

# **ESHIPPERS MANAGEMENT LTD.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

(Expressed in Canadian Dollars)

**Six Month Period Ended  
November 30, 2019**

**Report Date - December 19, 2019**

**ESHIPPERS MANAGEMENT LTD.  
MANAGEMENT'S DISCUSSION & ANALYSIS  
(Expressed in Canadian Dollars)  
SIX MONTH PERIOD ENDED NOVEMBER 30, 2019**

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The following Management's Discussion & Analysis ("MD&A") provides a review of activities, results of operations and the financial condition of eShippers Management Ltd. (the "Company") for the six month period ended November 30, 2019. This MD&A should be read in conjunction with the Company's condensed interim financial statements for the six month period ended November 30, 2019 and the audited annual financial statements for the year ended May 31, 2019, which were prepared in accordance with International Financial Accounting Standards ("IFRS"). All amounts disclosed in this MD&A are in Canadian dollars, which is the Company's presentation currency and functional currency, unless otherwise noted.

Additional information relating to the Company, including the condensed interim financial statements and the audited annual financial statements are available on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") website at [www.sedar.com](http://www.sedar.com).

### **Forward-Looking Statements**

This MD&A may contain forward-looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of exploration or other risk factors beyond its control. Actual results may differ materially from the expected results.

Except for statements of historical fact, this MD&A contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. In particular, forward-looking information in this MD&A includes, but is not limited to, statements with respect to future events and is subject to certain risks, uncertainties and assumptions. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.

Forward-looking information is based on the opinions and estimates of management at the date the statements are made, which are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause results to differ materially from those expressed in the forward-looking statements include, but are not limited to: general economic conditions in Canada, the United States and globally; industry conditions, including fluctuations in commodity prices; governmental regulation of the mining industry, including environmental regulation; geological, technical and drilling problems; unanticipated operating events; competition for and/or inability to retain drilling rigs and other services; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; volatility in market prices for commodities; liabilities inherent in mining operations; changes in tax laws and incentive programs relating to the mining industry; and the other factors described herein under "Risks and Uncertainties" as well as in our public filings available at [www.sedar.com](http://www.sedar.com). Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

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**Overview**

The Company is a public traded corporation that was incorporated under the laws of British Columbia. The Company is a reporting issuer in Alberta and British Columbia and its shares are listed and posted for trading on the NEX (a division of the TSX Venture Exchange) under the trading symbol EPX.H.

The Company is in the process of seeking new business and/or investment opportunities.

**Proposed Transactions**

Currently there are no proposed transactions pending, however, the Company continues to seek new business opportunities and to raise capital.

**Selected Annual Information**

The following table sets out selected annual financial information for the last three financial years ended May 31, 2019, 2018 and 2017. The financial data has been prepared in accordance with IFRS and audited in accordance with Canadian Auditing Standards:

<b>Three Years Ended</b>	<b>May 31, 2019</b>	<b>May 31, 2018</b>	<b>May 31, 2017</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Revenue	-	-	-
Operating loss	(52,647)	(68,628)	(73,275)
Loss and comprehensive Loss	(44,601)	(60,847)	(188,889)
- per share <sup>(1)</sup>	(0.00)	(0.00)	(0.03)
Total Assets	751,410	799,723	860,198
Total Non-Current Financial Liabilities	-	-	-
Cash Dividends Declared			
- per common share	-	-	-

Note:

1. Fully diluted loss per share was not calculated as the effect was anti-dilutive.

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**Summary of Quarterly Results**

The following table sets out selected unaudited quarterly financial information for the most recent eight quarters. The financial data has been prepared in accordance with IFRS:

<b>Three Months Ended</b>	<b>November 30, 2019</b>	<b>August 31, 2019</b>	<b>May 31, 2019</b>	<b>February 28, 2019</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Revenue	Nil	Nil	Nil	Nil
Operating expenses	(18,067)	(15,592)	(9,425)	(14,785)
Loss and comprehensive loss	(16,286)	(11,779)	(7,567)	(13,003)
- per share <sup>(1)</sup>	(0.00)	(0.00)	(0.00)	(0.00)

<b>Three Months Ended</b>	<b>November 30, 2018</b>	<b>August 31, 2018</b>	<b>May 31, 2018</b>	<b>February 28, 2018</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Revenue	Nil	Nil	Nil	Nil
Operating expenses	(13,304)	(15,133)	(10,591)	(20,017)
Loss and comprehensive loss	(11,484)	(12,547)	(8,678)	(14,917)
- per share <sup>(1)</sup>	(0.00)	(0.00)	(0.00)	(0.00)

**Overall Performance and Results of Operations**

During the six month period ended November 30, 2019 (the "Current Period"), the Company had no revenue and incurred a net loss of \$28,065 compared to a net loss of \$24,031 for the six month period ended November 30, 2018 (the "PY Period").

Operating Expenses

Operating expenses for the Current Period were \$5,222 (18%) higher than the PY Period as a result of additional professional fees incurred in connection with the annual audit.

**Liquidity and Capital Resources**

The Company had cash totaling \$714,010 and a working capital position of \$713,998 as at November 30, 2019 versus \$745,254 and \$742,063, respectively, as at May 31, 2019.

The Company is continuing to explore various sources of financing, but is satisfied that it has sufficient capital to fund operations and evaluate new projects and business opportunities for the next twelve months. However, if additional funds are required to complete a transaction, then there can be no assurances that funds will be available on terms acceptable to the Company.

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**Share Capital Information**

Disclosure of Outstanding Share Data

The authorized capital of the Company consists of an unlimited number of common shares without par value.

Shares Issued and Outstanding

As at November 30, 2019 and the Report Date, there were 14,062,158 common shares issued and outstanding.

Warrants

As at November 30, 2019 and the Report Date, the Company had no share purchase warrants outstanding.

Stock options

As at November 30, 2019 and the Report Date, the Company had no incentive stock options outstanding.

**Subsequent Event**

There were no material events subsequent to November 30, 2019.

**Transactions with Related Parties**

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 six month periods ended November 30, 2019 and 2018. Furthermore, there were no amounts owing to related parties as at November 30, 2019 or 2018.

**Off-Balance Sheet Arrangements**

The Company did not enter into any off-balance sheet arrangements or transactions during the period.

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**Financial 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 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.

*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.

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**Financial Risk Management** (continued)

*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.

**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 period ended November 30, 2019.

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**Risks and Uncertainties**

The Company is in the mineral exploration and development business and, as such, is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. Some of the possible risks include the following:

- a) The industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates. The recovery of the Company's investment in exploration and evaluation assets and the attainment of profitable operations are dependent upon the discovery and development of economic ore reserves and the ability to arrange sufficient financing to bring the ore reserves into production.
- b) The most likely sources of future funds for further acquisitions and exploration programs undertaken by the Company are the sale of equity capital and the offering by the Company of an interest in its properties to be earned by another interested party carrying out further exploration or development. If such exploration programs are successful, the development of economic ore bodies and commencement of commercial production may require future equity financings by the Company which are likely to result in substantial dilution to the holdings of existing shareholders.
- c) The Company's capital resources are largely determined by the strength of the resource markets and the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.
- d) The prices of metals greatly affect the value of and the potential value of its exploration and evaluation assets. This, in turn, greatly affects its ability to raise equity capital, negotiate option agreements and form joint ventures.
- e) The Company must comply with health, safety, and environmental regulations governing air and water quality and land disturbances and provide for mine reclamation and closure costs. The Company's permission to operate could be withdrawn temporarily where there is evidence of serious breaches of such regulations, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or noncompliance with environmental laws or regulations.
- f) The operations of the Company will require various licenses and permits from various governmental authorities. There is no assurance that the Company will be successful in obtaining the necessary licenses and permits to continue exploration and development activities in the future.
- g) Although the Company has taken steps to verify title to exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. Such assets may be subject to prior agreements or transfers and title may be affected by such undetected defects.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in any forward-looking statement. The development and exploration activities of the Company are subject to various laws governing exploration, development, and labour standards which may affect the operations of the Company as these laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are, or were conducted.

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**Management's Responsibility for Financial Statements**

The Company's management is responsible for the preparation and presentation of the financial statements and the MD&A. The financial statements have been prepared in accordance with IFRS. The MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators.

**Additional Information**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

**Corporate Information**

Directors:	Leo Berezan Edward Leung Gerald Shields Virginia Olnick
Officers:	Leo Berezan, President Edward Leung, CFO Leah Martin, Corporate Secretary
Auditor:	Davidson and Company LLP Chartered Professional Accountants Suite 1200 – 609 Granville Street Vancouver, BC V7Y 1G6
Legal Counsel:	Tingle Merrett LLP Suite 639 – 1250 Standard Life Building 5 <sup>th</sup> Avenue SW Calgary, AB T2P 0M9
Transfer Agent:	Computershare Trust Company of Canada 2 <sup>nd</sup> Floor – 510 Burrard Street Vancouver, BC V6C 3B9

**Contact Information**

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