

ESHIPPERS MANAGEMENT LTD.

FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

Years Ended

May 31, 2019 and 2018

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
eShippers Management Ltd.

Opinion

We have audited the accompanying financial statements of eShippers Management Ltd. (the "Company"), which comprise the statements of financial position as at May 31, 2019 and 2018, and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.



In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Guy Thomas.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

July 4, 2019

ESHIPPERS MANAGEMENT LTD.

Statements of Financial Position

(Expressed in Canadian Dollars)

| | May 31, | May 31, |
|---|--------------------|--------------------|
| | 2019 | 2018 |
| | (\$) | (\$) |
| ASSETS | | |
| Current assets | | |
| Cash | 745,254 | 792,992 |
| Prepays | 5,755 | 5,755 |
| GST receivable | 401 | 976 |
| | 751,410 | 799,723 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities (Note 4) | 9,347 | 13,059 |
| Shareholders' equity | | |
| Share capital (Note 5) | 5,048,385 | 5,048,385 |
| Share-based reserves (Note 5) | 181,374 | 181,374 |
| Deficit | (4,487,696) | (4,443,095) |
| | 742,063 | 786,664 |
| | 751,410 | 799,723 |

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 financial statements.

ESHIPPERS MANAGEMENT LTD.

Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

| | Year Ended May 31, 2019 | Year Ended May 31, 2018 |
|---|--|--|
| | (\$) | (\$) |
| EXPENSES | | |
| Management fees | 18,000 | 18,000 |
| Office and miscellaneous | 6,446 | 8,987 |
| Professional fees | 15,726 | 23,573 |
| Property investigation | - | 8,376 |
| Transfer agent and filing fees | 12,475 | 9,692 |
| Loss from operations | (52,647) | (68,628) |
| Interest income | 8,046 | 7,781 |
| Loss and comprehensive loss for the year | (44,601) | (60,847) |
| Basic and diluted loss per common share | (0.00) | (0.00) |
| Weighted average common shares outstanding | 14,062,158 | 14,062,158 |

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

ESHIPPERS MANAGEMENT LTD.

Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

| | Number of Shares | Amount (\$) | Share-based Reserves (\$) | Deficit (\$) | Total Shareholders' Equity (\$) |
|--------------------------------|-----------------------------|------------------------|--|-------------------------|--|
| Balance at May 31, 2017 | 14,062,158 | 5,048,385 | 181,374 | (4,382,248) | 847,511 |
| Loss for the year | - | - | - | (60,847) | (60,847) |
| Balance at May 31, 2018 | 14,062,158 | 5,048,385 | 181,374 | (4,443,095) | 786,664 |
| Loss for the year | - | - | - | (44,601) | (44,601) |
| Balance at May 31, 2019 | 14,062,158 | 5,048,385 | 181,374 | (4,487,696) | 742,063 |

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, 2019 (\$) | Year Ended May 31, 2018 (\$) |
|--|---|---|
| CASH PROVIDED BY (USED IN) | | |
| OPERATING ACTIVITIES | | |
| Loss for the year | (44,601) | (60,847) |
| Changes in non-cash working capital items: | | |
| GST receivable | 575 | (976) |
| Prepays | - | 1,542 |
| Accounts payable and accrued liabilities | (3,712) | 372 |
| Cash used in operating activities | (47,738) | (59,909) |
| Change in cash during the year | (47,738) | (59,909) |
| Cash, beginning of year | 792,992 | 852,901 |
| Cash, end of year | 745,254 | 792,992 |
| Taxes paid during the year | - | - |
| Interest paid during the year | - | - |

During the years ended May 31, 2019 and 2018, the Company had no significant non-cash investing or financing activities.

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.

These 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 4, 2019.

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.

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.

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)

Financial instruments

The Company adopted all of the requirements of IFRS 9 – Financial Instruments (“IFRS 9”) as of June 1, 2018. IFRS 9 replaces IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company’s accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company’s new accounting policy for financial instruments under IFRS 9:

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income (“FVOCI”); or (iii) fair value through profit or loss (“FVTPL”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are classified as FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income/loss.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is classified as FVTPL.

Impairment

An “expected credit loss” impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities are classified as other financial liabilities and carried on the statement of financial position at amortized cost.

As at May 31, 2019, the Company does not have any derivative financial liabilities.

The following table summarizes the classification categories for the Company's financial assets and liabilities.

| Financial Assets | IAS 39 | IFRS 9 |
|---|---|----------------|
| Cash | Held-for-trading (FVTPL) | FVTPL |
| Financial Liabilities | IAS 39 | IFRS 9 |
| Accounts payable and accrued liabilities | Other financial liabilities (Amortized cost) | Amortized cost |

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Revenue recognition

Effective June 1, 2018, the Company has adopted IFRS 15, Revenue from Contracts with Customers ("IFRS 15"). The Company adopted IFRS 15 using the modified retrospective approach. The Company elected to use the following practical expedient: IFRS 15 was only applied retrospectively to contracts which were not completed as at June 1, 2018. The Company has not generated any revenue from operations and therefore has not added any enhanced disclosure upon adoption of the new standard.

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 this standard when it becomes mandatorily effective.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 effective for annual periods beginning on or after January 1, 2019. This new standard replaces the existing leasing guidance in IAS 17, Leases.

IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the asset being leased. For those contracts determined to meet the definition of a lease, IFRS 16 requires a lessee to recognize on the balance sheet a lease asset along with the associated lease liability which reflects future lease payments, similar to current finance lease accounting. There are limited exceptions for leases with a term of less than 12 months or leases of assets which have a very low value. As a result of the adoption of IFRS 16, operating leases which were previously only recognized on the statement of loss will be recognized on the statement of financial position.

The Company expects the impact of this standard to be increased disclosure.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2019 | 2018 |
|---------------------|-------------|-------------|
| | (\$) | (\$) |
| Trade payables | 177 | 359 |
| Accrued liabilities | 9,170 | 12,700 |
| Total | 9,347 | 13,059 |

5. SHARE CAPITAL

a) Authorized share capital

Unlimited common shares without par value.

b) Issued share capital

Years ended May 31, 2019 and 2018

There was no share capital activity.

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 years ended May 31, 2019 and 2018.

d) Share purchase warrants

There were no share purchase warrants issued or outstanding during the years ended May 31, 2019 and 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 accounts payable and accrued liabilities.

The fair value of cash is measured using level one of the fair value hierarchy. The fair value 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.

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.

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 year ended May 31, 2019.

8. RELATED PARTY TRANSACTIONS

Key management personnel include the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), and certain directors and officers and companies controlled or significantly influenced by them. There were no related party transactions during the years ended May 31, 2019 and 2018. Furthermore, there were no amounts owing to related parties as at May 31, 2019 or 2018.

9. SEGMENTED INFORMATION

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

ESHIPPERS MANAGEMENT LTD.
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
YEARS ENDED MAY 31, 2019 AND 2018

10. INCOME TAXES

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

| | 2019 | 2018 |
|---|-------------|-------------|
| | (\$) | (\$) |
| Income (loss) for the year | (44,601) | (60,847) |
| Expected income tax (recovery) | (12,000) | (16,000) |
| Adjustment to prior years provision versus statutory tax returns | - | (8,000) |
| Other | (13,000) | - |
| Change in unrecognized deductible temporary differences and other | 25,000 | 24,000 |
| Total income tax expense (recovery) | - | - |

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

| | 2019 | 2018 |
|---|-------------|-------------|
| | (\$) | (\$) |
| Deferred tax assets (liabilities) | | |
| Exploration and evaluation assets | 67,000 | 69,000 |
| Allowable capital losses | 363,000 | 363,000 |
| Non-capital losses available for future periods | 471,000 | 444,000 |
| | 901,000 | 876,000 |
| Unrecognized deferred tax assets | (901,000) | (876,000) |
| 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.

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

| | 2019 | | 2018 | Expiry Date |
|---|-------------|----------------|-------------|--------------------|
| | (\$) | | (\$) | Range |
| Temporary differences | | | | |
| Exploration and evaluation assets | 231,000 | No expiry date | 239,000 | 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 | 1,746,000 | 2027-2039 | 1,646,000 | 2027-2038 |

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