

**EVI GLOBAL GROUP DEVELOPMENTS CORP.**

Consolidated Financial Statements  
(Unaudited)

For the Three and Nine Months Ended April 30, 2018 (Q3)

*(Expressed in Canadian Dollars)*

**EVI Global Group Developments Corp.**

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April 30, 2018

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## **NOTICE OF NON-REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), the Company hereby informs all readers that the accompanying unaudited Consolidated financial statements of the Company have not been reviewed by its auditor and have been prepared by and are the responsibility of management and Board of Directors for all financial statement information and reporting.

The attached unaudited condensed consolidated financial statements for the three and nine months ended April 30, 2018 (Q3) have not been reviewed by the Company's auditor and should be read in conjunction with the Company's audited financial statements and management discussion and analysis (MD&A) on Form 51-102F1 for the year ended July 31, 2017.

## **MANAGEMENT'S RESPONSIBILITY FOR INTERIM FINANCIAL REPORTING**

The accompanying unaudited condensed consolidated interim financial statements ("consolidated financial statements") of EVI Global Group Developments Corp. are the responsibility of management and Board of Directors of the Company. The consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the financial statement notes. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are compliant with *IAS 34 - Interim Financial Reporting* as issued by the International Accounting Standards Board.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced. The Board of Directors is responsible for reviewing and approving the unaudited consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Jason Dussault  
Chief Executive Officer

Vancouver, BC  
June 28, 2018

**EVI GLOBAL GROUP DEVELOPMENTS CORP.**  
Consolidated Statement of Financial Positions  
As at April 30, 2018 and July 31, 2017  
*(Expressed in Canadian dollars)*

	Note	April 30, 2018	July 31, 2017
		\$	\$
<b>Assets</b>			
Cash & cash equivalents		155,423	617
Loans receivable	11	50,000	—
GST receivable		2,604	189
<b>Current Assets</b>		<b>208,027</b>	806
Mineral property interest	10	262,500	262,500
<b>Total Assets</b>		<b>470,527</b>	263,306
<b>Liabilities</b>			
Accounts payable	9	11,135	27,412
Accrued liabilities		—	19,000
Loans payable	12	49,500	15,320
Preferred shares	6	5,000	—
Convertible loan	13	22,462	-
<b>Total Current and Total Liabilities</b>		<b>88,097</b>	61,732
<b>Shareholders' Equity</b>			
Share capital	5	1,339,788	1,064,883
Reserve		76,263	72,389
Deficit		(1,033,621)	(935,698)
<b>Shareholders' Equity</b>		<b>382,430</b>	201,574
<b>Total Liabilities and Shareholders' Equity</b>		<b>470,527</b>	263,306

*Nature and Continuance of Operations - Note 1*  
*Plan of Arrangement – Note 14*

*The accompanying notes are an integral part of these Consolidated Financial Statements*

Approved and authorized for dissemination on behalf of the Board of Directors on June 28, 2018:

***“Jason Dussault”***

Jason Dussault - Director

***“Joel Leonard”***

Joel Leonard - Director

**EVI GLOBAL GROUP DEVELOPMENTS CORP.**

Consolidated Statements of Loss and Comprehensive Loss

For the Three and Nine Months Ended April 30, 2018 and 2017 (Q3)

*(Expressed in Canadian dollars)*

	Note	For the Three Months Ended April 30,		For the Nine Months Ended April 30,	
		2018 \$	2017 \$	2018 \$	2017 \$
<b>Operating Expenses</b>					
Administration		1,996	—	2,108	—
Bank charges, interest and accretion		681	27	1,517	98
Consulting		22,500	—	22,500	—
Financing charges		—	—	18,000	—
Listing fees		1,950	—	3,900	—
Professional fees		3,000	900	5,880	3,780
Transfer agent & filing fees		10,215	3,232	17,784	11,425
Travel		2,466	—	2,466	—
		46,045	4,159	74,155	15,303
<b>Other Comprehensive Income</b>					
Write down of mineral properties	11	18,768	—	18,768	—
Interest income	12	—	1,775	—	5,311
<b>Other comprehensive income for the period</b>		18,768	1,775	18,768	5,311
<b>Net loss and comprehensive loss for the period</b>		(64,813)	(2,384)	(92,923)	(9,992)
<b>Earnings Per Share</b>					
Basic loss per common share		(0.00)	(0.00)	(0.00)	(0.00)
Diluted loss per common share		(0.00)	(0.00)	(0.00)	(0.00)
<b>Common Shares Outstanding</b>					
Weighted average common shares		20,324,393	9,608,000	19,264,044	9,608,000
Fully diluted common shares		25,774,393	9,608,000	24,714,044	9,608,000

*The accompanying notes are an integral part of these Consolidated Financial Statements*

**EVI GLOBAL GROUP DEVELOPMENTS CORP.**  
Consolidated Statements of Changes in Equity  
April 30, 2018  
*(Expressed in Canadian dollars)*

	Common Shares		Reserve	Deficit	Total
	Number	Amount			Shareholders'
		\$	\$	\$	Equity
					\$
Balance, July 31, 2016	9,608,000	802,383	72,389	(648,272)	226,500
Net loss for the period	—	—	—	—	—
Balance, April 30, 2017	9,608,000	802,383	72,389	(649,731)	225,041
Balance, July 31, 2017	17,108,000	1,064,883	72,389	(935,698)	201,574
<b>Equity portion of convertible loan</b>	—	—	3,874	—	3,874
<b>Common shares issued for cash</b>	5,300,000	249,405	—	—	249,405
<b>Shares issued to settle loan</b>	150,000	7,500	—	—	7,500
<b>Fair value of warrants issued to settle loan</b>	—	18,000	—	—	18,000
<b>Plan of arrangement</b>	—	—	—	(5,000)	(5,000)
<b>Net loss for the period</b>	—	—	—	(92,923)	(92,923)
<b>Balance, April 30, 2018</b>	<b>22,558,000</b>	<b>1,339,788</b>	<b>76,263</b>	<b>(1,033,621)</b>	<b>382,430</b>

*The accompanying notes are an integral part of these Consolidated Financial Statements*

**EVI GLOBAL GROUP DEVELOPMENTS CORP.**

## Consolidated Statement of Cash Flows

For the Nine Months Ended April 30, 2018 and 2017

*(Expressed in Canadian dollars)*

	Note	For the Nine Months Ended April 30,	
		2018	2017
		\$	\$
<b>Cash flows from operating activities</b>			
Comprehensive loss for the period		(92,923)	(9,992)
Adjustments for non-cash items:			
Accrued interest		—	(5,311)
Accretion		1,336	—
Debt settlement charges		18,000	—
Impairment on mineral properties		37,537	—
Changes in non-cash working capital items:			
GST receivable		(2,604)	242
Accounts payable and accrued liabilities		(35,278)	4,335
<b>Cash used in operating activities</b>		<b>(73,932)</b>	<b>(10,726)</b>
<b>Cash flows from investing activities</b>			
Mineral property costs	11	(37,537)	—
Loan receivable	12	(50,000)	—
<b>Net cash used in investing activities</b>		<b>(87,537)</b>	<b>—</b>
<b>Cash flows from financing activities</b>			
Net proceeds from common share offering		256,900	—
Proceeds from loans and convertible loans		86,128	10,570
Repayment of loans		(26,753)	—
<b>Net cash provided by financing activities</b>		<b>316,275</b>	<b>10,570</b>
<b>Net increase in cash and cash equivalents</b>		<b>154,806</b>	<b>156</b>
<b>Cash and equivalents, beginning of period</b>		<b>617</b>	<b>(17)</b>
<b>Cash and equivalents, end of period</b>		<b>155,423</b>	<b>139</b>
Significant non-cash investing and financing transactions:			
Shares issued for mineral property		—	—
Acquisition of debt for mineral property		—	—
Supplemental cash flow information:			
Interest paid in cash during the period		—	—
Income taxes paid in cash during the period		—	—

*The accompanying notes are an integral part of these Consolidated Financial Statements*

## **EVI GLOBAL GROUP DEVELOPMENTS CORP.**

Notes to the Consolidated Financial Statements

April 30, 2018

(Expressed in Canadian dollars)

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### **1. NATURE AND CONTINUANCE OF OPERATIONS**

EVI Global Group Developments Corp. (the “Company”) was incorporated under the *Business Corporations Act* (British Columbia) on February 14, 2011 and was classified as a Capital Pool Company (“CPC”) as defined in the TSX Venture Exchange (“TSX-V”) Policy 2.4. On April 30, 2012, the Company completed its Initial Public Offering (“IPO”) and its shares commenced trading on the Exchange (“TSX-V”). On August 6, 2014, the Company completed a “Qualifying Transaction” (“QT”) as defined in Policy 2.4 of the TSX-V, and changed its name to Blackeagle Development Corp. The Company moved to the Canadian Stock Exchange (“CSE”) and changed its name to EVI Global Group Developments Corp. during the year ended July 31, 2016.

As at April 30, 2018, the Company is in the exploration stage and is in the process of exploring mining properties in Canada. The head office, principal address and records office of the Company are located at 2922 Mt. Seymour Parkway, North Vancouver, British Columbia V7H 1E9.

### **2. BASIS OF PRESENTATION**

#### **a. Statement of compliance**

These unaudited interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34, “Interim Financial Reporting” using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). The Company’s significant accounting policies are described in the Note 3. Significant accounting estimates, judgments and assumptions have been used or exercised by management in the preparation of these consolidated financial statements. These financial statements are prepared on a historical cost basis except for certain financial instruments classified as fair value through profit or loss (“FVTPL”), which are stated at their fair value.

#### **b. Going concern basis of presentation**

These interim financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at April 30, 2018, the Company had not yet achieved profitable operations and had accumulated losses of \$1,033,621 (2017 - \$935,698) since its inception, which may not be sufficient to sustain operations over the foreseeable future. The Company expects to incur further losses in the development of its business, all of which indicate the existence of a material uncertainty that casts significant doubt about the Company’s ability to continue as a going concern. A number of alternatives including, but not limited to selling an interest in one or more of its properties or completing a financing, are being evaluated with the objective of funding ongoing activities and obtaining additional working capital. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.



**EVI GLOBAL GROUP DEVELOPMENTS CORP.**

Notes to the Consolidated Financial Statements

April 30, 2018

*(Expressed in Canadian dollars)*

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

c. The Company operates in one reportable operating segment, being the acquisition and exploration of mineral property in Canada. As the operations comprise a single reporting segment, amounts disclosed also represent segment amounts.

d. Principles of consolidation

These consolidated financial statements include the assets, liabilities and results of operations for Evitrade and its five inactive companies Polarity Minerals Corp., 1151588 B.C. Ltd., Quri-Mayu Ventures Ltd., 1151589 B.C. Ltd., and 1155176 B.C. Ltd. that are wholly-owned entities setup for the Company's 2018 Plan of Arrangement. All inter-company balances, transactions and unrealized profits are eliminated on consolidation. (see Note 14)

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies have been applied consistently throughout the entire period presented in these financial statements, which include the following:

a. Mineral properties

The Company accounts for its mineral properties in accordance with IFRS 6. The Company capitalizes mineral property interest acquisition costs, which include the cash consideration, option payment under an earn-in arrangement and, the fair value of common shares issued for mineral property interests. The acquisition costs are deferred until the property is placed into development (when commercial viability and technical feasibility are established), sold or abandoned or determined to be impaired. Before moving acquisition costs into property, plant and equipment upon commencement of development stage, the property is first tested for impairment. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The Company expenses to operations all exploration and evaluation costs incurred prior to the determination of economically recoverable reserves. Exploration and evaluation expenditure relates costs incurred for investigation and evaluation of potential mineral reserves and resources, including geological consulting, trenching, exploratory drilling, sampling, mapping and other activities in searching for ore bodies under the properties, and evaluate the technical and commercial viability of developing mineral properties identified through exploration. Exploration and evaluation expenditures, net of any recoveries, are recorded on a property-by-property basis.

b. Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the year incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

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

b. Provision for environmental rehabilitation *(continued)*

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as interest expense.

As at April 30, 2018, the Company, given the early stage of exploration on its mineral properties, has no reclamation costs and therefore no provision for environmental rehabilitation has been made.

c. Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the year. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

d. Financial instruments

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instruments: held to maturity, loans and receivables, fair value through profit or loss ("FVTPL"), available-for-sale, FVTPL liabilities or other liabilities.

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

d. Financial instruments *(continued)*

*Financial Assets*

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

*Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities of greater than 12 months after the end of the reporting period, which are classified as non-current assets. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. The Company has classified loans receivable as loans and receivables.

*Financial Assets at Fair Value Through Profit or Loss*

An instrument is classified at fair value through profit or loss if it is held for trading. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchases and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. The Company has designated cash as fair value through profit or loss.

*Available-for-sale Financial Assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

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

d. Financial instruments *(continued)*

*Available-for-sale Financial Assets (continued)*

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an instrument is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. The Company has not designated any financial assets as available-for-sale.

*Financial Liabilities*

Financial liabilities other than derivative liabilities are recognized initially at fair value and are subsequently stated at amortized cost. Transaction costs on financial assets and liabilities other than those classified as fair value through profit and loss are treated as part of the carrying value of the asset or liability. Transaction costs for assets and liabilities at fair value through profit and loss are expensed as incurred. The Company's financial liabilities consist of accounts payable, accrued liabilities, and loans payable.

*Impairment of Financial Assets*

The Company assesses at the end of each reporting date whether there are indicators of impairment present for financial assets other than financial assets valued through profit and loss. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

An impairment loss in respect of a financial asset carried at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted using the instrument's original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset that was previously recognized in profit or loss, is removed from equity and recognized in profit or loss.

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

d. Financial instruments *(continued)*

*Impairment of Financial Assets (continued)*

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

e. Shared-based payments

The Company may grant stock options to buy capital stock of the Company to directors, officers and employees from time to time. The board of directors grant such options for periods of up to ten years, with vesting periods determined at its discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

f. Deferred income taxes

Deferred income tax assets and liabilities are recognized for deferred income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. To the extent that the Company does not consider it more likely than not that a deferred income tax asset will be recovered, the deferred income tax assets is reduced. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

g. Loss per share

Basic loss per share is computed by dividing the net comprehensive loss available to common shareholders by the weighted average number of shares outstanding during the reporting period.

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

g. Loss per share *(continued)*

Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive (“in the money”).

The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

h. New accounting standards not yet adopted

The following standard will be effective for annual periods beginning on or after January 1, 2017:

- IFRS 9, “Financial Instruments: Classification and Measurement” is effective for annual periods beginning on or after January 1, 2018.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the financial statements. The Company assesses all new standards for early adoption and when they become effective.

### **4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

*Estimates*

The most significant accounts that require estimates as the basis for determining the stated amounts are as follows:

Deferred income tax

The Company is entitled to refundable input tax credits and tax credits on qualified resource expenditures incurred in Canada. Management’s judgment is applied in determining whether expenditures are eligible for claiming such credits.

#### **4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES** *(continued)*

##### Provision for restoration, rehabilitation and environmental costs

Provisions for environmental rehabilitation are based on the Company's best estimate of the probable outflow to complete reclamation work. The final costs of the currently recognized environmental rehabilitation provision may be higher or lower than currently provided for.

##### Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 5.

##### Judgement

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

##### Economic recoverability and probability of future economic benefits of mineral properties

Management has determined that mineral property costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

##### Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

##### Going Concern

The assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year. The factors considered by management are disclosed in Note 2(b).

**5. SHARE CAPITAL AND RESERVE**

- a. Authorized: unlimited common shares without par value  
unlimited preferred shares without par value

- b. Issued and Outstanding:

Common shares: 22,558,000 (2017: 17,108,000) issued and outstanding as of April 30, 2018.

Reserved for issuance: 5,485,000 (2017: 35,000) reserved as of April 30, 2018.

During the three months ended April 30, 2018, the Company did not issue any shares.

During the nine months ended April 30, 2018, the Company issued the following shares:

On January 12, 2018, the Company issued a total of 5,450,000 common shares and 5,450,000 share purchase warrants on closing of its equity and debt financing at \$0.05 per share unit (the "Offering"). Each share unit is comprised of one common share and one whole 5-year share purchase warrant exercisable at \$0.10.

Total proceeds for the Offering was \$272,500 with net proceeds of comprised of \$249,400 in cash, and \$7,500 in non-cash loan settlement. (Note 12)

The Company paid \$15,600 in finder's fees for the Offering. The Company also recorded share issuance costs of \$636,000 for the Black-Scholes fair market value of warrants issued under the equity financing.

Share options:

*As of April 30, 2018, the following options were outstanding and exercisable:*

A summary of the Company's stock option activity is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, July 31, 2017	35,000	\$0.20
Issued	—	—
Expired	—	—
Balance, April 30, 2018	35,000	\$0.20

At April 30, 2018 and a date of this MD&A, a summary of stock options outstanding and exercisable are as follows:

Grant Date	Number of Options Outstanding & Exercisable	Exercise Price	Expiry date	Remaining contractual life (years)
April 30, 2012	35,000	0.20	April 30, 2022	4.50
<b>Total</b>	<b>35,000</b>	<b>\$0.20</b>		



**5. SHARE CAPITAL AND RESERVE** *(continued)*

*Share options: (continued)*

The Company created a 2018 Fixed Share Option Plan (the “Fixed Option Plan”) and a 2018 Restricted Share Unit Plan (the “RSU Plan”). These Plans are further described in the Company’s management information circular filed on SEDAR on February 9, 2018. No options have been granted or issued for the three and nine months ended April 30, 2018.

*Share purchase warrants:*

*As of April 30, 2018, the following warrants were outstanding and exercisable:*

Number of Warrants Outstanding	Exercise Price	Expiry Date	Number of Common Shares Issuable
5,450,000	\$ 0.10	January 12, 2023	5,450,000
5,450,000			5,450,000

On January 12, 2018, the Company issued a total of 5,450,500 five-year share purchase warrants exercisable at \$0.10 as part of its Offering.

The Company recorded share issuance costs of \$18,000 for the Black-Scholes fair market value of warrants issued under the loan settlement.

A summary of the Company’s issued and outstanding warrants as at April 30, 2018, July 31, 2017 and July 31, 2016 and changes during those periods is presented below:

	Warrants Outstanding	Weighted Average Exercise Price \$
Balance, July 31, 2016		
Granted	—	—
Exercised	—	—
Balance, July 31, 2017		
Granted	5,450,000	0.10
Exercised	—	—
<b>Balance, April 30, 2018</b>	<b>5,450,000</b>	<b>0.10</b>

**5. SHARE CAPITAL AND RESERVE** *(continued)*

Equity Compensation Plans:

On February 5, 2018, the Board approved the adoption by the Company of a new fixed number share option plan (the "Fixed Option Plan"), subject to shareholder and regulatory approval. The Fixed Option Plan is designed to provide certain directors, officers and other key employees of the Company with incentive share options at the discretion of the Board. Under the Fixed Option Plan, the number of Common Shares which will be reserved for issuance, including any options currently outstanding which were granted under the Company's 10% rolling Option Plan will not exceed 2,255,800 Common Shares.

Options are to be granted at the discretion of the Board to Service Providers as defined in the Fixed Option Plan. Capitalized terms used but not defined have the meanings ascribed to them in the Fixed Option Plan.

On February 5, 2018, the Board approved the adoption by the Company of a restricted share unit plan (the "RSU Plan"), which RSU Plan is designed to provide certain directors, officers, consultants and other key employees (an "Eligible Person") of the Company and its related entities with the opportunity to acquire restricted share units ("RSUs") of the Company. The acquisition of RSUs allows an Eligible Person to participate in the long-term success of the Company thus promoting the alignment of an Eligible Person's interests with that of the Shareholders.

The RSU Plan allows the Company to grant RSUs awarding up to a maximum of 2,255,800 Shares, under and subject to the terms and conditions of the RSU Plan, which RSUs may be exercised by any holder of RSUs to receive an Award Payout of either: (a) one Common Share of the Company for each whole vested RSU; or (b) a cash amount equal to the Vesting Date Value as at the Trigger Date of such vested RSU. Fractional Shares will not be issued pursuant to the RSU Plan; instead an RSU Plan Recipient entitled to a fractional Share is entitled to receive payment from the Company of cash value equal to the Vesting Date Value of such fractional Share.

**6. REDEEMABLE PREFERRED SHARES**

- (a) Authorized - unlimited preferred shares
- (b) Issued: Preferred shares, Class A

	April 30, 2018		July 31, 2017	
	Shares	Amount, \$	Shares	Amount, \$
<b>Preferred shares, Class A:</b>				
Balance, beginning of period	—	—	—	—
Issued – Plan of Arrangement	85,540,000	5,000	—	—
Redeemed	—	—	—	—
<b>Closing balance</b>	<b>85,540,000</b>	<b>5,000</b>	—	—

## **6. REDEEMABLE PREFERRED SHARES (continued)**

The Preferred shares, Class A, with an average redemption price of \$0.000058452 each for a total value of \$5,000, are non-voting, non-participating and are mandatorily redeemable by the Company in accordance with the 2018 Plan of Arrangement.

As at April 30, 2018, 85,540,000; \$5,000 value (July 31, 2017: Nil; \$Nil value) convertible Series A-preferred shares were outstanding and will be redeemed once the spin-out transactions are completed under the Company's 2018 Plan of Arrangement. (Note 14)

## **7. CAPITAL DISCLOSURES**

The Company defines its capital as shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration and development of mineral properties. The Board of Directors do not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage. As such, the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will need to raise additional funds. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

## **8. FINANCIAL INSTRUMENTS**

The Company has classified its financial instruments as follows:

<u>Financial Instrument</u>	<u>Classification</u>
Cash	FVTPL
Loan receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Loan and convertible loan payable	Other liabilities

The Company's financial instruments measured at fair value on the statement of financial position consist of cash and cash equivalents. Cash and cash equivalents are measured at level 1 of the fair hierarchy. The fair value of loans receivable are based on level 2 of the fair value hierarchy. The carrying value of accounts payable, accrued liabilities and loan payable approximated their fair value because of the relatively short-term nature of these instruments.

## **8. FINANCIAL INSTRUMENTS** (continued)

There are three levels of the fair value hierarchy as follows:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or models inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both Unobservable and significant to the overall fair value measurement.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

### Foreign exchange risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

### Credit risk

The Company is exposed to credit risk on its cash, loan receivable. The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company maintains cash deposits with Schedule A financial institutions, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses.

The Company believes it is not exposed to any significant credit risk with respect to its cash.

### Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

### Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

## **8. FINANCIAL INSTRUMENTS** *(continued)*

### Price risk

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of precious metals. The Company monitors precious metals prices to determine the appropriate course of action to be taken by the Company.

## **9. RELATED PARTY TRANSACTIONS**

During the three months ended April 30, 2018, the following related party transactions occurred:

- (a) No management or consulting fees were expensed and accrued for any officers or directors.
- (b) The Company has demand loans payable of \$Nil (2017: \$3,000) owing to Ron Miles, former CEO and director and \$24,500 (2017: \$Nil) owing to George Nicholson, director.
- (c) The Company has demand loans payable of \$Nil (July 31, 2017: \$2,500) owing to Faisal Manji, former CFO and director with \$7,500 settled for issuance of 150,000 common shares at \$0.05 and 150,000 warrants exercisable at \$0.10 for five years.

During the nine months ended April 30, 2018, the following related party transactions occurred:

- (a) No management or consulting fees were expensed and accrued for any officers or directors.
- (b) The Company has demand loans payable of \$Nil (2017: \$3,000) owing to Ron Miles, former CEO and director and \$24,500 (2017: \$Nil) owing to George Nicholson, director.
- (c) The Company has demand loans payable of \$Nil (2017: \$2,500) owing to Faisal Manji, former CFO and director with \$7,500 settled for issuance of 150,000 common shares at \$0.05 and 150,000 warrants exercisable at \$0.10 for five years. (Notes 5 and 12)

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

## **10. MINERAL PROPERTY INTEREST**

The Company entered into an option agreement (the "Option Agreement") dated April 8, 2014, as amended and restated April 25, 2014 and June 26, 2014, between the Company and Tajiri Resources Corp. ("Tajiri") and Donald Bragg, Peter Fox and Barry Price (collectively, the "Vendors"), pursuant to which Tajiri granted the Company an option to acquire a 70% interest in 40 mineral claims located in British Columbia known as the OGK Property (the "OGK Property") subject to a 2% net smelter royalty ("NSR") payable to the Vendors.

The Company can earn a 70% interest in the Property by paying an aggregate of \$100,000 in cash, issuing 1,000,000 shares and incurring \$1,350,000 in work expenditures over three years. A Finder's Fee of \$4,000 cash and 600,000 shares were paid/issued to Ramtag Resources Ltd in connection with the transaction in August 6, 2014. Subsequent to the year ended July 31, 2015, the Company allowed the Option Agreement to lapse. Accordingly, the Company has written off the mineral property for the year ended July 31, 2015.

**EVI GLOBAL GROUP DEVELOPMENTS CORP.**  
Notes to the Consolidated Financial Statements  
April 30, 2018  
*(Expressed in Canadian dollars)*

**10. MINERAL PROPERTY INTEREST** *(continued)*

	OGK Property
	\$
Balance, July 31, 2013	-
Reallocated from the QT	27,835
Balance, July 31, 2014	27,835
Expenditure spent on the properties	4,000
Shares issued per option agreement	30,000
Write-off of mineral properties	(61,835)
<b>Balance, July 31, 2015 and July 31, 2017 &amp; April 30, 2018</b>	<b>-</b>

During the period ended April 30, 2018, the Company incurred exploration expenditures with OGK property as follows:

	2018	2017
	\$	\$
Assaying	-	-
Equipment rental and tool supplies	-	-
Field office	-	-
Geological consulting	-	-
Labour	-	-
Travel and accommodations	-	-
<b>Total mineral property expenditures</b>	<b>\$ -</b>	<b>\$ -</b>

In May 2016, the Company acquired a 100% interest in the EVI project ("Silica" property), a silica sand occurrence located northeast of Harrison Lake, B.C. from John Carley and the Harrison Syndicate for the issuance of 4,500,000 shares (issued) of the Company. In addition, there will be up to a 5% production royalty payable and outstanding invoices totalling \$15,000 (accrued) to be settled at a future date. As at July 31, 2017, it was determined that the Silica property impaired and the Company took a full write-down of the mineral property.

	Silica Property
	\$
Balance, July 31, 2015	—
Shares issued and accrued liability per the agreement	195,000
Balance, July 31, 2016	195,000
Write-off of mineral properties	(195,000)
Balance, July 31, 2017	—
Expenses incurred	18,768
Impairment	(18,768)
<b>Balance, April 30, 2018</b>	<b>—</b>

**10. MINERAL PROPERTY INTEREST** *(continued)*

In July 2017, the Company acquired a 100% interest in the Northern Silica project (“Northern Silica” property), a silica sand occurrence located east of Prince George, B.C. from the Northern Silica Syndicate for the issuance of 7,500,000 shares (issued) of the Company. In addition, there will be up to a 5% production royalty payable.

	Northern Silica Property
	\$
Balance, July 31, 2016	—
Shares issued and accrued liability per the agreement	262,500
<b>Balance, July 31, 2017 &amp; April 30, 2018</b>	<b>262,500</b>

On January 29, 2018, the Company entered into two option agreements for a 100% interest in mineral projects in Peru:

The first project, known as “Singa”, calls for an initial payment of USD \$10,000 (paid), USD \$15,000 due March 1, 2018 and a further payment due September 1, 2019 of USD \$75,000. Thereafter cash payments to a total of USD \$500,000 are due as representing 10% of exploration expenditures with no time or minimum commitments. 600,000 shares are due March 1, 2018 subject to approvals. A royalty of 2% NSR is payable from production with one half can be bought at any time for USD \$1,000,000. An additional amount of up to USD \$1,000,000 is due upon completion of a feasibility study.

A second project named “New Anta Mine”, in Peru, has also been negotiated with option terms calling for cash payments totaling USD \$360,000 in staged payments until April 30, 2021. The first payment due is USD \$10,000 by February 28, 2018. A total of 750,000 shares in staged issuances, subject to approval, are payable over the period. The Company must undertake USD \$1,500,000 of work expenditures by August 30, 2023. A 3 % NSR is payable. The “New Anta Mine” is located 22km northeast of the Antamina Mine and is a polymetallic skarn with values in Au, Ag, Pb, Zn, Cu and there are occurrences of cobalt also present. The geology is controlled by regional N60E faults and is primarily volcanic intrusives abutting carbonate rocks. A sampling program and a current 43-101 technical report is planned. A new subsidiary, Polarity Minerals Corp was formed to fulfill all requirements of this transaction.

On February 5, 2018, the Company announced assignment agreements for rights and interest in respective letters of intent for the Marca Mining Project (Peru) consisting of 100% interest and development rights in the Marca mineral/properties and mine project.

## **10. MINERAL PROPERTY INTEREST (continued)**

For the assignment of the Marca mineral/properties and mine project LOI – the Company shall pay the assignees, including their investor syndicate: \$50,000 in cash including reimbursement of all fees and deposits up to US\$15,000 paid to date pursuant to the LOI, five (5) million common shares in the Company having a fair market value of \$0.325 per share or \$1,625,000 based on prior trading day closing share price of for the Company on February 2, 2018, and restricted share units as mutually agreed between the Company and assignees subsequent to the Company’s annual general meeting and obtaining shareholder approval of the restricted share unit plan.

For the acquisition of the Marca mineral/properties and mine project under the assigned LOI the Company shall pay the following consideration, royalties and financing for exploration and development:

- (a) a total of US\$70,000 in cash payments with US\$5,000 due on or before July 30, 2018, US\$15,000 due July 30, 2019, and US\$50,000 due July 30, 2020;
- (b) a total of 400,000 common shares (the “Shares”) of the Company with 75,000 of the Shares to be issued upon signing a definitive agreement on or before July 30, 2018, 125,000 of the Shares to be issued on July 30, 2019, and 200,000 of the Shares to be issued on July 30, 2020;
- (c) a total of US\$1,000,000 project funding by the Company for geological work including but not limited to: digitizing all existing data, GPS locate all assays and thin section samples, GPS roads, drill sites, trenches and other notable features along with initiating 43-101 geological technical summary report on or before July 30, 2023;
- (d) a US\$1,000,000 bonus payable upon delivery of positive feasibility study results; and
- (e) a net smelter royalty of three percent (3%) of production for all Marca properties.

## **11. LOANS RECEIVABLE**

On December 9, 2015, the Company issued a \$65,000 principal amount secured promissory note (the “Note”). The Note will bear interest at a rate of 10% per annum, calculated annually and will be due 12 months from the date of issuance. The borrower shall have the right at any time to pay all or any portion of principal amount outstanding and accrued interest without notice, bonus or penalty. The Note is secured against all present and after-acquired intellectual property of the borrower’s Hemorrhage Monitoring System (HMS) including, without limitation, all contract rights, goodwill, patents, trade marks, copyrights and other industrial property. Interest of \$4,273 has been accrued as at July 31, 2017. As at July 31, 2017, the Company wrote off \$69,731 of the principal and accrued interest as it was determined it is not likely collectible. On October 30, 2017, the Company sold the promissory note to another party for consideration of \$1.

The Company has a \$50,000 demand loan receivable as at April 30, 2018 (2017: \$Nil). The loan was repaid in full on May 24, 2018.

## **12. LOANS PAYABLE**

Loans payable of \$49,500 (July 31, 2017 - \$15,320) are unsecured, non-interest bearing and due on demand. A total of \$7,500 in demand loans owed to Faisal Manji, former CFO, were settled through issuance of share units at \$0.05 under the Company’s January 12, 2018 Offering (Notes 5 and 9). Included in loans payable is \$24,500 due to George Nicholson, director (Note 9).



### **13. CONVERTIBLE LOAN PAYABLE**

On October 23, 2017, the Company entered into a convertible loan agreement with a third party for a principal amount of \$25,000 (the "Convertible Loan").

The Convertible Loan bears 0% interest and is due on April 23, 2019. At any time prior to the maturity date, the lender may convert all or any part of the principal amount into shares of the Company at a price to be determined between the parties once the debtholder notifies the Company of intent to convert. At the date of issue, the debt portion of the Convertible Loan was recorded at its fair value of \$21,126, assuming a fair value of interest rate for comparable debt of 12% per annum. The equity component, which is the fair value attributed to the conversion feature, had a carrying value of \$3,874, being the difference between the face amount and the fair value of the debt. The carrying value of the equity component was recorded as Reserve on shareholders' equity of a statement of financial position. Subsequent to initial recognition, the debt has been amortized over the term of the debt using the effective interest rate method at discount rate of 12%. During the three and nine months ended April 30, 2018, the Company accrued an accretion expense of \$639 (2017 - \$nil) and \$1,336 (2017 - \$nil) related to the Convertible Loan. The \$25,000 Convertible Loan was repaid on May 23, 2018.

### **14. PLAN OF ARRANGEMENT**

The Company entered into a plan of arrangement (the "Arrangement") on February 9, 2018 with five wholly-owned subsidiaries Polarity Minerals Corp., 1151588 B.C. Ltd., Quri-Mayu Ventures Ltd., 1151589 B.C. Ltd., and 1155176 B.C. Ltd. (collectively, the "Subcos") as amended on March 7, 2018. Pursuant to the Arrangement, the Company is to issue 17,108,000 shares (adjusted for qualified shareholders of record) to the shareholders of EVI Global equal to or adjusted for the number of issued and outstanding common shares of the Company at the time of the share distribution date multiplied by the conversion factor, if any. In exchange for the shares, the Company will transfer to each of the Subcos \$1,000 and all of its interest in respective letters of intent. (Note 15)

### **15. SUBSEQUENT EVENTS**

The Company anticipates completing the divestiture of wholly-owned subsidiaries under its Arrangement on or before June 30, 2018. (Note 14)