9,974</b>
<b>Cash, beginning of period</b>	<b>852,901</b>	<b>628</b>
<b>Cash, end of period</b>	<b>818,266</b>	<b>10,602</b>
<b>Taxes paid during the period</b>	<b>-</b>	<b>-</b>
<b>Interest paid during the period</b>	<b>-</b>	<b>-</b>

During the six month periods ended November 30, 2017 and 2016 the Company had no significant non-cash investing and financing transactions.

*The accompanying notes are an integral part of these condensed interim financial statements.*

**ESHIPPERS MANAGEMENT LTD.**  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
(Unaudited)  
SIX MONTH PERIOD ENDED NOVEMBER 30, 2017

---

**1. NATURE OF OPERATIONS AND GOING CONCERN**

eShippers Management Ltd. ("the Company") was incorporated on August 4, 1992 under the laws of British Columbia. The Company's head office and registered and records office is Suite 203 – 20171 92A Avenue, Langley, B.C., V1M 3A5, Canada. The Company's shares are listed on the NEX board of the TSX Venture Exchange (the "Exchange").

The Company is a mineral exploration company focused on acquiring, exploring and developing exploration and evaluation assets. Currently, the Company is investigating new opportunities for the acquisition of exploration and evaluation assets and investment ventures.

These condensed interim financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going concern depends upon its ability to raise adequate financing and to develop profitable operations. These condensed interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Management estimates that the Company currently has adequate capital to operate for the coming year.

**2. BASIS OF PRESENTATION**

**Statement of compliance**

These condensed interim financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations committee. They do not include all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements, and therefore should be read in conjunction with the Company's audited financial statements for the year ended May 31, 2017, prepared in accordance with IFRS as issued by the IASB.

These financial statements were approved by the Audit Committee and Board of Directors of the Company on December 19, 2017.

**Basis of presentation**

These condensed interim financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information and for certain financial assets measured at fair value.

**Functional and presentation currency**

These condensed interim financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Company.

**2. BASIS OF PRESENTATION** (continued)

**Use of Estimates and Judgments**

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other facts and circumstances. Actual results could differ from these estimates.

The significant assumption about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, 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, relates to, but is not limited to, the following:

Deferred income taxes

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. Deferred tax assets, including those arising from tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted. The Company has adequately provided for all income tax obligations; however, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in the Company's provision for deferred income taxes.

There were no significant judgments made by management for the reporting period.

**3. SIGNIFICANT ACCOUNTING POLICIES**

These condensed interim financial statements were prepared using the same accounting policies and methods of computation as in the Company's annual financial statements for the year ended May 31, 2017.

New standards, amendments and interpretations to existing standards not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective.

The following standards, amendments to standards and interpretations have been issued for annual periods beginning on or after January 1, 2018 but are not yet effective:

*IFRS 9, Financial Instruments – Classification and Measurement*

IFRS 9 is a new standard on financial statements that will replace IAS 39, *Financial Instruments - Recognition and Measurement*.

**ESHIPPERS MANAGEMENT LTD.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
(Unaudited)  
SIX MONTH PERIOD ENDED NOVEMBER 30, 2017

---

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

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

*IFRS 15, Revenue from Contracts with Customers*

IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions involving Advertising Service*.

The following standard has been issued for annual periods beginning on or after January 1, 2019 but is not yet effective:

*IFRS 16, Leases*

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model.

The Company has not yet assessed the potential impact of the application of these standards, nor determined whether it will early adopt these standards.

**4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>November 30, 2017</b>	<b>May 31, 2017</b>
	(\$)	(\$)
Trade payables	1,575	1,736
Taxes payable	-	451
Accrued liabilities	10,200	10,500
<b>Total</b>	<b>11,775</b>	<b>12,687</b>

**ESHIPPERS MANAGEMENT LTD.**  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
(Unaudited)  
SIX MONTH PERIOD ENDED NOVEMBER 30, 2017

---

**5. SHARE CAPITAL**

**a) Authorized share capital**

Unlimited common shares without par value.

**b) Issued share capital**

Six month period ended November 30, 2017

There was no share capital activity.

Year ended May 31, 2017

On February 6, 2017, the Company consolidated its then issued and outstanding common shares at a ratio of ten old shares for every one new share. All share and per share amounts have been restated to reflect the share consolidation.

In April 2017, the Company completed a non-brokered private placement wherein it issued 7,372,165 common shares for aggregate proceeds of \$884,660.

In April 2017, the Company issued 1,536,185 common shares with a fair value of \$307,237 in settlement of \$183,912 of outstanding notes payable and accounts payable.

**c) Stock options**

The Company has a shareholder-approved stock option plan (the "Plan"), which is in compliance with the Exchange's policies. Under the Plan the maximum number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares at the time of grant of options. The exercise price of each stock option shall not be less than the market price of the Company's stock at the date of grant. Vesting terms are at the discretion of the directors.

There were no stock options issued or outstanding during the six month period ended November 30, 2017 or the year ended May 31, 2017.

**d) Share purchase warrants**

There were no share purchase warrants issued or outstanding during the six month period ended November 30, 2017 or the year ended May 31, 2017.

**ESHIPPERS MANAGEMENT LTD.**  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
(Unaudited)  
SIX MONTH PERIOD ENDED NOVEMBER 30, 2017

---

**6. RELATED PARTY TRANSACTIONS**

The following summarizes the Company's related party transactions during the six month periods ended November 30, 2017 and 2016. Key management personnel includes the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), and certain directors and officers and companies controlled or significantly influenced by them.

Key Management Compensation

	<b>2017</b>	<b>2016</b>
	<b>(\$)</b>	<b>(\$)</b>
Management fees paid or accrued to a corporation controlled by a director of the Company.	-	1,250

Other Related Party Payments

	<b>2017</b>	<b>2016</b>
	<b>(\$)</b>	<b>(\$)</b>
Office sharing and occupancy costs paid or accrued to a corporation that previously shared management in common with the Company.	-	1,500

**7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

*Financial risk management*

Financial instruments measured at fair value are classified into one of 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.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities.

The fair value of cash and cash equivalents is measured using level one of the fair value hierarchy. The fair values of accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments.

**ESHIPPERS MANAGEMENT LTD.**  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
(Unaudited)  
SIX MONTH PERIOD ENDED NOVEMBER 30, 2017

---

**7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** (continued)

*Financial instrument risk exposure*

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The Board approves and monitors the risk management processes.

*Credit risk*

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments. The Company manages credit risk for cash by ensuring that these financial assets are placed with a major financial institution with strong investment grade ratings by a primary ratings agency. The Company's receivables consist of goods and services tax due from the Canada Revenue Agency. The Company does not believe it has a material exposure to credit risk.

*Liquidity risk*

The Company seeks to ensure that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts and a redeemable guaranteed investment certificate ("GIC"), which are available on demand. As at the balance sheet date, the Company had sufficient cash to meet its current obligations and was not exposed to significant liquidity risk.

*Interest rate risk*

The Company is exposed to interest rate risk in that it holds a variable rate redeemable GIC. The Company does not have any variable interest rate liabilities.

*Currency risk*

The Company is not exposed to significant foreign currency risk.

*Commodity price risk*

The Company is not significantly exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious and base metals, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

**8. MANAGEMENT OF CAPITAL**

The Company manages its common shares, stock options and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the acquisition and/or development of exploration and evaluation assets and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, issue debt or acquire and/or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in demand certificates of deposit with major financial institutions.

There have been no changes to the Company's approach to capital management during the six period ended November 30, 2017.

**9. SEGMENTED INFORMATION**

The Company operates in one business segment, being the acquisition and exploration of mineral exploration and evaluation assets in Canada.