

ESHIPPERS MANAGEMENT LTD.

FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

Years Ended

May 31, 2017 and 2016

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
eShippers Management Ltd.

We have audited the accompanying financial statements of eShippers Management Ltd., which comprise the statements of financial position as at May 31, 2017 and 2016 and the statements of loss and comprehensive loss, changes in shareholders' equity (deficiency), and cash flows for the years then ended, and 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 International Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of eShippers Management Ltd. as at May 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

July 25, 2017



ESHIPPERS MANAGEMENT LTD.

Statements of Financial Position

(Expressed in Canadian Dollars)

	May 31, 2017	May 31, 2016
	(\$)	(\$)
ASSETS		
Current assets		
Cash	852,901	628
Prepays	7,297	417
GST receivable	-	551
	<u>860,198</u>	<u>1,596</u>
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Accounts payable and accrued liabilities (Note 4)	12,687	86,693
	<u>12,687</u>	<u>86,693</u>
Notes payable (Note 5)	-	70,400
	<u>12,687</u>	<u>157,093</u>
Shareholders' equity (deficiency)		
Share capital (Note 6)	5,048,385	3,856,488
Share-based reserves (Note 6)	181,374	181,374
Deficit	(4,382,248)	(4,193,359)
	<u>847,511</u>	<u>(155,497)</u>
	<u>860,198</u>	<u>1,596</u>

Nature of operations and going concern (Note 1)

These financial statements were authorized by the Board of Directors on July 25, 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 financial statements.

ESHIPPERS MANAGEMENT LTD.

Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended May 31, 2017	Year Ended May 31, 2016
	(\$)	(\$)
EXPENSES		
Interest expense (Note 5)	5,990	4,251
Management fees (Note 7)	13,750	19,000
Office and miscellaneous	7,407	1,375
Professional fees (Note 7)	25,204	16,798
Rent (Note 7)	1,500	21,000
Transfer agent and filing fees	19,424	11,803
Loss from operations	(73,275)	(74,227)
Loss on settlement of debt (Notes 4 and 5)	(115,614)	-
Loss and comprehensive loss for the year	(188,889)	(74,227)
Basic and diluted loss per common share	(0.03)	(0.01)
Weighted average common shares outstanding	6,502,523	5,153,806

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

ESHIPPERS MANAGEMENT LTD.

Statements of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian Dollars)

	Number of Shares	Amount (\$)	Share-based Reserves (\$)	Deficit (\$)	Total Shareholders' Equity (Deficiency) (\$)
Balance at May 31, 2015	5,153,808	3,856,488	181,374	(4,119,132)	(81,270)
Loss for the year	-	-	-	(74,227)	(74,227)
Balance at May 31, 2016	5,153,808	3,856,488	181,374	(4,193,359)	(155,497)
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 year	-	-	-	(188,889)	(188,889)
Balance at May 31, 2017	14,062,158	5,048,385	181,374	(4,382,248)	847,511

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

ESHIPPERS MANAGEMENT LTD.

Statements of Cash Flows

(Expressed in Canadian Dollars)

	Year Ended May 31, 2017 (\$)	Year Ended May 31, 2016 (\$)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Loss for the year	(188,889)	(74,227)
Items not affecting cash:		
Accrued interest expense	-	4,251
Loss on settlement of debt	115,614	-
Changes in non-cash working capital items:		
Receivables	551	70
Prepays	(6,880)	(417)
Accounts payable and accrued liabilities	(12,783)	7,581
Cash used in operating activities	(92,387)	(62,742)
FINANCING ACTIVITIES		
Proceeds from private placement	884,660	-
Proceeds from notes payable	60,000	62,400
Cash provided by financing activities	944,660	62,400
Change in cash during the year	852,273	(342)
Cash, beginning of year	628	970
Cash, end of year	852,901	628
Taxes paid during the year	-	-
Interest paid during the year	-	-

Supplemental cash flow information (Note 12)

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

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.

The 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 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 financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were approved by the Audit Committee and Board of Directors of the Company on July 25, 2017.

Basis of presentation

These 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 as explained in the significant accounting policies set out in Note 3.

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

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.

Functional and presentation currency

These 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 year.

3. SIGNIFICANT ACCOUNTING POLICIES

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category is comprised of derivatives and/or assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized through profit or loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized through profit or loss.

All financial assets except for those classified at fair value through profit or loss are subject to review for impairment at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

The Company has classified its cash as fair value through profit or loss and receivables as loans and receivables.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category is comprised of derivatives and/or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

Other financial liabilities - These liabilities are initially recognized at fair value less directly attributable costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Company's accounts payable and accrued liabilities and notes payable are classified as other financial liabilities.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants pursuant to a stock option plan. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model. It is recognized over the vesting period, using the graded vesting method, as an expense, with a corresponding increase to reserves in shareholders' equity. Expected volatility is based on historical volatility, based on the expected life of the options, adjusted for any expected changes due to publicly available information. No expense is recognized for awards that ultimately do not vest. If and when stock options are ultimately exercised, the amount of cash received as well as the applicable amount of the associated reserve is transferred to share capital.

Share-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of equity instruments issued, whichever is more reliably measurable. The fair value of stock-based payments to non-employees is periodically re-measured until counterparty performance is complete. Any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. The cost of share-based payments to non-employees that are fully vested and non-forfeitable at the grant date is measured and recognized at that date.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position 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. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 amendments to an existing standard has been issued for annual periods beginning on or after January 1, 2017 but is not yet effective:

IAS 12, Income Taxes

Amendments to IAS 12 to clarify the recognition of a deferred tax asset for unrealized losses.

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*.

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.

ESHIPPERS MANAGEMENT LTD.
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
YEAR ENDED MAY 31, 2017

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
	(\$)	(\$)
Trade payables	1,736	33,082
Related party payables (Note 7)	-	45,431
Taxes payable	451	-
Accrued liabilities	10,500	8,180
Total	12,687	86,693

During the year ended May 31, 2017, the Company settled \$53,512 of accounts payable in exchange for 457,852 common shares of the Company. The common shares were determined to have a fair value of \$91,570, and accordingly the Company recorded a loss on settlement of debt of \$38,058. In addition, the Company recorded a gain of \$7,711 in connection with settlement of a debt for \$nil consideration.

5. NOTES PAYABLE

During the year ended May 31, 2017, the Company borrowed \$60,000 (2016 - \$62,400) and incurred \$5,990 (2016 - \$4,251) of interest expense. The Company settled all of its outstanding notes payable totaling \$130,400 in exchange for the issuance of 1,078,333 common shares of the Company. The common shares were determined to have a fair value of \$215,667, and accordingly, the Company recorded loss on debt settlement of \$85,267

As at May 31, 2017, the Company had \$Nil (2016 - \$70,400) in notes payable outstanding.

6. SHARE CAPITAL

a) Authorized share capital

Unlimited common shares without par value.

b) Issued share capital

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.

Year ended May 31, 2017

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. (Notes 4 and 5)

ESHIPPERS MANAGEMENT LTD.
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YEAR ENDED MAY 31, 2017

6. SHARE CAPITAL (continued)

b) Issued share capital (continued)

Year ended May 31, 2016

There was no share capital activity.

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 years ended May 31, 2017 and 2016.

d) Share purchase warrants

There were no share purchase warrants issued or outstanding during the years ended May 31, 2017 and 2016.

7. RELATED PARTY TRANSACTIONS

The following summarizes the Company’s related party transactions during the years ended May 31, 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

	2017	2016
	(\$)	(\$)
Management fees paid or accrued to a corporation controlled by a director of the Company.	1,250	15,000
Management fees paid or accrued to a corporation controlled by the former CFO of the Company.	-	4,000
Professional fees paid or accrued to the former CFO of the Company.	-	3,000
Total	1,250	22,000

Other Related Party Payments

	2017	2016
	(\$)	(\$)
Office sharing and occupancy costs paid or accrued to a corporation that previously shared management in common with the Company.	1,500	16,000

7. RELATED PARTY TRANSACTIONS (continued)

- a) As at May 31, 2017, a total of \$Nil (2016 - \$4,150) was included in accounts payable and accrued liabilities owing to the former CFO of the Company for management fees.
- b) As at May 31, 2017, a total of \$Nil (2016 - \$9,231) was included in accounts payable and accrued liabilities owing to a corporation controlled by a director of the Company for management fees.
- c) As at May 31, 2017, a total of \$Nil (2016 - \$31,050) was included in accounts payable and accrued liabilities owing to a corporation that previously shared management in common with the Company for office sharing and occupancy costs.

8. 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, accounts payable and accrued liabilities and notes payable.

The fair value of cash 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.

The carrying amounts of the notes payable approximate fair value as the interest rates were negotiated between the Company and an arm's length third party.

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 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.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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, 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 nominally exposed to interest rate risk. The Company's bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. The Company's future interest income is nominally exposed to short-term rates. 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.

9. 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.

ESHIPPERS MANAGEMENT LTD.
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
YEAR ENDED MAY 31, 2017

9. MANAGEMENT OF CAPITAL (continued)

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 year ended May 31, 2017.

10. SEGMENTED INFORMATION

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

11. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2017	2016
	(\$)	(\$)
Income (loss) for the year	(188,889)	(74,227)
Expected income tax (recovery)	(49,000)	(19,000)
Permanent difference	30,000	-
Expiry of non-capital losses	-	14,000
Change in unrecognized deductible temporary differences and other	19,000	5,000
Total income tax expense (recovery)	-	-

The significant components of the Company's deferred tax assets are as follows:

	2017	2016
	(\$)	(\$)
Deferred tax assets (liabilities)		
Exploration and evaluation assets	68,000	68,000
Allowable capital losses	350,000	350,000
Non-capital losses available for future periods	403,000	383,000
	821,000	801,000
Unrecognized deferred tax assets	(821,000)	(801,000)
Net deferred tax assets	-	-

The deferred tax assets have not been recognized in these financial statements as it is not probable that they will be realized.

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YEAR ENDED MAY 31, 2017

11. INCOME TAXES (continued)

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	2017		2016	Expiry Date
	(\$)		(\$)	Range
Temporary differences				
Exploration and evaluation assets	243,000	No expiry date	243,000	No expiry date
Allowable capital losses	1,345,000	No expiry date	1,345,000	No expiry date
Non-capital losses available for future periods	1,551,000	2018-2037	1,472,000	2017-2036

Tax attributes are subject to review, and potential adjustment, by tax authorities.

12. SUPPLEMENTAL CASH FLOW INFORMATION

	2017	2016
	(\$)	(\$)
Non-cash investing and financing activities:		
Common shares issued to settle notes payable and accrued interest	215,667	-
Common shares issued to settle accounts payable	91,570	-
Interest paid during the year	-	-
Income taxes paid during the year	-	-