EVI GLOBAL GROUP DEVELOPMENTS CORP.

Consolidated Financial Statements
For the Years Ended July 31, 2018 and 2017

(Expressed in Canadian Dollars)

EVI Global Group Developments Corp.

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July 31, 2018

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of EVI Global Group Developments Corp.

We have audited the accompanying consolidated financial statements of EVI Global Group Developments Corp., which comprise the consolidated statement of financial position as at July 31, 2018, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of EVI Global Group Developments Corp. as at July 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about EVI Global Group Developments Corp.'s ability to continue as a going concern.

Other Matter

The financial statements of EVI Global Group Developments Corp. for the year ended July 31, 2017 were audited by another auditor who expressed an unmodified opinion on those statements on November 24, 2017.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
November 15, 2018

An independent firm associated with Moore Stephens International Limited
MOORE STEPHENS

EVI GLOBAL GROUP DEVELOPMENTS CORP.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	July 31, 2018	July 31, 2017
		$	**$**
Assets			
Cash		**97,575**	617
GST receivable		**4,293**	189
		101,868	806
Mineral property interest	**9**	**-**	262,500
Total Assets		**101,868**	263,306
Liabilities			
Accounts payable	**8**	**14,798**	27,412
Accrued liabilities		**19,993**	19,000
Loans payable	**11**	**—**	15,320
		34,791	61,732
Shareholders' Equity			
Share capital	**5**	**1,321,783**	1,064,883
Reserve	**5**	**276,589**	72,389
Equity portion of convertible debt	**12**	**1,336**	**—**
Deficit		**(1,532,631)**	(935,698)
Shareholders' Equity		**67,077**	201,574
Total Liabilities and Shareholders' Equity		**101,868**	263,306

Subsequent Events – Notes 1, 13 and 15

Approved and authorized for dissemination on behalf of the Board of Directors on November 15, 2018:

"Jason Dussault"	***"Joel Leonard"***
Jason Dussault - Director	Joel Leonard - Director

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

EVI GLOBAL GROUP DEVELOPMENTS CORP.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

For the Years Ended July 31	2018	2017
	$	$
Expenses		
Administrative	**1,996**	—
Bank Charges	**845**	127
Consulting (Note 8)	**51,500**	—
Filing and transfer agent fees	**23,634**	14,346
Office	**4,121**	—
Professional fees	**32,717**	8,680
Share based payments (Note 5)	**186,200**	—
Operating loss before other items	**(301,013)**	(23,153)
Other items		
Impairment of mineral properties (Note 9)	**(276,584)**	(195,000)
Write down of loan receivable (Note 10)	—	(69,273)
Loss on debt settlement (Notes 5 and 11)	**(18,000)**	—
Interest (Note 12)	**(1,336)**	—
Net and comprehensive loss	**(596,933)**	(287,426)
Basic and diluted loss per common share	**(0.03)**	(0.03)
Weighted average number of common shares outstanding	**20,109,233**	9,751,836

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

EVI GLOBAL GROUP DEVELOPMENTS CORP.
Consolidated Statements of Changes in Equity
For the Years Ended July 31, 2018 and 2017
(Expressed in Canadian dollars)

	Number of Outstanding Shares	Share Capital	Reserve	Equity portion of Convertible Debenture	Deficit	Total Shareholders' Equity
		$	$	$	$	$
Balance, July 31, 2016	9,608,000	802,383	72,389	—	(648,272)	226,500
Shares issued for option property payment	7,500,000	262,500	—	—	—	262,500
Net loss	—	—	—	—	(287,426)	(287,426)
Balance, July 31, 2017	17,108,000	1,064,883	72,389	—	(935,698)	201,574
Issuance of convertible note	—	—	—	3,874	—	3,874
Units issued for cash	5,300,000	249,400	—	—	—	249,400
Units issued to settle loan	150,000	7,500	18,000	—	—	25,500
Repayment of convertible note	—	—	—	(2,538)	—	(2,538)
Fair value of stock options granted	—	—	186,200	—	—	186,200
Net loss	—	—	—	—	(596,933)	(596,933)
Balance, July 31, 2018	22,558,000	1,321,783	276,589	1,336	(1,532,631)	67,077

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

EVI GLOBAL GROUP DEVELOPMENTS CORP.
Consolidated Statements of Cash Flows
For the Years Ended July 31, 2018 and 2017
(Expressed in Canadian dollars)

	2018	2017
	$	$
Cash flows from operating activities		
Comprehensive loss for the year	**(596,933)**	(287,426)
Adjustments for non-cash items:		
Interest expense	**1,336**	—
Loss on settlement of loan	**18,000**	—
Share based payments	**186,200**	—
Impairment of mineral properties	**276,584**	195,000
Write down on loan receivable	—	69,273
Changes in non-cash working capital items:		
GST receivable	**(4,104)**	258
Accounts payable and accrued liabilities	**(11,621)**	9,459
Cash used in operating activities	**(130,538)**	(13,436)
Cash flows from investing activities		
Mineral property costs	**(14,084)**	—
Net cash used in investing activities	**(14,084)**	—
Cash flows from financing activities		
Proceeds from loans payable	**60,533**	14,070
Repayment of loans payable	**(68,353)**	—
Units issued for cash	**249,400**	—
Issuance of convertible debentures	**25,000**	—
Repayment of convertible debentures	**(25,000)**	—
Net cash provided by financing activities	**241,580**	14,070
Net increase in cash	**96,958**	634
Cash, beginning	**617**	(17)
Cash, ending	**97,575**	617
Non-cash investing and financing transactions:		
Shares issued for debt settlement	**7,500**	—

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

1. NATURE AND CONTINUANCE OF OPERATIONS

EVI Global Group Developments Corp. (the "Company") was incorporated under the *Business Corporations Act* (British Columbia).

The Company entered into a definitive share exchange agreement with Borganic Consulting Inc. ("Borganic") on October 15, 2018. The Company agreed to acquire all of the issued and outstanding shares of Borganic in exchange for an aggregate of 30,000,000 common shares of the Company.

On October 3, 2018, the Company completed a plan of arrangement ("Arrangement") whereby it spun out its investments in letters of intents for mineral property interests to its wholly owned subsidiaries ("Subco") through conversion of Class A Preferred Shares and issuance of up to 17,108,000 common shares in each Subco, to the shareholders of the Company on a previously set record date for the Arrangement of April 12, 2018, excluding shareholders from the January 12, 2018 offering who did not qualify under the Arrangement.

As at July 31, 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 503-905 West Pender St., Vancouver, British Columbia, V6C 1L6.

2. BASIS OF PRESENTATION

These financial statements, including comparative figures, have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

<u>Going concern</u>

These 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. 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.

2. BASIS OF PRESENTATION *(continued)*

Principles of consolidation

These consolidated financial statements include the assets, liabilities and results of operations for the Company and its 5 subsidiaries: Polarity Minerals Corp. ("Polarity), EVI Ventures Ltd. (formerly, 1151588 B.C. Ltd.) ("EVI"), Quri-Mayu Developments Ltd. (formerly, Quri-Mayu Ventures Ltd.) ("Quri-Mayu"), Evolution Global Financial corp. (formerly, 1151589 B.C. Ltd.) ("Evolution"), and 1155176 B.C. Ltd. ("1155176") that are wholly-owned entities setup for the Arrangement (Notes 1 and 14). All inter-company balances, transactions and unrealized profits are eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency. 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. The accounting policies have been applied consistently throughout the entire period presented in these financial statements, which include the following:

a. Mineral properties

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option.

Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments are recorded when payment is made and are not accrued.

Exploration and evaluation expenditures are capitalized. The Company capitalizes costs to specific blocks of claims or areas of geological interest. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

a. Mineral properties *(continued)*

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

Although the Company has taken steps that it considers adequate to verify title to exploration and evaluation assets which it has an interest, these procedures do not guarantee the Company's title. Title to exploration and evaluation assets in foreign jurisdictions is subject to uncertainty and consequently, such properties may be subject to prior undetected agreements or transfers and title may be affected by such instances.

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.

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 July 31, 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

c. Impairment of tangible and intangible assets *(continued)*

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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

d. Financial instruments *(continued)*

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.

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)*

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 operates a stock option plan. 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 realised, 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

h. Convertible note

Convertible notes issued by the Company can be converted to a fixed number of common shares of the Company at the option of the holders, when certain conditions apply. The liability component of a convertible note is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the convertible note as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity component in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a convertible note is measured at amortized cost using the effective interest method. The equity component of a convertible note is not re-measured subsequent to initial recognition. Interest related to the financial liability is recognized in profit or loss. On repurchase, the consideration paid for the repurchase is allocated to the liability and equity components using the same allocation method as the method for allocating the initial convertible note. On conversion, the financial liability is reclassified to equity reserve and no gain or loss is recognized.

i. New accounting standards not yet adopted

The following standard will be effective for annual periods beginning on or after January 1, 2018:

- 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 this revised standards and is currently assessing the impact that this 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.

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 July 31, 2018.

Reserved for issuance: 6,465,000 (2017: 35,000) reserved as of July 31, 2018.

During the year ended July 31, 2018, the Company issued the following shares:

On January 12, 2018, the Company closed a non-brokered private placement financing of gross proceeds of $265,000 consisting of the issuance of 5,300,000 units of the Company at a price of $0.05 per unit. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant is exercisable into one common share at a price of $0.10 per share for a period of five years. The fair value of the warrants was determined to be $nil. In connection with the private placement the Company paid cash finder fees of $15,600.

On January 12, 2018, the Company settled loans payable in the amount of $7,500 through issuance of 150,000 units valued at a price of $0.05 per unit. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant is exercisable into one common share at a price of $0.10 per share for a period of five years. The fair value of the warrants was determined to be $18,000. In connection with the settlement of loan payable, the Company recorded a loss on settlement of loan of $18,000.

The loan settlement warrants were valued using the Black-Scholes Option Pricing Model using the following input assumptions:

Weighted average fair value of the share purchase warrants on January 12, 2018	$ 0.12
Risk-free interest rate	1.97%
Estimated life	5 years
Expected volatility	246%
Expected dividend yield	0%

During the year ended July 31, 2017, the Company issued the following shares:

During the year ended July 31, 2017, the Company issued 7,500,000 common shares at a fair value of $0.035 per common share for $262,500 pursuant to the purchase agreement (Note 9).

5. SHARE CAPITAL AND RESERVE *(continued)*

Share options:

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.

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	980,000	$0.19
Balance, July 31, 2018	1,015,000	$0.19

At July 31, 2018, 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
July 31, 2018	980,000	0.19	July 31, 2023	5.00
Total	1,015,000	$0.20		

During the year ended July 31, 2018, the Company granted 980,000 options to acquire common shares, of which 650,000 stock options were issued to related parties. Share-based payments relating to options vesting during the year using the Black-Scholes Option Pricing Model was $186,200 (2017: $Nil).

Details of the fair value of options granted and the assumptions used in the Black-Scholes Option Pricing Model are as follows:

Weighted average fair value of the stock options granted	$ 0.19
Risk-free interest rate	2.22%
Estimated life	5 years
Expected volatility	240%
Expected dividend yield	0%

5. SHARE CAPITAL AND RESERVE *(continued)*

Reserves:

The reserve records items recognized as share based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Restricted Share Units:

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.

No RSUs were granted during the years ended July 31, 2018 and 2017.

Share purchase warrants:

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

	Warrants Outstanding	Weighted Average Exercise Price
Balance, July 31, 2017 and 2016	—	—
Granted	5,450,000	$ 0.10
Balance, July 31, 2018	5,450,000	$ 0.10

As of July 31, 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

6. 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.

7. FINANCIAL INSTRUMENTS

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. 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.

7. FINANCIAL INSTRUMENTS *(continued)*

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.

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.

8. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel during the years ended July 31, 2018 and 2017 was as follows:

	July 31, 2018	July 31, 2017
Consulting fees, JCL a company controlled by a director of the Company ("JCL")	$ 15,000	$ —
Consulting fees, Tilehead Enterprises Ltd., a company controlled by a director of the Company ("Tilehead")	14,000	—
Share-based payments	123,500	—
	$ 152,500	$ —

Accounts payable:

As at July 31, 2018, the following is included in accounts payable in related to transactions with related parties, which are non-interest bearing, unsecured and due on demand:

(a) $7,875 (2017 - $Nil) is included in accounts payable due to JCL for consulting fees.
(b) $5,863 (2017 - $Nil) is included in accounts payable due to Tilehead for consulting fees.

Loans payable:

As at July 31, 2018, the Company has demand loans payable of $Nil (2017: $3,000) owing to Ron Miles, former CEO and director, included in loans payable (Note 11), which are non-interest bearing, unsecured and due on demand.

8. RELATED PARTY TRANSACTIONS *(continued)*

On January 12, 2018, the Company settled loans payable in the amount of $7,500 owing to the former CFO and director, through issuance of 150,000 units valued at a price of $0.05 per unit. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant is exercisable into one common share at a price of $0.10 per share for a period of five years. The fair value of the warrants was determined to be $18,000. In connection with the settlement of loan payable, the Company recorded a loss on settlement of loan of $18,000.

9. MINERAL PROPERTY INTEREST

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 was impaired and the Company took a full write-down of the mineral property.

		Silica Property
Balance, July 31, 2016	$	195,000
Write down of mineral properties		(195,000)
Balance, July 31, 2017		—
Costs incurred during year:		
Equipment rental and tools		330
Geological consulting		3,030
Labour		4,603
Travel and accommodation		3,535
Land administration		2,586
		14,084
Impairment of mineral properties		(14,084)
Balance, July 31, 2018	$	—

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. As at July 31, 2018, it was determined that the Northern Silica property was impaired and the Company took a full write-down of the mineral property.

		Northern Silica Property
Balance, July 31, 2016	$	—
Shares issued and accrued liability per the agreement		262,500
Balance, July 31, 2017		262,500
Impairment of mineral properties		(262,500)
Balance, July 31, 2018	$	—

10. LOANS RECEIVABLE

On December 9, 2015, the Company issued a $65,000 secured promissory note (the "Note"). As at July 31, 2017, the Company wrote off $69,731 in 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.

11. LOANS PAYABLE

During the year ended July 31, 2018, the Company received proceeds of $60,533 (2017 - $14,070) for loans payable from various vendors, including $7,500 from the former CFO and director of the Company. All loans were non-interest bearing, unsecured and due on demand. During the year ended July 31, 2018, the Company repaid $68,353 (2017 - $nil) and issued 150,000 units for settlement of $7,500 loans payable owed to the former CFO (Note 5).

As at July 31, 2018, the Company had outstanding loans payable of $nil (2017 - $15,320) due to various lenders, including $nil (2017 - $3,000) to related parties (Note 8).

12. CONVERTIBLE NOTE PAYABLE

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

The Convertible Note 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 Note 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 year ended July 31, 2018, the Company recorded accretion expense of $1,336.

On May 22, 2018, the Company repurchased the Convertible Note for a consideration of $25,000, which was allocated to the debt portion as $22,462 and the equity portion as $2,538 under the same terms as the original allocation. As at July 31, 2018, the outstanding balance of the Convertible Note is $nil.

13. PLAN OF ARRANGEMENT

The Company entered into the Arrangement on February 9, 2018 with its wholly-owned subsidiaries, as amended on March 7, 2018. Pursuant to the Arrangement, each individual Subco is to issue up to 17,108,000 shares (adjusted for qualified shareholders of record) to the shareholders of the Company 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.

On October 3, 2018, the Company's shareholders will receive the following number of common shares of each of the following companies, reflecting the conversion factor in the parenthesis as set by the board of directors pursuant to the Arrangement:

- 1,140,528 shares of EVI (1/15);
- 855,400 shares of Evolution (1/20);
- 17,108,000 shares of 1155176 (1 to 1 basis);
- 855,400 shares of Polarity (1/20); and
- 855,400 shares of Quri-Mayu (1/20).

Pursuant to the Arrangement, the Company will issue Class A Preferred Shares 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 Subcos in accordance with the Arrangement. On October 3, 2018, the Class A Preferred Shares were issued by the Company and redeemed by the Subcos.

14. INCOME TAXES

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

	July 31, 2018	July 31, 2017
Loss for the year	$ (596,933)	$ (287,426)
Statutory income tax rate	26%	26%
Expected income tax recovery at statutory income tax rates	(155,203)	(74,731)
Permanent differences	48,412	-
Items deductible for income tax purposes	60,653	68,711
Change in valuation allowance	46,138	6,020
Income tax recovery	$ -	$ -

14. INCOME TAXES *(continued)*

Temporary differences that give rise to the following deferred tax assets and liabilities are:

	July 31, 2018	July 31, 2017
Share issuance costs	$ 3,245	$ -
Non-capital losses	223,595	125,345
Mineral property interests	66,777	122,133
	293,616	247,478
Valuation allowance	(293,616)	(247,478)
	$ -	$ -

As at July 31, 2018, the Company has approximately $859,000 of non-capital losses in Canada that may be used to offset future taxable income, expiring between 2031 and 2038.

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

15. SUBSEQUENT EVENTS

In August 2018, the Company granted 100,000 stock options to a director at an exercise price of $0.19 per share, exercisable for a period of 5 years.

In September 2018, the Company entered into a sublease agreement for their head office, with sublease term of 3 years. The base rent for the first year of the sublease is $28,800.

In September 2018, the Company issued 300,000 common shares for exercise of warrants, for proceeds of $30,000.

In October 2018, the Company executed a definitive share exchange agreement with Borganic, to acquire all of the issued and outstanding shares of Borganic in exchange for an aggregate of 30,000,000 common shares of the Company (Note 1).

In October 2018, the Company closed a non-brokered private placement financing of gross proceeds of $4,000,000 consisting of issuance of 16,000,000 units of the Company at a price of $0.25 per unit. Each unit will consist of one common share and one-half of one share purchase warrant. Each whole share purchase warrant is exercisable into one common share at a price of $0.50 per share for a period of 1 year. The units issued in the offering are subject to a four-month hold period. In connection with the private placement, the Company paid cash finders' fees of $87,900 and 421,200 finder's warrants. Each warrant is exercisable into one common share at a price of $0.50 per share until October 10, 2019.

The Company is currently working on asset transfer agreements with the Subcos for the transfer of assets and deposits pursuant to the Arrangement (Notes 1 and 13).

In October 2018, the Company granted 1,050,000 stock options to certain consultants pursuant to the Company's stock option plan. The options are exercisable as of October 15, 2018 for a period of 5 years at a price of $0.63 per share.