

# **ESHIPPERS MANAGEMENT LTD.**

## **CONDENSED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

**Three Month Period Ended**

**August 31, 2018**

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM 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>August 31,</b>	<b>May 31,</b>
	<b>2018</b>	<b>2018</b>
	<b>(\$)</b>	<b>(\$)</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	771,710	792,992
Prepays	4,153	5,755
GST receivable	1,632	976
	<b>777,495</b>	<b>799,723</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 4)	3,378	13,059
<b>Shareholders' equity</b>		
Share capital (Note 5)	5,048,385	5,048,385
Share-based reserves (Note 5)	181,374	181,374
Deficit	(4,455,642)	(4,443,095)
	<b>774,117</b>	<b>786,664</b>
	<b>777,495</b>	<b>799,723</b>

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

On behalf of the Board of Directors:

"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 August 31, 2018 (\$)</b>	<b>Three Month Period Ended August 31, 2017 (\$)</b>
<b>EXPENSES</b>		
Management fees	4,500	4,500
Office and miscellaneous	1,676	2,407
Professional fees	2,976	9,235
Transfer agent and filing fees	5,981	3,974
<b>Loss from operations</b>	<b>(15,133)</b>	<b>(20,116)</b>
Interest income	2,586	368
<b>Loss and comprehensive loss for the period</b>	<b>(12,547)</b>	<b>(19,748)</b>
<b>Basic and diluted loss per common share</b>	<b>(0.00)</b>	<b>(0.00)</b>
<b>Weighted average common shares outstanding</b>	<b>14,062,158</b>	<b>14,062,158</b>

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**ESHIPPERS MANAGEMENT LTD.**

Condensed Interim Statements of Changes in Shareholders' Equity

(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, 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	-	-	-	(19,748)	(19,748)
<b>Balance at August 31, 2017</b>	<b>14,062,158</b>	<b>5,048,385</b>	<b>181,374</b>	<b>(4,401,996)</b>	<b>827,763</b>
Loss for the period	-	-	-	(41,099)	(41,099)
<b>Balance at May 31, 2018</b>	<b>14,062,158</b>	<b>5,048,385</b>	<b>181,374</b>	<b>(4,443,095)</b>	<b>786,664</b>
Loss for the period	-	-	-	(12,547)	(12,547)
<b>Balance at August 31, 2018</b>	<b>14,062,158</b>	<b>5,048,385</b>	<b>181,374</b>	<b>(4,455,642)</b>	<b>774,117</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>Three Month Period Ended August 31, 2018 (\$)</b>	<b>Three Month Period Ended August 31, 2017 (\$)</b>
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Loss for the period	(12,547)	(19,748)
Changes in non-cash working capital items:		
GST receivable	(656)	(634)
Prepays	1,602	2,020
Accounts payable and accrued liabilities	(9,681)	(7,499)
<b>Cash used in operating activities</b>	<b>(21,282)</b>	<b>(25,861)</b>
<b>Change in cash during the period</b>	<b>(21,282)</b>	<b>(25,861)</b>
<b>Cash, beginning of period</b>	<b>792,992</b>	<b>852,901</b>
<b>Cash, end of period</b>	<b>771,710</b>	<b>827,040</b>
<b>Taxes paid during the period</b>	<b>-</b>	<b>-</b>
<b>Interest paid during the period</b>	<b>-</b>	<b>-</b>

There were no non-cash investing or financing activities during the three month periods ended August 31, 2018 and 2017.

*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)  
THREE MONTH PERIOD ENDED AUGUST 31, 2018

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**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, 2018, prepared in accordance with IFRS as issued by the IASB.

These financial statements were approved by the Board of Directors of the Company on September 21, 2018.

**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.

**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.

**ESHIPPERS MANAGEMENT LTD.**  
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**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 consolidated financial statements have been prepared using the same accounting policies as those used in the Company's annual financial statements at May 31, 2018, with the exception of the newly adopted standards noted below.

During the period ended August 31, 2018, the Company adopted the following accounting standards:

*IFRS 9, Financial Instruments – Classification and Measurement*

IFRS 9 is a new standard on financial instruments 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.

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

*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 adoption of these standards did not have a material impact on the Company's financial statements.

**4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>August 31, 2018</b>	<b>May 31, 2018</b>
	<b>(\$)</b>	<b>(\$)</b>
Trade payables	178	359
Accrued liabilities	3,200	12,700
<b>Total</b>	<b>3,378</b>	<b>13,059</b>

**5. SHARE CAPITAL**

**a) Authorized share capital**

Unlimited common shares without par value.

**b) Issued share capital**

Three month period ended August 31, 2018

There was no share capital activity.

Year ended May 31, 2018

There was no share capital activity.

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**5. SHARE CAPITAL** (continued)

**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 three month period ended August 31, 2018 or the year ended May 31, 2018.

**d) Share purchase warrants**

There were no share purchase warrants issued or outstanding during the three month period ended August 31, 2018 or the year ended May 31, 2018.

**6. 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.

*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.

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

*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.

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**7. 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 three period ended August 31, 2018.

**8. RELATED PARTY TRANSACTIONS**

There were no related party transactions during the three month periods ended August 31, 2018 and 2017. Furthermore, there were no amounts owing to related parties as at August 31, 2018 or May 31, 2018.

**9. SEGMENTED INFORMATION**

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