



Consolidated Financial Statements

**For the years ended
December 31, 2019 and 2018**

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Listing

TSX Venture Exchange: EVM
Shares Outstanding: 85,295,817 (April 23, 2020)

Evrin Resources Corp.

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF EVRIM RESOURCES CORP.

Opinion

We have audited the consolidated financial statements of Evrim Resources Corp. (the "Company"), which comprise:

- ◆ the consolidated statements of financial position as at December 31, 2019 and 2018;
- ◆ the consolidated statements of loss and comprehensive loss for the years then ended;
- ◆ the consolidated statements of cash flows for the years then ended;
- ◆ the consolidated statements of changes in shareholders' equity for the years then ended; and
- ◆ notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of \$3,232,856 during the year ended December 31, 2019. As stated in Note 1, this event or condition, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- ♦ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditors' report is Sukhjit Gill.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 23, 2020

EVRIM RESOURCES CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	December 31, 2019	December 31, 2018
Assets			
Current assets			
Cash and cash equivalents	5,9	\$ 3,546,972	\$ 7,087,898
Short term investments	5	6,058,805	7,021,863
Marketable securities	6	43,000	55,000
Amounts receivable	7	346,551	269,767
Prepaid expenses and deposits		9,124	15,919
		10,004,452	14,450,447
Non-current assets			
Prepaid rent deposit	12a	30,560	11,208
Equipment	3(s),8	237,841	96,226
Reclamation bond	9	173,334	53,000
		\$ 10,446,187	\$ 14,610,881
Liabilities and Shareholders' Equity			
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	10,15	\$ 189,908	\$ 205,979
Current operating lease liabilities	3(s),8	58,331	-
Joint venture partner deposits	9	91,358	1,598,331
		339,597	1,804,310
Non-current liabilities			
Long term operating lease liabilities	3(s),8	123,181	-
Provision for environmental rehabilitation	11	5,306	66,525
		468,084	1,870,835
Shareholders' Equity			
Issued capital	13	27,517,214	27,179,476
Contributed surplus		913,625	885,824
Accumulated deficit		(18,452,736)	(15,325,254)
		9,978,103	12,740,046
		\$ 10,446,187	\$ 14,610,881

Approved and authorized for issue by the Board on April 23, 2020.

Paul van Eeden
Director

David A. Caulfield
Director

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

EVRIM RESOURCES CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Years Ended December 31,
(Expressed in Canadian Dollars)

Mineral Property Operations	<i>Note</i>	2019	2018
Revenue			
Option proceeds	9	\$ 363,403	\$ 225,380
Project management fees	9	190,369	232,604
Sale of property rights	9	-	1,974,875
		553,772	2,432,859
Expenses			
Acquisition expenditures	9	227,222	209,073
Exploration expenditures	9	3,545,209	5,438,957
Exploration reimbursements	9	(2,423,543)	(3,524,725)
Exploration tax recovery		(16,449)	(31,890)
Government grant	9	(58,540)	(183,000)
Provision for environmental rehabilitation	11	(61,219)	20,301
		1,212,680	1,928,716
Gain/(loss) from mineral property operations		(658,908)	504,143
Other Operations			
Interest income		215,619	109,643
Gain/(loss) on investments	6	(108,000)	10,000
		107,619	119,643
Expenses			
Accounting and legal		130,937	333,569
Depreciation	8	178,904	51,845
Foreign exchange loss		93,970	30,231
General and administrative		206,938	255,631
Investor services		48,290	70,132
Management and professional fees		173,626	120,000
Marketing services		57,091	85,285
Salaries and support services	15(b),(c)	1,389,927	1,097,646
Share-based compensation	13(b), 15(c)	244,040	385,190
Travel		157,844	177,384
		2,681,567	2,606,913
Loss from other operations		(2,573,948)	(2,487,270)
Net Loss and Comprehensive loss for the year		\$ (3,232,856)	\$ (1,983,127)
Basic and diluted loss per share		\$ (0.04)	\$ (0.03)
Weighted average number of common shares outstanding			
		84,616,384	76,226,260

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

EVRIM RESOURCES CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31,
(Expressed in Canadian Dollars)

	2019	2018
Cash flows used in operating activities		
Net loss	\$ (3,232,856)	\$ (1,983,127)
Add (deduct) items not involving cash:		
Shares received as option payment	(96,000)	-
(Gain)/loss on investments	108,000	(10,000)
Depreciation	178,904	51,845
Unrealized foreign exchange (gain)/ loss	30,180	(52,124)
Provision for environmental rehabilitation	(61,219)	20,301
Shares issued for mineral property interest	18,750	32,250
Share-based compensation	244,040	385,190
	(2,810,201)	(1,555,665)
Net change in non-cash working capital balances related to operations:		
Amounts receivable	(76,784)	(190,438)
Prepaid expenses and deposits	(12,557)	(6,357)
Accounts payable and accrued liabilities	(16,071)	70,189
Joint venture partner deposits	(1,506,973)	(1,331,925)
Net cash flow used in operating activities	(4,422,586)	(3,014,196)
Cash flows provided by (used in) investing activities		
Purchase (redemption) of short-term investments	963,058	(7,021,863)
Reclamation bond	(120,334)	(22,500)
Purchase of equipment	(65,772)	(110,930)
Operating lease obligations	(59,237)	-
Net cash flow provided by (used in) investing activities	717,715	(7,155,293)
Cash flows provided by financing activities		
Proceeds from private placement	-	7,272,602
Proceeds from exercise of warrants	-	3,654,247
Proceeds from exercise of options	194,125	52,500
Payment of share issue costs	-	(57,516)
Net cash flow provided by financing activities	194,125	10,921,833
Effects of foreign currency translation on cash and cash equivalents	(30,180)	52,124
Increase/ (decrease) in cash and cash equivalents	(3,540,926)	804,468
Cash and cash equivalents, beginning of year	7,087,898	6,283,430
Cash and cash equivalents, end of year	\$ 3,546,972	\$ 7,087,898
Cash and cash equivalents are comprised of:		
Cash	\$ 705,614	\$ 514,764
Cash restricted for exploration	91,358	2,523,134
Short-term money market instruments restricted for exploration	-	4,050,000
Short-term money market instruments	2,750,000	-
	\$ 3,546,972	\$ 7,087,898
Supplemental cash flow information:		
Interest received	\$ 221,268	\$ 25,644

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

EVRIM RESOURCES CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Years Ended December 31,
(Expressed in Canadian Dollars)

	Issued capital		Contributed surplus	Accumulated other comprehensive loss	Accumulated deficit	Shareholders' equity
	Shares	Amount				
Balance, December 31, 2017	65,723,242	\$ 16,099,827	\$ 626,200	\$(5,000)	\$(13,337,127)	\$ 3,383,900
Impact of IFRS 9 adoption	-	-	-	5,000	(5,000)	-
Shares issued for cash	4,848,401	7,272,602	-	-	-	7,272,602
Exercise of warrants	13,662,674	3,746,045	(91,798)	-	-	3,654,247
Exercise of options	210,000	86,268	(33,768)	-	-	52,500
Mineral property acquisition costs	25,000	32,250	-	-	-	32,250
Share issue costs	-	(57,516)	-	-	-	(57,516)
Share-based compensation	-	-	385,190	-	-	385,190
Loss and comprehensive loss	-	-	-	-	(1,983,127)	(1,983,127)
Balance, December 31, 2018	84,469,317	\$ 27,179,476	\$ 885,824	\$ -	\$(15,325,254)	\$ 12,740,046
Impact of IFRS 16 adoption (Note 3(s))	-	-	-	-	13,998	13,998
Exercise of options	776,500	318,988	(124,863)	-	-	194,125
Mineral property acquisition costs	50,000	18,750	-	-	-	18,750
Share-based compensation	-	-	244,040	-	-	244,040
Reallocation of share-based compensation of forfeited options	-	-	(91,376)	-	91,376	-
Loss and comprehensive loss	-	-	-	-	(3,232,856)	(3,232,856)
Balance, December 31, 2019	85,295,817	\$ 27,517,214	\$ 913,625	\$ -	\$(18,452,736)	\$ 9,978,103

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

EVIM RESOURCES CORP.

Notes to the Consolidated Financial Statements
Years Ended December 31, 2019 and 2018
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Evrin Resources Corp. (the “Company” or “Evrin”) is a mineral exploration company. Evrim’s business plan involves generating a portfolio of prospective mineral properties and advancing exploration targets through option and joint venture agreements with industry partners to create shareholder value.

Evrin is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of British Columbia. The Company’s shares are listed on the TSX Venture Exchange under the symbol EVM.

The head office, principal registered, and records office of the Company are located at 1201 - 510 West Hastings Street, Vancouver, British Columbia, Canada, V6B 1L8.

These consolidated financial statements have been prepared on the basis that the Company is a going concern, which assumes that the Company will be able to continue in operations and contemplates the realization of its assets and the settlement of its liabilities in the normal course of operations. The Company has experienced recurring losses over the past several fiscal years (2019 - \$3,232,856; 2018 - \$1,983,127) and has an accumulated deficit as at December 31, 2019 of \$18,452,736 (2018 - \$15,325,254). The Company has limited revenue and has significant cash requirements to meet its administrative overhead, pay its liabilities and maintain its mineral interests.

The Company’s ability to continue as a going concern is dependent on the Company’s ability to obtain additional debt or equity financing to successfully advance the exploration and development of mineral property interests in its exploration portfolio and to be able to derive material proceeds from the sale or divestiture of those properties and/or other assets, such as sale proceeds, royalty rights and equity interests. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

Except for cash flow information and financial instruments measured at fair value, these consolidated financial statements were prepared on a historical cost basis using the accrual basis of accounting.

EVRIM RESOURCES CORP.

Notes to the Consolidated Financial Statements
 Years Ended December 31, 2019 and 2018
 (Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently by the Company and its subsidiaries to all years presented, except for the adoption of IFRS 16 *Leases* as described in Note 3(s).

(a) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (Evrим Exploration Canada Corp. (“EEC”), 1124798 B.C. Ltd., 1174610 B.C. Ltd., Evrım Resources (Barbados) Ltd., Minera Evrım, S.A. de C.V. (“Minera”), Servicios Mineros Orotac, S.A. de C.V. (“SMO”), Opata Resources, S.A. de C.V. (“Opata”) and Evrım Resources USA Inc. (“Evrım US”). Control is based on whether an investor has power over the investee and the ability to use its power over the investee to affect the amount of the returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commenced until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

	Place of incorporation	Proportion of ownership interest December 31, 2019	Proportion of ownership interest December 31, 2018	Principal activity
Evrım Exploration Canada Corp.	British Columbia	100%	100%	Mineral exploration
1124798 B.C. Ltd.	British Columbia	100%	100%	Mineral exploration
1174610 B.C. Ltd.	British Columbia	100%	100%	Holding company
Evrım Resources (Barbados) Ltd.*	Barbados	100%	-	Holding company
Minera Evrım, S.A. de C.V.	Sonora, Mexico	100%	100%	Mineral exploration
Servicios Mineros Orotac, S.A. de C.V.	Sonora, Mexico	100%	100%	Service company
Opata Resources, S.A. de C.V.*	Sonora, Mexico	100%	-	Mineral exploration
Evrım Resources USA Inc.	Nevada, USA	100%	100%	Mineral exploration

* Evrım Resources (Barbados) Ltd. and Opata Resources, S.A. de C.V. were incorporated by the Company during the year.

(b) Use of estimates

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.

EVRIM RESOURCES CORP.

Notes to the Consolidated Financial Statements
Years Ended December 31, 2019 and 2018
(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(b) Use of estimates, continued

Significant assumptions about the future and other sources of estimation uncertainty that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(i) *Share-based compensation*

The fair value of share-based compensation is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, for which changes in subjective input assumptions can materially affect the fair value estimate.

(ii) *Valuation of deferred tax assets*

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

(iii) *Provision for environmental rehabilitation*

Under IFRS, provisions should be adjusted for changes in the discount rate. The Company has chosen not to discount the provision for environmental rehabilitation, as the amounts are not material (Note 3(p)).

(iv) *Leases*

Management uses estimation in determining the incremental borrowing rate used to measure the lease liability, specific to the asset, underlying currency and geographic location.

(c) Critical accounting judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

EVRIM RESOURCES CORP.

Notes to the Consolidated Financial Statements
Years Ended December 31, 2019 and 2018
(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(c) Critical accounting judgments, continued

(i) *Determination of functional currency*

Several factors were considered in making the judgment that the primary economic environment for the Company and all subsidiaries is the Canadian dollar ("CAD"). The Mexican and US subsidiaries are not self-sustaining and require significant resources provided by Evrim. Evrim raises these funds by issuing shares in Canadian dollars. In addition, majority of the option or joint venture agreements are denominated in either Canadian or US dollars.

(ii) *Future taxable profits*

Determination of the likelihood of future taxable profits to enable use of deferred tax assets requires consideration of current corporate strategies and likely outcomes with respect to taxable income. Present factors do not support the probability of deferred tax assets being recovered.

(iii) *Going concern*

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and meet its liabilities for the ensuing year as they fall due involves judgment based on historical experience and other factors including the expectation of future events that are believed to be reasonable under the circumstances. Management takes in to account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern exist.

(iv) *Right of use assets and lease liability*

The Company applies judgement in determining whether the contract contains an identified asset, whether they have the right to control the asset and the lease term and if liability exist at the time of the inception of the contract. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create an economic incentive to exercise renewal options. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option as well as determining when the liability on a contract exists.

(v) *Recoverability of accounts receivables*

The Company records an allowance for bad debts related to accounts receivable considered to be uncollectable. The allowance is based on the Company's knowledge of the financial condition of its joint venture partners, the aging of the receivables, the current business environment and historical experience. A change to those factors could impact the estimated allowance for bad debts.

EVRIIM RESOURCES CORP.

Notes to the Consolidated Financial Statements
Years Ended December 31, 2019 and 2018
(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(d) Presentation and functional currency

The Company's presentation currency is the CAD. The functional currency of Evrim and its subsidiaries is the CAD.

(e) Foreign currency translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period-end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical exchange rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical exchange rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

(f) Revenue recognition

The Company records revenue from joint venture agreements in accordance with the five-step model in IFRS 15 *Revenue from Contracts with Customers* as follows:

- (i) *Identify the contract with a customer;*
- (ii) *Identify the performance obligation in the contract;*
- (iii) *Determine the transaction price, which is the total consideration provided by the customer;*
- (iv) *Allocate transaction price among the performance obligations in the contract based on their relative fair values; and*
- (v) *Recognize revenue when the relevant criteria are met for each performance obligation.*

Revenues from option payments and joint venture management fees is recognized when all the performance obligations identified in the agreements are satisfied.

(g) Share-based compensation

The Company may grant stock options to buy common shares of the Company to directors, officers, employees and non-employees. The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded vesting method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received and is based on the fair value of the goods or services received or the fair value of the equity instruments issued if this is a more reliable measure. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as an expense is adjusted to reflect the number of stock options expected to vest. Charges for options that are forfeited before vesting are reversed from

EVRIM RESOURCES CORP.

Notes to the Consolidated Financial Statements
Years Ended December 31, 2019 and 2018
(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(g) Share-based compensation, continued

share-based payment reserve and transferred to deficit. For options that expire or are forfeited after the vesting, the recorded value is transferred from the share-based payment reserve to deficit or off-set from the share-based payment expense.

(h) Income taxes

Income tax consists of current and deferred tax expense. Income tax expense is recognized in profit or loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax basis and tax losses carried forward. Deferred 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 tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is not recognized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(i) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (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. 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 shares at the average market price during the reporting period.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank deposits and highly liquid investments with an original maturity of three months or less.

(k) Equipment

Equipment is recorded at cost less accumulated depreciation and impairment losses. These assets are depreciated using the straight-line method based on estimated useful lives, which generally range from two to five years. Where an item of equipment is comprised of significant components with different useful lives, the components are accounted for as separate items of equipment. The depreciation method, useful life and residual values are assessed annually.

Leasehold improvements are depreciated evenly over the remaining term of the lease. If the term of the lease is changed, the remaining balance will be depreciated over the new term of the lease or an impairment loss will be recognized if the lease is terminated early.

The costs of day-to-day servicing are recognized in profit or loss as incurred. These costs are more commonly referred to as "maintenance and repairs".

The estimated useful lives of equipment are:

Computer equipment	3 years
Computer software	2 years
Field equipment	5 years
Mobile equipment (trucks)	2.5 years
Office equipment and furniture	5 years
Leasehold improvements	Term of lease

(l) Mineral property interests

The Company's mineral property interests are comprised of mineral properties owned by the Company and rights to ownership of mineral properties, which the Company can earn through cash or share payments, incurring exploration expenditures or combinations thereof.

The Company accounts for its mineral property interests by charging all acquisition and exploration costs to operations as incurred, and crediting all property sales and option proceeds to operations. When the existence of a mineral reserve on a property has been established, future acquisition, exploration and development costs will be capitalized for that property, then amortized using the unit-of-production method following commencement of production.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(m) Joint venture partner deposits

The Company receives funds in advance of performing contractual exploration work. The Company transfers the advances to exploration reimbursements and project management fees as work is completed.

(n) Government grant

Government grants are recognized when received/receivable and are offset against cost of acquisition of mineral properties and exploration costs in the consolidated statement of loss and comprehensive loss.

(o) Financial instruments

Financial assets

Initial recognition and measurement

A financial asset is measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost or fair value through profit or loss. A financial asset is measured at amortized cost if it meets the conditions that:

- (i) *The asset is held within a business model whose objective is to hold assets to collect contractual cash flows;*
- (ii) *The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and*
- (iii) *Is not designated as fair value through profit or loss.*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit and loss are carried in the consolidated statement of financial position at fair value with changes in fair value therein, recognized in the consolidated statement of loss and comprehensive loss.

Financial assets measured at amortized cost

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(o) Financial instruments, continued

Financial assets measured at amortized cost (continued)

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment allowance, if:

- (i) *The asset is held within a business whose objective is to hold assets in order to collect contractual cash flows; and*
- (ii) *The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.*

Derecognition

A financial asset or, where applicable a part of a financial asset or part of a group of similar financial assets is derecognized when:

- (i) *The contractual rights to receive cash flows from the asset have expired; or*
- (ii) *The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.*

Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Inputs for assets or liabilities that are not based on observable market data.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(p) Environmental rehabilitation

The Company records a liability based on the best estimate of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate. This liability is recognized at the time the environmental disturbance occurs. The provision for reclamation liabilities is estimated using expected cash flows for third party environmental rehabilitation. The estimated cash flow has not been discounted since the amount of the discount would not be material.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements and assumptions regarding the amount of the future expenditures. These changes are recorded directly as an accretion adjustment with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, effects of inflation and changes in estimates. Changes are charged to profit or loss for the period.

Restoration expense arising from subsequent environmental disturbance, which is incurred on an ongoing basis during exploration, is charged to exploration expenditures as incurred. The costs of reclamation that were included in the rehabilitation provision are recorded against the provision as incurred.

(q) Reclamation bonds

Reclamation bonds are recorded at amortized cost and held by government agencies.

(r) Share capital

The Company records proceeds from share issuances net of issue costs. Common shares issued for consideration other than cash are valued based on their market value at the date of issuance. Proceeds from the issuance of units are allocated between common shares and share purchase warrants on a residual value basis, wherein the fair value of the common shares is based on the market value on the date of announcement of the placement and the balance, if any, is allocated to the attached warrants.

(s) Accounting standards issued and effective for the current fiscal year

IFRS 16 Leases

Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach. Therefore, the comparative information has not been restated and continues to be reported under IAS 17 and International Financial Reporting Interpretations Committee ("IFRIC") 4. IFRS 16 provides a single-lessee accounting model, requiring lessees to recognize a right-of-use ("ROU") asset and a lease obligation at the lease commencement date.

EVRIM RESOURCES CORP.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(s) Accounting standards issued and effective for the current fiscal year, continued

At the inception of a contract, the Company assess whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) *The contract involves the use of an identified asset, either explicitly or implicitly, including consideration of supplier substitution rights;*
- (ii) *The Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and*
- (iii) *The Company has the right to direct the use of the asset.*

The ROU asset is initially measured based on the initial amount of the lease liability plus any initial direct costs incurred less any lease incentives received. The ROU asset is depreciated to the end-of-the-useful-life or the lease term, whichever comes earlier. The Company use either the straight-line or units-of-production method, depending on which method more accurately reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise the option. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method and remeasured when there is a change in future lease payments.

Future lease payments can arise from a change in an index or borrowing rate, if there is a change in the Company's estimate of the expected payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded to the statement of loss if the carrying amount of the ROU asset has been reduced to zero.

Transition to IFRS 16

The Company previously classified leases as operating, or financing leases based on the Company's assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset. The Company did not have any finance leases in the comparative periods.

EVRIM RESOURCES CORP.

Notes to the Consolidated Financial Statements
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(s) Accounting standards issued and effective for the current fiscal year, continued

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at January 1, 2019. ROU assets were measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments.

The Company has elected not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of twelve months or less and leases of low-value assets (\$5,000 or less). The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

An incremental ROU asset of \$107,300 and lease liability of \$93,302 was recorded as of January 1, 2019, with \$13,998 charged against opening retained earnings. When measuring the lease liability, the Company discounted lease payments using the incremental borrowing rate of 15% at January 1, 2019.

The following table reconciles the Company's operating lease commitments at December 31, 2018, to the lease liability recognized on initial application of IFRS 16 on January 1, 2019:

Operating lease commitments - December 31, 2018	\$ 107,300
IFRS 16 recognition exemption - Short-term leases	-
Effect of discounting using the incremental borrowing rate - January 1, 2019	(13,998)
Lease liability recognized on adoption of IFRS 16 - January 1, 2019	\$ 93,302

In December 2019, the Company entered into a new office lease (Note 12 (a)) and recognized \$147,447 as ROU asset, \$29,489 as short - term liability and \$117,957 as long - term liability with an incremental borrowing rate of 15%.

4. CAPITAL MANAGEMENT

The capital structure of the Company consists of equity attributable to common shareholders comprising issued capital, contributed surplus and accumulated deficit. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern and enable it to provide shareholder returns and benefits for all stakeholders in the development of its mineral property interests. These objectives remain unchanged from previous years.

The Company manages and adjusts its capital structure in response to changes in the risk characteristics of its underlying assets and/or changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares or other equity instruments. The Company is not subject to externally imposed capital requirements.

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Notes to the Consolidated Financial Statements
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5. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

Cash and cash equivalents include \$796,972 (2018 - \$3,037,898) in the operating bank accounts and \$2,750,000 (2018 - \$4,050,000) of guaranteed investment certificates (“GICs”) cashable at any time. Short term investments are GICs placed with major banks, with maturities ranging from six to twelve months earning interest from 2.05% to 2.25% (2018 - 1.75% to 2%).

As of December 31, 2019, \$91,358 of the total cash and cash equivalents (2018 - \$2,523,134) and \$nil short-term deposits were restricted for exploration expenditures (2018 - \$4,050,000).

6. MARKETABLE SECURITIES

The Company received 1,000,000 common shares from Harvest Gold Corporation (“Harvest”) upon signing of the Cerro Cascaron option agreement in June 2017 (Note 9). During the year, the shares were consolidated on 10:1 basis resulting in Evrim owning 100,000 common shares.

The Company received 1,000,000 common shares from Golden Ridge Resources Ltd. (“Golden Ridge”) upon signing of the Ball Creek option agreement. The Company retained 600,000 shares after transferring 400,000 common shares to Ascent Industries Corp. (“Ascent”) (Note 9).

Fair market value as at December 31, 2017	\$ 45,000
Fair value adjustment	10,000
Fair market value as at December 31, 2018	\$ 55,000
Shares received from Golden Ridge	96,000
Fair value adjustment	(108,000)
Fair market value as at December 31, 2019	\$ 43,000

7. AMOUNTS RECEIVABLE

Amounts receivable is comprised of the following:

	December 31, 2019	December 31, 2018
Trade receivables	\$ -	\$ 14,461
Other receivables	43,395	49,044
Current tax receivable	303,156	206,262
	\$ 346,551	\$ 269,767

All receivables are current (less than 30 days) except for the current tax receivable of which \$207,000 is between 90 to 180 days. No allowance for doubtful accounts or impairment has been recognized for these amounts, as the amounts are all considered recoverable.

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8. EQUIPMENT

	Computer equipment and software	Field equipment	Leasehold improvements	Mobile equipment	Office equipment and furniture	Right of use assets (Note 3(s))	Total
Cost							
Balance as at December 31, 2017	\$ 153,903	\$ 25,673	\$ 16,995	\$ 29,668	\$ 23,636	\$ -	\$ 249,875
Acquisitions	102,948	-	-	-	7,982	-	110,930
Balance as at December 31, 2018	\$ 256,851	\$ 25,673	\$ 16,995	\$ 29,668	\$ 31,618	\$ -	\$ 360,805
Acquisitions	64,771	644	-	-	357	254,747	320,519
Balance as at December 30, 2019	\$ 321,622	\$ 26,317	\$ 16,995	\$ 29,668	\$ 31,975	\$ 254,747	\$ 681,324
Accumulated depreciation							
Balance as at December 31, 2017	\$ (126,949)	\$ (20,324)	\$ (14,004)	\$ (29,668)	\$ (21,789)	\$ -	\$ (212,734)
Depreciation	(46,664)	(1,091)	(1,690)	-	(2,400)	-	(51,845)
Balance as at December 31, 2018	\$ (173,613)	\$ (21,415)	\$ (15,694)	\$ (29,668)	\$ (24,189)	\$ -	\$ (264,579)
Depreciation	(106,720)	(2,534)	(1,301)	-	(1,505)	(66,844)	(178,904)
Balance as at December 30, 2019	\$ (280,333)	\$ (23,949)	\$ (16,995)	\$ (29,668)	\$ (25,694)	\$ (66,844)	\$ (443,483)
Carrying amounts							
December 31, 2018	\$ 83,238	\$ 4,258	\$ 1,301	\$ -	\$ 7,429	\$ -	\$ 96,226
December 30, 2019	\$ 41,289	\$ 2,368	\$ -	\$ -	\$ 6,281	\$ 187,903	\$ 237,841

Method of depreciation is described in Note 3(k).

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8. EQUIPMENT, CONTINUED

RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Company has lease agreements which qualifies for reporting under IFRS 16. During the year, the Company recognized \$254,747 for an ROU asset and \$240,749 for a lease liability.

The continuity of the ROU asset and lease liability for the year ended December 31, 2019 is as follows:

Right-of-use asset	
Value of right-of-use asset as at January 1, 2019	\$ 107,300
Addition	147,447
Depreciation	(66,844)
Value of right-of-use asset as at December 31, 2019	\$ 187,903

Lease liability	
Lease liability recognized as of January 1, 2019	\$ 93,302
Addition	147,447
Lease payments	(59,237)
Lease interest	-
Lease liability recognized as of December 31, 2019	\$ 181,512

Current portion	\$ 58,331
Long-term portion	123,181
	\$ 181,512

9. MINERAL PROPERTY INTERESTS

Exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable operations. Many of the Company's mineral property interests are located outside of Canada and are subject to the risks associated with foreign investment, including increases in taxes and royalties, renegotiations of contracts, currency exchange fluctuations and political uncertainty. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements. These risks are not unique to foreign jurisdictions and apply equally to the Company's property interests in Canada.

Mexico Portfolio

Ermitaño

In September 2018, the Company transferred the interest in the property to First Majestic Silver Corp. ("First Majestic") for US\$1,000,000 subject to a 2% net smelter royalty ("NSR"). Ermitaño is located northeast of Hermosillo.

EVRIM RESOURCES CORP.

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9. MINERAL PROPERTY INTERESTS, CONTINUED

Mexico Portfolio, continued

Cumobabi

In September 2018, the Company transferred the interest in the property to First Majestic for US\$500,000 subject to a 1.5% NSR. Cumobabi is located northeast of Hermosillo.

Pursuant to the Cumobabi acquisition agreement (as amended) with Kiska Metals Corporation, now Centerra Gold Inc. ("Centerra"), the Company issued 25,000 (fair valued \$32,250) and 50,000 (fair valued \$18,750) shares on September 17, 2018 and 2019, respectively. In the event the property is put into commercial production (in which case it is acknowledged that the Company will receive an NSR in accordance with the terms of the First Majestic option agreement), Evrim will pay to Centerra one-third of all amounts Evrim receives under the NSR commencing on the date that is two years following the date on which the property commenced commercial production (as defined pursuant to the terms of the agreement governing the NSR).

Cerro Cascaron

In January 2016, the Company acquired the Cerro Cascaron project in Chihuahua, Mexico. The project covers a historic colonial-era mining district that contains numerous gold and gold-silver prospects. The core claims contain a large portion of the Serpiente Dorada zone, which was staked by the Company in late 2015. Three surrounding claims were acquired under two separate agreements with a third party. In July 2016, the two agreements were consolidated. Under the terms of the consolidated agreement, the Company will pay \$280,000 over a five-year period to acquire a 100% interest. The agreement is subject to a 2% NSR of which 1% can be purchased for US\$2.5 million.

Harvest Gold Corporation ("Harvest") option agreement

In June 2017, the Company entered into an agreement with Harvest, whereby Harvest can earn up to an 80% interest of the Cerro Cascaron property by incurring \$16 million in exploration expenditures, paying \$2.1 million in cash, issuing 2 million common shares (one million shares received in 2017) and funding a National Instrument 43-101 ("NI 43-101") compliant feasibility study over a nine year period.

In April 2018, the completion date to fulfill the first year's obligation was extended to December 31, 2018, for a fee of \$30,000. During the year ended December 31, 2019, the agreement was further amended to extend the first years' obligation and allow both parties to renegotiate the terms up to December 31, 2019. Harvest maintained the property during this period.

The agreement was terminated in March 2020.

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9. MINERAL PROPERTY INTERESTS, CONTINUED

Mexico Portfolio, continued

Sarape

In August 2017, the Company announced the acquisition of the Sarape gold-silver project in central Sonora, Mexico. Sarape was identified through Evrim's generative programs with reconnaissance exploration completed in early 2017. The project is 100% owned by Evrim with no underlying royalties and is located near excellent infrastructure with roads and power crossing the 5,776-hectare property.

In May 2018, the Company signed a definitive agreement with a subsidiary of Coeur Mining Inc. ("Coeur"). Coeur may acquire up to an 80% interest in Sarape by spending US\$16.5 million on exploration, making staged cash payments of US\$2.55 million, and completing an NI 43-101 compliant feasibility study on a minimum measured and indicated resource estimate of 1,000,000 ounces of gold equivalent within a ten-year period. The initial cash payment due upon signing of the agreement of US\$100,000 was received in September 2018.

In July 2019, Coeur terminated the agreement.

La Lola

In March 2019, The Company entered into an agreement with a group of third parties to purchase 100% in the La Lola property by making a total of US\$100,000 cash payments as follows:

- (i) US\$ 25,000 upon signing of the agreement (paid);
- (ii) US\$ 25,000 first anniversary;
- (iii) US\$ 25,000 second anniversary; and
- (iv) US\$ 25,000 third anniversary.

Suanse Property

In November 2019, the Company entered into an agreement with San Marco Resources Inc. to acquire 100% interest in Suanse project subject to a 1% NSR of which half can be repurchased for \$1 million.

To earn a 100% interest, the Company is required to make the following payments:

- (i) \$25,000 upon closing of the agreement (paid);
- (ii) \$25,000 upon entering into a future option agreement; and
- (iii) \$25,000 upon completion of 1,000 metres of drilling.

The property covers 1,115 hectares of ground north of Evrim's porphyry target on the Llano del Nogal project.

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9. MINERAL PROPERTY INTERESTS, CONTINUED

Mexico Portfolio, continued

Callinan Royalties Corp. Alliance, now Altius Minerals Corp. (“Altius”)

Effective December 18, 2012, the Company signed an agreement with Altius for a four-year, \$1.5 million, regional exploration alliance. Projects acquired during the term of the alliance were 100% owned by Evrim and subject to a 1.5% NSR in the case of precious metals and a 1.0% NSR in the case of base metals to Altius. Altius has the right of first offer on the sale of any alliance Project royalties owned by Evrim.

Llano del Nogal and Cuale properties are subject to the regional exploration alliance with Altius.

Canada Portfolio

Ball Creek Property

In June 2015, the Company acquired a 100% interest in the Ball Creek property from Ascent Industries Corp. (formerly Paget Minerals Corp.), subject to a 2% NSR with an option to buy back 1% of the NSR for \$1.0 million.

To earn a 100% interest, the Company is required to make the following payments:

- (a) \$150,000 upon closing of the agreement (paid);
- (b) If the Company enters into an option agreement whereby the Company would receive payments related to the property at any time within the four years following the date of the agreement, the Company will be required to pay additional consideration of 40% of payments received during the first year, 30% of payments received during the second year, 20% of payments received during the third year and 10% of payments received during the fourth year; and
- (c) Milestone share payments (or cash equivalent at the Company's election) of:
 - (i) 100,000 shares upon entering into a future option agreement (issued);
 - (ii) 250,000 shares upon completion of 10,000 metres of drilling;
 - (iii) 400,000 shares upon announcement of a measured or indicated mineral resource estimate (NI 43-101 compliant) of at least 500 million tonnes at a grade of at least 0.50% copper equivalent; and
 - (iv) 500,000 shares on the completion of a NI 43-101 compliant feasibility study.

The property is located in northwest British Columbia. Both Evrim and Ascent are each entitled to 50% of the existing bond in place, with Evrim's share being \$20,000 (2018 - \$20,000).

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9. MINERAL PROPERTY INTERESTS, CONTINUED

Canada Portfolio, continued

Ball Creek Antofagasta agreement

In May 2017, the Company entered into an agreement with a wholly owned subsidiary of Antofagasta Plc. ("Antofagasta"), whereby Antofagasta can earn up to a 70% interest in the property by spending up to an aggregate of US\$31 million or delivering a prefeasibility study.

The agreement was terminated as at December 31, 2018. In 2019, the Company refunded the remaining joint venture deposit of \$712,865 to Antofagasta.

Ball Creek Golden Ridge agreement

In July 2019, the Company entered into an agreement with Golden Ridge on the Ball creek project. Golden Ridge can earn an 80% interest in the Ball Creek project by issuing 1,000,000 Golden Ridge shares, making cash or cash equivalent share payments of up to \$300,000, additional cash payments of up to \$4.25 million, making a production decision supported by an NI 43-101 compliant feasibility study on the Ball Creek property, and providing evidence of project financing that is mutually acceptable to both parties in accordance with the feasibility study. Evrim retains the right to purchase 1% of a pre-existing 2% NSR for \$1.0 million.

A portion of the first four years, share and cash payments will be subject to the purchase agreement with Ascent. The Company received 1,000,000 Golden Ridge shares of which 400,000 was transferred to Ascent as discussed in item (b) above.

Axe Property

In December 2016, the Company acquired a 100% interest in the Axe property from Liberty Leaf Holdings Ltd. ("Liberty Leaf") and Bearclaw Capital Corp. ("Bearclaw"), subject to a 1% NSR covering 21 claims with an option to buy back the NSR for \$1.5 million, and a 2% NSR on four separate claims with an option to buy back the first 1% NSR for \$1 million and the remaining 1% NSR for \$2 million.

To earn a 100% interest, the Company is required to make the following payments:

- (a) \$30,000 (\$21,000 to Liberty Leaf and \$9,000 to Bearclaw) upon closing of the agreement (paid);
- (b) If the Company enters into an option agreement whereby the Company would receive payments related to the property at any time within the four years following the date of the agreement, the Company will be required to pay additional consideration of 40% of payments received during the first year, 30% of payments received during the second year, 20% of payments received during the third year and 10% of payments received during the fourth year; and

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9. MINERAL PROPERTY INTERESTS, CONTINUED

Canada Portfolio, continued

Axe Property, continued

- (c) Milestone share payments (or cash equivalent at the Company's election) of:
- (i) 75,000 shares upon entering into a future option agreement (issued);
 - (ii) 75,000 shares upon entering into a future agreement to drill 5,000 metres;
 - (iii) 200,000 shares upon announcement of a measured or indicated mineral resource estimate (NI 43-101 compliant) of at least 500 million tonnes at a grade of at least 0.40% copper equivalent; and
 - (iv) 250,000 shares on the completion of a NI 43-101 compliant feasibility study.

The property is located in south-central British Columbia. As at December 31, 2019, the Company has placed a reclamation bond in the amount of \$30,000 (2018 - \$30,000).

Axe Antofagasta agreement

In December 2017, the Company entered into an agreement with a wholly owned subsidiary of Antofagasta, whereby Antofagasta can earn up to a 70% interest in the property by spending up to an aggregate of US\$50 million, making cash payments of US\$800,000 and completing a National Instrument 43-101 compliant Preliminary Economic Analysis over a ten-year period.

The agreement was terminated as at December 31, 2018. In 2019, the Company refunded the remaining joint venture deposit of \$48,672 to Antofagasta.

Jacobite Property

In November 2017, the Company acquired a 100% interest in the Jacobite property from Running Dog Resources Ltd. and Attunga Holdings Inc., subject to a 1% NSR.

To earn a 100% interest, the Company is required to make the following payments:

- (a) \$15,000 upon closing of the agreement (paid);
- (b) Milestone share payments (or cash equivalent at the Company's election) of:
 - (i) \$7,500 upon entering into a future option agreement;
 - (ii) \$20,000 upon drilling of 1,000 metres; and
 - (iii) \$30,000 upon announcement of a measured, indicated or inferred mineral resource estimate (compliant with National Instrument 43-101).

The property is located in south-central British Columbia. The Company has placed a reclamation bond of \$7,500 (2018 - \$3,000) for the property.

In December 2019, the Company terminated the option agreement.

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9. MINERAL PROPERTY INTERESTS, CONTINUED

Canada Portfolio, continued

Lemon Lake Property

In October 2018, the Company acquired a 100% interest in the Lemon Lake property from Metalogic Exploration Inc.

To earn a 100% interest, the Company is required to make the following payments:

- (a) \$15,000 upon closing of the agreement (paid);
- (b) milestone share payments (or cash equivalent at the Company's election) of:
 - (i) \$25,000 upon entering into a future option agreement;
 - (ii) \$25,000 upon entering into an agreement to drill 10,000 metres;
 - (iii) \$150,000 upon announcement of a measured, indicated or inferred mineral resource estimate (compliant with National Instrument 43-101); and
 - (iv) \$500,000 upon decision to bring the property into commercial production.

The property is located in south-central British Columbia. The Company has placed a reclamation bond of \$75,000 (2018 - \$Nil) for the property.

Newmont Alliance

In July 2017, the Company signed a two-year exploration alliance with Newmont Mining Corporation ("Newmont"). The alliance will focus on generating greenfield exploration opportunities in terranes favorable for world-class gold orebodies. Evrim and Newmont will co-fund the US\$1,840,000 exploration program through a respective 30:70 allocation.

During the initial phase of the program, Evrim will undertake project identification, sampling and reconnaissance mapping with technical input from Newmont. The program will be further advanced by regional database compilation and target area geochemistry including Newmont's proprietary bulk leach extractable gold ("BLEG") analysis. The second-year program will be dependent on results obtained during the initial phase along with follow-up mapping and sampling.

At the end of the two-year alliance period, Newmont will have the right to designate one or more projects for option by making certain cash payments to Evrim and funding exploration on the project(s) for up to ten years, or until such time as it has defined a NI 43-101 compliant pre-feasibility study on a minimum two-million-ounce gold resource. Newmont will then have increased its ownership in the designated project to 80%. Evrim will be the operator for the initial US\$5 million in exploration expenditures.

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9. MINERAL PROPERTY INTERESTS, CONTINUED

Canada Portfolio, continued

Newmont Alliance, continued

Evrin and Newmont will then form a joint venture on a respective 20:80 basis whereby Evrim can maintain its equity interest in the project or elect to have Newmont fund a positive NI 43-101 compliant feasibility study and reduce Evrim's equity interest to 15%. At any point after the Alliance period, Evrim can elect to convert its equity interest in any project to a 2% NSR of which 0.5% NSR can be purchased for up to US\$10 million.

During the year ended December 31, 2018, the Company received \$822,144 in advances from Newmont to be used on exploration expenditures of which \$Nil was outstanding as of December 31, 2019 (2018 - \$130,453).

Astro Project

In March 2019, the Company announced the designation of the Astro project for option from the Newmont alliance. The 250-square-kilometre Astro project is located six kilometres north of the Mile 222 airstrip and 195 kilometres northeast of Ross River along the Canol Road in the Northwest Territories, providing seasonal road access to the southern boundary of the property. The Company received the option payment of US\$200,000 due upon assignment in April 2019. During the year ended December 31, 2019, the Company received \$1,607,760 for the 2019 exploration program of which \$91,358 was outstanding as of December 31, 2019.

The Company has placed a reclamation bond of \$40,834 (2018 - \$Nil) for the property. The option agreement was terminated in April 2020.

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9. MINERAL PROPERTY INTERESTS, CONTINUED

Yamana Alliance

In October 2018, the Company signed a three-year exploration alliance with a subsidiary of Yamana Gold Inc. ("Yamana"). The alliance allows Evrim royalty free access to Yamana's dataset in the western United States for gold and base metal project generation.

During the alliance period, Evrim will compile a fully digital and comprehensive dataset to generate new targets and ideas within the designated area. Should Evrim acquire a project within the designated area, Yamana will have the exclusive right for 60 days to enter into an option agreement to earn a 75% interest on terms as follows:

- (i) *Within the first two years, Yamana will fund (at least) US\$1,000,000 for initial exploration expenditures, including any acquisition or land staking costs;*
- (ii) *Solely fund additional exploration expenditures between years 3 and 10, or until such time as Yamana has defined a NI 43-101 compliant pre-feasibility study on a minimum one million ounce gold equivalent resource;*
- (iii) *Make a cash payment of US\$150,000 upon signing the option agreement and additional payments of US\$100,000 on the first, second and third anniversaries;*
- (iv) *Upon Yamana earning its interest and the formation of a joint venture, Yamana and Evrim will jointly fund programs on a respective 75%/25% basis;*
- (v) *Should Evrim's interest in a project fall below 10%, its interest will convert to a 2.5% net smelter royalty ("NSR") of which 1.25% NSR can be purchased by Yamana prior to production for US\$5 million; and*
- (vi) *Evrime will be operator during the first US\$10 million of exploration expenditures. The option period is independent of the alliance period and may extend beyond the three-year term. At the end of the Alliance, both parties will retain a copy of the digital database.*

Government grant

During the year, the Company received a grant of \$58,540 from the Northwest Territories Government (2018 - \$183,000) for the exploration work carried out in Canada.

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9. MINERAL PROPERTY INTERESTS, CONTINUED

Exploration Expenditures

During the years ended December 31, 2019 and 2018, the Company incurred the following exploration expenditures that were expensed as incurred:

	Year ended December 31,	
	2019	2018
Camp and support	\$ 167,978	\$ 498,037
Aircraft and helicopters	403,049	572,971
Chemical analysis	262,327	539,831
Data management and maps	145,015	88,396
Drilling and trenching	506,537	982,662
Community relations	94,284	-
Geological services	1,368,982	1,675,058
Geophysical surveys	192,407	510,228
Materials and supplies	50,169	134,931
Project Management	1,149	7,519
Recording and filing	185,818	166,260
Travel	167,494	263,064
	<u>\$ 3,545,209</u>	<u>\$ 5,438,957</u>

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2019		December 31, 2018	
Trade payables	\$	130,320	\$	94,192
Accrued liabilities		59,588		111,787
	<u>\$</u>	<u>189,908</u>	<u>\$</u>	<u>205,979</u>

The average credit period of purchases is one month. The Company has financial risk management policies in place to ensure that all payables are paid within the agreed-upon credit terms.

11. PROVISION FOR ENVIRONMENTAL REHABILITATION

The Company's exploration activities are subject to various federal, provincial and state laws and regulations governing the protection of the environment. Management's current estimate of reclamation and other future site restoration costs to be incurred for existing mineral property interests has been included in these consolidated financial statements as a provision for environmental rehabilitation. The undiscounted amount of the estimated cash flows required to settle the obligations, which are expected to be paid over the next four years, is \$5,306 (2018 - \$66,525).

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11. PROVISION FOR ENVIRONMENTAL REHABILITATION, CONTINUED

Balance, December 31, 2017	\$	46,224
Revision in estimates		20,301
Balance, December 31, 2018		66,525
Revision in estimates		(61,219)
Balance, December 31, 2019	\$	5,306

12. COMMITMENTS AND CONTINGENCIES

- (a) On November 27, 2013, the Company signed a lease for its head office located at 910 - 850 West Hastings Street, Vancouver, British Columbia, effective March 1, 2014 to February 28, 2020. The Company has made a security deposit equivalent to two months' rent (\$11,208).

On December 11, 2019, the Company signed a lease for its head office located at 1201 - 510 West Hastings Street, Vancouver, British Columbia, effective March 1, 2020 to February 28, 2025. The Company has made a security deposit equivalent to four months' rent (\$19,352).

- (b) At December 31, 2019, the Company has future minimum annual lease commitments as follows:

	Less than one year	One to five years
Lease payment	\$ 39,185	\$ 177,986
Operating costs (estimate)	22,828	101,062
Total	\$ 62,013	\$ 279,048

- (c) The Company has leased a photocopier for the head office, which has been classified as an operating lease as the lease does not include a purchase clause and the term of the lease is not substantially all of the useful life of the asset. The following are the future minimum annual lease commitments:

	Less than one year	One to five years
Photocopier lease payment	\$ 2,580	\$ 5,805

- (d) During the year ended December 31, 2018, the Company entered into a rental agreement with Javier Antonio García Penqueño, which includes the renting of the administrative offices in Hermosillo, Mexico. The annual rent totals \$21,000. This agreement is for a period of three years and expires on December 31, 2020. The Company may terminate the agreement with a penalty equivalent to two months' rent payment.

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13. ISSUED CAPITAL

(a) Authorized and issued

The Company's authorized share capital is an unlimited number of common shares without par value.

Issuance of common shares

On September 17, 2019, the Company issued 50,000 (2018 - 25,000) common shares fair valued at \$18,750 (2018 - \$32,250) to Centerra pursuant to the amended Cumobabi agreement (Note 9).

Financing

During the year ended 31, 2019, no private placements were completed. During the year ended December 31, 2018, the Company completed a strategic private placement with Newmont. A total of 4,848,401 shares of the Company were issued to Newmont at a price of \$1.50 per share for gross proceeds of \$7,272,602.

Warrant exercise

No warrants were exercised during the year ended December 31, 2019. During the year ended December 31, 2018, 13,662,674 warrants were exercised with an exercise price ranging from \$0.25 to \$0.50 for gross proceeds of \$3,654,247, and \$91,798 was reclassified from contributed surplus to capital stock.

Stock options exercise

During the year ended December 31, 2019, 776,500 (2018 – 210,000) stock options with an exercise price of \$0.25 (2018 - \$0.25) were exercised for gross proceeds of \$194,125 (2018 - \$52,500) and \$124,863 (2018 - \$33,768) was reclassified from contributed surplus to capital stock.

(b) Incentive stock options

The Company has a rolling stock option plan (the "Plan") that allows for the reservation of common shares issuable under the Plan to a maximum of 10% of the number of issued and outstanding common shares at any given time. The Plan allows the board of directors to grant stock options of the Company to encourage equity participation among senior officers, employees, consultants and directors through the acquisition of common shares of the Company.

In February 2019 and July 2019, the board of directors approved the grant of 200,000 and 1,000,000 stock options to three new employees of the Company at a price of \$0.32 per share for a period of five years. The options vest over a four-year period.

The Company did not issue any stock options during the year ended December 31, 2018.

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13. ISSUED CAPITAL, CONTINUED

(b) Incentive stock options, continued

Changes in share purchase options during the fiscal year.

	December 31, 2019		December 31, 2018	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Outstanding at beginning of the year	5,715,000	\$ 0.25	5,925,000	\$ 0.25
Granted	1,200,000	\$ 0.32	-	\$ 0.25
Exercised	(776,500)	\$ 0.25	(210,000)	\$ 0.25
Forfeited/Expired	(1,323,500)	\$ 0.25	-	\$ -
Outstanding at end of the year	4,815,000	\$ 0.27	5,715,000	\$ 0.25
Options exercisable at end of the year	3,031,667	\$ 0.25	2,640,000	\$ 0.25

The following share purchase options were outstanding at December 31, 2019.

Expiry date	Options outstanding (number of shares)	Options exercisable (number of shares)	Exercise price	Weighted average remaining life
May 13, 2020	100,000	100,000	\$ 0.18	0.37
November 9, 2022	3,515,000	2,631,667	\$ 0.25	2.86
February 13, 2024	200,000	50,000	\$ 0.32	4.12
July 4, 2024	1,000,000	200,000	\$ 0.32	4.51
	4,815,000	2,931,667	\$ 0.27	3.20

The weighted average grant-date fair value of the share purchase options granted during the year was \$0.24 per share. The Company determines the fair value of the options using the Black-Scholes option pricing model and used the following weighted average assumptions: volatility of 104.5%, risk-free interest rate of 1.68%, an expected life of 5 years and a dividend yield of 0%. Volatility was estimated using historical prices of the Company's shares.

The total share-based compensation expense charged against operations for the year ended December 31, 2019 was \$244,040 (2018 – \$385,190).

Share-based compensation related to forfeited options of \$150,752 derecognized during the year ended December 31, 2019, by setting of against retained earnings and share-base compensation.

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13. ISSUED CAPITAL, CONTINUED

(c) Warrants

The Company did not issue any warrants during the years ended December 31, 2019 and 2018.

Share purchase warrants outstanding at December 31, 2019 and 2018 are as follows:

Exercise price	Expiry date	Balance December 31, 2018	Exercised/expired during the year	Balance December 31, 2019
\$0.50	May 19, 2020	6,333,629	-	6,333,629
Weighted average exercise price		\$0.50		\$0.50
Weighted average remaining life		1.38		0.38

Exercise price	Expiry date	Balance December 31, 2017	Exercised/expired during the year	Balance December 31, 2018
\$0.25	December 16, 2020	12,568,800	(12,568,800)	-
\$0.50	May 19, 2020	7,174,800	(841,171)	6,333,629
\$0.30	November 19, 2018	565,704	(565,704)	-
		20,309,304	(13,975,675)	6,333,629
Weighted average exercise price		\$0.34		\$0.50
Weighted average remaining life		2.70		1.38

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14. INCOME TAXES

- (a) Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27% (2018 - 27%) to loss before income taxes.

	December 31, 2019	December 31, 2018
Loss before tax	\$ (3,232,857)	\$ (1,983,125)
Statutory income tax rate	27%	27%
Expected income tax recovery	(872,871)	(535,444)
Items non-deductible for income tax purposes	76,661	89,638
Difference between Canadian and foreign tax rates	5,813	8,715
Other	865,558	(26,629)
Impact of foreign exchange on tax assets and liabilities	(269,249)	(243,706)
Unused tax losses and tax offsets not recognized in tax asset	194,088	707,426
Total income taxes	\$ -	\$ -

The Mexican corporate tax rate is to remain at 30% indefinitely.

- (b) The tax effected items that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities are as follows:

	December 31, 2019
Deferred income tax asset:	
Non-capital losses	\$ 70,524
Deferred income tax liabilities:	
Property and equipment	(70,524)
Net deferred income tax liabilities	\$ -

- (c) The Company recognizes tax benefits on losses or other deductible amounts generated in countries where it is probable the Company will generate sufficient taxable income to utilize its deferred tax assets. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	December 31, 2019	December 31, 2018
Non-capital losses	\$ 14,295,539	\$ 15,794,386
Mineral properties	4,368,429	3,508,013
Available for sale securities	51,500	2,500
Share issue costs	103,496	258,717
Equipment	156,844	184,553
	\$ 18,975,808	\$ 19,748,169

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14. INCOME TAXES, CONTINUED

(c) The Company's unused non-capital tax losses have the following expiry years:

Year	Canada	Mexico	USA	Total
2018	\$ -	\$ 1,018,000	\$ -	\$ 1,018,000
2019	-	5,000	-	5,000
2020	-	7,000	-	7,000
2021	-	3,000	-	3,000
2024	-	823,000	-	823,000
2025	-	463,000	-	463,000
2026	-	750,000	-	750,000
2027	28,000	-	-	28,000
2029	127,000	-	-	127,000
2030	414,000	-	-	414,000
2031	1,256,000	-	1,000	1,257,000
2032	1,200,000	-	1,000	1,201,000
2033	1,240,000	-	55,000	1,295,000
2034	1,321,000	-	8,000	1,329,000
2035	1,101,000	-	-	1,101,000
2036	916,000	-	-	916,000
2037	1,652,000	-	-	1,652,000
2038	2,404,000	-	-	2,404,000
2039	784,000	-	-	784,000
	\$ 12,443,000	\$ 3,069,000	\$ 65,000	\$ 15,577,000

15. RELATED PARTY TRANSACTIONS

Transactions between the Company and related parties are disclosed below.

(a) Due to related parties

Included in accounts payable and accrued liabilities at December 31, 2019 was \$8,170 (2018 - \$5,539) owing to a company with a director in common.

(b) Transactions involving related parties

During the year ended December 31, 2019, the Company paid \$59,478 (2018 - \$55,727) for community engagement services to a company with a director in common.

During the year ended December 31, 2017, the Company entered into an option agreement to purchase a 100% interest in the Jacobite property from a company beneficially owned by a director. The option agreement was terminated during the year ended December 31, 2019 (Note 9).

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15. RELATED PARTY TRANSACTIONS, CONTINUED

(c) Compensation of key management personnel

The remuneration paid to directors and other key management personnel during the years ended December 31, 2019 and 2018 were as follows:

	Year ended December 31,	
	2019	2018
Salaries of senior executives ⁽ⁱ⁾	\$ 842,222	\$ 780,000
Short-term employee benefits ⁽ⁱⁱ⁾	40,641	32,025
Non-executive directors' fees	157,500	120,000
Annual bonus of senior executives	43,272	109,103
Termination costs	92,313	-
Share-based compensation	222,676	281,040
	\$ 1,398,624	\$ 1,322,168

- (i) Senior executives include the Chief Executive Officer, Chief Financial Officer, Vice President Exploration, Vice President, New Opportunities and Exploration, and Vice President, Technical Services.
- (ii) Key management personnel were not paid post-employment benefits or other long-term benefits during the years ended December 31, 2019 and 2018.

16. SEGMENTED INFORMATION

During the years ended December 31, 2019 and 2018, the Company operated in one industry segment: mineral exploration; within three geographic segments: Canada, United States and Mexico. The Company's non-current assets by geographic areas for the years ended December 31, 2019 and 2018 are as follows:

December 31, 2019	Canada	United States	Mexico	Total
Non-current assets				
Prepaid rent and deposits	\$ 30,560	\$ -	\$ -	\$ 30,560
Equipment	218,960	-	18,881	237,841
Reclamation bond	173,334	-	-	173,334
	\$ 422,854	\$ -	\$ 18,881	\$ 441,735
December 31, 2018	Canada	United States	Mexico	Total
Non-current assets				
Prepaid rent and deposits	\$ 11,208	\$ -	\$ -	\$ 11,208
Equipment	75,777	-	20,450	96,227
Reclamation bond	53,000	-	-	53,000
	\$ 139,985	\$ -	\$ 20,450	\$ 160,434

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16. SEGMENTED INFORMATION, CONTINUED

The Company's mineral property revenues by geographic areas for the years ended December 31, 2019 and 2018 are as follows:

	December 31, 2019		
	Canada	Mexico	Total
Revenues			
Property option proceeds	\$ 363,403	\$ -	\$ 363,403
Project management fees	121,179	69,190	190,369
	\$ 484,582	\$ 69,190	\$ 553,772

	December 31, 2018		
	Canada	Mexico	Total
Revenues			
Property option proceeds	\$ 30,000	\$ 195,380	\$ 225,380
Sale of property rights	-	1,974,875	1,974,875
Project management fees	205,090	27,514	232,604
	\$ 235,090	\$ 2,197,769	\$ 2,432,859

17. FINANCIAL RISK MANAGEMENT

(a) Fair value of financial instruments

The fair values of cash and cash equivalents, short term investments, amounts receivable, accounts payable and accrued liabilities, and joint venture partner deposits approximate their carrying values due to the short-term to maturities of these financial instruments. The carrying value of marketable securities have been based on quoted market prices, a Level 1 measurement according to the fair value hierarchy.

(b) Categories of financial instruments

	December 31, 2019		December 31, 2018	
Financial assets				
<i>FVTPL</i>				
Cash and cash equivalents	\$	3,546,972	\$	7,087,898
Short term investments		6,058,805		7,021,863
Marketable securities		43,000		55,000
<i>Loans and receivables</i>				
Amounts receivable		43,395		63,505
	\$	9,692,172	\$	14,228,266
Financial liabilities				
<i>Other financial liabilities</i>				
Accounts payable and accrued liabilities	\$	189,908	\$	205,979
Joint venture partner deposit		91,358		1,598,331
	\$	281,266	\$	1,804,310

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17. FINANCIAL RISK MANAGEMENT, CONTINUED

(b) Categories of financial instruments, continued

The Company's financial instruments are exposed to certain financial risks, which include foreign currency risk, interest rate risk, credit risk, liquidity risk and other price risk. The Company's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company's exposure to these risks and its methods of managing the risks remain consistent.

(c) Foreign currency risk

The Company incurs certain expenses in currencies other than the Canadian dollar. The Company is subject to foreign currency risk as a result of fluctuations in exchange rates. The Company manages this risk by maintaining bank accounts in US dollars and Mexican pesos ("MXN") to pay these foreign currency expenses as they arise. Receipts in foreign currencies are maintained in those currencies. The Company does not undertake currency hedging activities. The Company also does not attempt to hedge the net investment and equity of integrated foreign operations.

The carrying amount of the Company's foreign currency denominated monetary assets are as follows:

	December 31, 2019 (US*)	December 31, 2019 (MXN*)	December 31, 2018 (US*)	December 31, 2018 (MXN*)
Cash	\$ 387,784	\$ 17,180	\$ 1,397,331	\$ 49,728
Amounts receivable	-	-	-	-
Accounts payable and accrued liabilities	(9,309)	(5,520)	(561)	(2,842)
Joint venture partner deposits	(252,085)	-	(328,267)	-
Net assets denominated in foreign currencies	\$ 126,390	\$ 11,660	\$ 1,068,503	\$ 46,886

*Figures in this table are Canadian dollars, converted from the foreign currency, at the closing exchange rate for that date.

The Company uses a sensitivity analysis to measure the effect on total assets of reasonably foreseen changes in foreign exchange rates. The analysis is used to determine if these risks are material to the financial position of the Company. On the basis of current market conditions, the Company has determined that a 10% change in foreign exchange rates would affect the fair value of total assets by 0.15% (2018 – 1.59%).

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17. FINANCIAL RISK MANAGEMENT, CONTINUED

(c) Foreign currency risk, continued

The sensitivity of the Company's loss and comprehensive loss due to changes in the exchange rate between the Mexican peso and the Canadian dollar, and between the US dollar and the Canadian dollar are approximated in the tables below. The change, due to the effect of the exchange rate on financial instruments, is reported in the consolidated statements of loss and comprehensive loss as foreign exchange gains (losses).

Years ended December 31,	2019		2018	
	10% Increase in MXN : CAD rate	10% Increase in USD : CAD rate	10% Increase in MXN : CAD rate	10% Increase in USD : CAD rate
Change in net loss and comprehensive loss	\$ 149,628	\$ 10,599	\$ 278,000	\$ 247,600

(d) Interest rate risk

The Company's cash and cash equivalents consist of cash held in bank accounts and GICs that earn interest at a fixed interest rate. Future cash flows from interest income on cash and cash equivalents will be affected by declining cash balances. The Company manages interest rate risk by investing in short-term fixed interest financial instruments with varying maturity periods when feasible to provide access to funds as required. A 25-basis point change in interest rate would have an immaterial impact on comprehensive income based on the cash and cash equivalents at the end of the period. Actual financial results for the coming year will vary since the balances of financial assets are expected to decline as funds are used for Company expenses.

(e) Credit risk

Credit risk is the risk of an unexpected loss if an exploration partner, counterparty or third party to a financial instrument fails to meet its contractual obligations. To reduce credit risk, cash and cash equivalents and short-term investments are on deposit at major financial institutions. The Company is not aware of any counterparty risk that could have an impact on the fair value of such investments. The carrying value of the financial assets represents the maximum credit exposure.

The Company minimizes credit risk by reviewing the credit risk of the counterparties to its arrangements on a periodic basis. The Company's concentration of credit risk and maximum exposure thereto is as follows:

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17. FINANCIAL RISK MANAGEMENT, CONTINUED

(e) Credit risk, continued

	December 31, 2019		December 31, 2018
Short-term money market instruments	\$ 8,808,805	\$	11,071,863
Cash bank accounts	796,972		3,037,898
Amounts receivable	43,395		63,505
Total	\$ 9,649,172	\$	14,173,266

At December 31, 2019, the Company's short-term money market instruments were invested in GICs earning annual interest rates of 2.00% to 2.25%.

(f) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis, including exploration plans. The Company attempts to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations, holdings of cash and cash equivalents and short-term investments.

The Company's policy is to invest its excess cash in highly liquid, fully guaranteed, bank-sponsored instruments. The Company staggers the maturity dates of its investments over different time periods when feasible to maximize interest earned. The Company has invested part of the excess cash flow through a financial institution.

The following table summarizes the Company's significant liabilities and corresponding maturities.

Accounts Payable and Accrued Liabilities			
Due Date	December 31, 2019		December 31, 2018
0 – 90 days	\$ 130,320	\$	157,751
90 – 365 days	59,588		40,488
365 + days	-		7,740
Total	\$ 189,908	\$	205,979

(g) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk and foreign currency risk. The Company is not exposed to significant equity price risk related to its marketable securities.

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(Expressed in Canadian Dollars)

18. SUBSEQUENT EVENT

COVID-19 (the coronavirus) has threatened a slowdown in the global economy as well as caused volatility in the global financial markets. While the full impact of COVID-19 on the global economy is uncertain, rapid spread of COVID-19 may have an adverse effect on the Company's financial position. The extent to which COVID-19 may impact the Company's business will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions, physical distancing, business closures or business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. Although it is not possible to reliably estimate the length or severity of these developments and their financial impact as of the date of approval of these consolidated financial statements, the Company's stock price has declined in excess of 25% since the year-end. Should the stock prices remain at or below currently prevailing levels for an extended period, it could have a further significant adverse impact on the Company's financial position and results of operations for future periods.



EVRI***M***
RESOURCES CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

**FOR THE YEAR ENDED
DECEMBER 31, 2019**

**EVRIM RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Introduction

This Management Discussion and Analysis of the financial position and results of Evrim Resources Corp. (the “Company” or “Evrin”) was prepared to conform to National Instrument 51-102F1 and was approved by the Board of Directors prior to its release. Readers are cautioned that the MD&A contains forward-looking statements and that actual events may vary from management’s expectations. Readers are encouraged to read the Forward-Looking Statement disclaimer included with this MD&A.

The audited consolidated financial statements and MD&A are presented in Canadian dollars, unless otherwise indicated, and have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The statements and any summary of results presented in the MD&A were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). Please consult the audited consolidated financial statements for the years ended December 31, 2019 and 2018, for more complete financial information.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via www.sedar.com and readers are urged to review these materials, including the technical reports filed with respect to the Company’s mineral properties.

About Evrim

Evrin is a mineral exploration company with a diverse portfolio of quality copper, gold and silver exploration projects in Mexico and western Canada. The Company also owns a geological database covering parts of Mexico, central Asia, South Pacific, western Canada and western United States. Evrim's business plan is to generate and acquire exploration projects that it will advance through option and joint venture agreements with industry partners to create shareholder value. The projects generated and acquired to date form a solid foundation for Evrim's execution of the joint venture business model, which will be further enhanced by a pipeline of new projects being developed internally.

The Company was incorporated on May 11, 2005, as a capital pool company for the purposes of the policies of the TSX Venture Exchange (“Exchange”) and is a reporting issuer in British Columbia, Alberta, Saskatchewan and Ontario. The shares of the Company commenced trading on the Exchange under the symbol “EVM” on January 25, 2011.

Date

This MD&A has been prepared based on information available to the Company as of April 23, 2020.

**EVRIM RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1.2 Overview

The Company has no substantial revenue and supports its operations through the sale of equity or assets such as mineral properties. The value of any mineral property is dependent upon the existence or potential existence of economically recoverable mineral reserves. See Section 1.15 “Risk Factors”, below.

Management Changes

In June 2019, the Company announced the appointment of Dave Groves as Vice President of Exploration for the Company. Dave takes over from Charles Funk, the former Vice President of New Opportunities and Exploration.

Stock Option Grants

In February 2019 and July 2019, the Company granted stock options of 200,000 and 1,000,000 respectively to its employees, exercisable at \$0.32 per share for a period of five years pursuant to the Company’s rolling stock option plan. The options vest over a four-year period from the date of the grants.

Option Agreements and Acquisitions

Suanse

In November 2019, the Company announced the acquisition of the Suanse property in Sonora, Mexico, from San Marco Resources Inc. The property covers 1,115 hectares of ground immediately north of Evrim’s porphyry target on the Llano del Nogal project. Evrim can acquire a 100% interest in the project by making staged cash payments of \$75,000 and granting a 1% net smelter royalty (“NSR”) of which half can be repurchased for \$1.0 million.

Ball Creek

In July 2019, the Company announced a joint venture with Golden Ridge Resources Ltd. (“Golden Ridge”) on the Ball creek project in northwestern British Columbia. Golden Ridge can earn an 80% interest in the Ball Creek project by issuing 1,000,000 shares, making annual cash or cash-equivalent share payments totaling up to \$4.55 million, making a production decision supported by a National Instrument (“NI”) 43-101 compliant feasibility study and providing evidence of project financing that is mutually acceptable to both parties. Evrim retains the right to purchase 1% of a pre-existing 2% NSR for \$1.0 million.

A portion of the first four years’ share and cash payments will be subject to the purchase agreement with Paget Minerals Corp. which is now owned by Ascent Industries Corp.

La Lola

In April 2019, the Company announced the acquisition of the La Lola gold-silver project in Sonora, Mexico. In addition to the claims that were staked by the Company in 2018, six claims were acquired under two separate agreements with third parties in 2019.

**EVRIM RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1.2 Overview, (continued)

Option Agreements and Acquisitions, continued

La Lola, continued

A total of US\$25,000 was paid to the vendors upon execution of the agreements, and the Company is required to make a further US\$75,000 in staged payments over the next three years.

Astro

In March 2019, the Company announced the designation of the Astro project for option from the exploration alliance with Newmont Mining Corporation ("Newmont"). Under the terms of the option agreement, Newmont can earn up to an 80% interest by making staged cash payments totaling US\$600,000 and solely funding exploration until it has defined an NI 43-101 compliant pre-feasibility study on a minimum two million ounce gold resource within a ten year period. Evrim will be the operator for the initial US\$5 million in exploration expenditures. Evrim may then elect to form a joint venture with Newmont on a respective 20:80 basis, whereby Evrim can maintain its equity interest in the project or elect to have Newmont fund a positive NI 43-101 compliant feasibility study and reduce Evrim's equity interest to 15%. Thereafter, Evrim may elect to contribute its pro-rata share of adopted programs and budgets or convert to a 2% NSR of which 0.5% may be purchased by Newmont for US\$10 million.

In April 2020, Newmont informed Evrim that it was terminating the Astro agreement.

Trek 31

In February 2020, the Company introduced its Trek 31 property in the Nechako Plateau of British Columbia. TREK 31 is a porphyry/epithermal target located 30 kilometres northeast of New Gold Inc.'s Blackwater gold-silver deposit (year-end 2018 reserves of 8.2 million ounces of gold and 60.8 million ounces of silver). The property was identified by Evrim using data from Geoscience BC's TREK initiative and staked in 2018.

1.3 Selected Annual Information

	Year ended December 31 2019	Year ended December 31 2018	Year ended December 31 2017
Revenue and interest income	\$ 769,391	\$ 2,542,502	\$ 253,546
Net loss	(3,232,856)	(1,983,127)	(2,547,081)
Net loss per share	(0.04)	(0.03)	(0.04)
Total assets	10,446,187	14,610,881	6,496,170
Current liabilities	339,597	1,804,310	3,066,046
Long-term liabilities	128,487	66,525	46,224
Shareholders' equity	9,978,103	12,740,046	3,383,900
Cash dividends declared	Nil	Nil	Nil

**EVRIM RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1.4 Results of Operations

Exploration Projects

Canada

Ball Creek

Ball Creek is a copper porphyry and epithermal gold project comprising 52,442 hectares, located in the Golden Triangle, northwestern British Columbia. The ground contains several porphyry copper-gold and epithermal gold systems associated with Jurassic intrusive rocks.

The Company paid \$150,000 and must pay additional consideration of cash or shares upon meeting certain exploration milestones or receipt of joint venture payments over a four-year period to earn a 100% interest on the property. The property is subject to a 2% NSR with an option to buy back 1% for \$1.0 million.

In July 2019, the Company announced a joint venture with Golden Ridge. Golden Ridge can earn an 80% interest in the Ball Creek project by issuing 1,000,000 shares, making annual cash or cash-equivalent share payments totaling up to \$4.55 million, making a production decision supported by an NI 43-101 compliant feasibility study and providing evidence of project financing that is mutually acceptable to both parties. A portion of the first four years' share and cash payments will be subject to the purchase agreement with Paget Minerals Corp. which is now owned by Ascent Industries Corp.

Evrim retains the right to purchase 1% of a pre-existing 2% NSR for \$1.0 million.

In November 2019, Golden Ridge released results from two holes drilled on the Main and Goat zones at Ball Creek. Drill hole MZ-19-01 was drilled as a southwest step-out to previous drilling at the Main Zone and intersected 291.5 metres of 0.48 grams per tonne ("g/t") gold, 0.14% copper and 0.95 g/t silver. Drill hole GZ-19-01 was the first drill test of the Goat Zone and returned 108 metres grading 111 parts per million ("ppm") molybdenum and 3.7 g/t silver in albite-altered volcanic rocks.

In December 2019, and January 2020, Golden Ridge released results from 4,500 soil samples and 59 rock samples collected in 2019. The sampling program identified several new exploration targets in the Hickman area of Ball Creek and expanded on previous exploration at the More and ME prospects. Sampling highlights include:

- a 500 metre by 1,500 metre area of anomalous copper-gold samples over the Hickman batholith (the "Hickman" target), a large granodioritic to monzonitic intrusive complex related to the nearby Schaft Creek porphyry copper deposit;
- northern and southern extensions to historic copper-gold soil anomalies over the More target area, which now extends for some seven kilometres along a north-northeast-striking corridor of syenite dikes, sills and plugs; and
- a 500 metre by 1,500 metre copper-molybdenum-gold-silver anomaly at the ME prospect located 2.5 kilometres south of the Main Zone porphyry.

**EVRIM RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1.4 Results of Operations, (continued)

Exploration Projects, (continued)

Canada, (continued)

Trek 31

In February 2020, the Company introduced its Trek 31 property in the Nechako Plateau of British Columbia. TREK 31 is a porphyry/epithermal target located 30 kilometres northeast of New Gold Inc.'s Blackwater gold-silver deposit (year-end 2018 reserves of 8.2 million ounces of gold and 60.8 million ounces of silver). The property was identified by Evrim using data from Geoscience BC's TREK initiative and staked in 2018.

TREK 31 covers one of the largest and strongest geochemical anomalies identified in Geoscience BC's TREK initiative that covered the eastern half of the Nechako Plateau with a high-resolution aeromagnetic survey, detailed surficial mapping and an extensive till sampling program. Early exploration by Evrim has outlined a 2.3 kilometre by 900 metre gold-in-till anomaly situated down ice of a major structural break between rocks of the Stikine Terrane and magnetic rocks interpreted to be volcanic and intrusive rocks of Eocene age. TREK 31 exhibits potential for a Blackwater-like exploration target and will be advanced with an IP survey to identify chargeability and/or resistivity anomalies marking areas of quartz-sericite-pyrite alteration in the Eocene volcanic rocks in the source area of the till anomaly. The Company is seeking a partner to the explore TREK-31 and other areas of pronounced till anomalism within the Nechako Plateau.

Lemon Lake Property

In October 2018, the Company acquired a 100% interest in the Lemon Lake property. To earn a 100% interest, the Company paid \$15,000 and is required to make up to \$700,000 of staged payments in cash or shares, at the Company's election, upon meeting certain exploration, development and production milestones. The property is located in south-central British Columbia.

In 2018, a program of mapping and soil sampling was carried out over a historic IP chargeability anomaly that was tested by one historic drill hole and returned 21 metres grading 0.25% copper. Mapping identified alteration consistent with porphyry copper-gold mineralization and soil sampling confirmed a copper-gold geochemical anomaly associated with the historic chargeability anomaly. No work was completed in 2019, and the property remains available for option.

Jacobite Property

In November 2017, the Company acquired a 100% interest in the Jacobite property subject to a 1% NSR. To earn a 100% interest on the property the Company paid \$15,000 and is required to make \$57,500 in staged payments, in cash or shares, at the Company's election upon meeting certain milestones. The property is located in south-central British Columbia.

In 2019, Evrim completed line-cutting, soil sampling and mapping over portions of the property. The results of that work downgraded an initial area of interest, and the property was relinquished in December 2019.

1.4 Results of Operations, (continued)

Exploration Projects, (continued)

Canada, (continued)

Astro

The 288 square-kilometre Astro project is located in the Northwest Territories adjacent to the Mile 222 airstrip and 195 kilometres northeast of Ross River. Two seasons of prospecting and geochemical sampling in 2017 and 2018 have defined a 9.5-kilometre, north-northwest trending corridor of gold anomalism that includes the Radio and Microwave gold prospects and the Infrared and Gamma gold-in-soil anomalies. Chip-channel sampling at Radio in 2018 returned 11.6 g/t gold over 18.0 metres (including 32.1 g/t gold over 6.0 metres) from oxidized magnetite-pyrite-bearing skarn and siltstone. Chip sampling at the Microwave prospect returned 4.68 g/t gold over 7.5 metres from partially-oxidized, altered sandstone.

In September 2019, the Company announced the results of an exploration program consisting of an airborne magnetic and electromagnetic geophysical survey, mapping and geochemical sampling, and a reverse-circulation (RC) scout drilling program on the project. The airborne geophysical survey outlined a series of structurally-controlled magnetic anomalies associated with previously identified showings and gold-in-soil geochemical anomalies.

Additional chip-channel sampling at Radio returned 3.3 g/t gold over 26.0 metres including 12.5 g/t gold over 6.0 metres. Hole RAD19-01 intersected 1.36 g/t gold over 10.7 metres including 3.13 g/t gold over 3.3 metres. Drilling at Radio also tested the strike extent of the favourable horizon and intersected anomalous gold in hole RAD19-04. Holes RAD19-03 and RAD19-05, which were drilled 600 metres north of the Radio showing to test a magnetic anomaly, failed to reach targeted depths due to heavy water inflows. Radio remains open to the north along high-angle structures and to the east and northeast along receptive carbonate stratigraphy and the east-dipping granodiorite contact.

Mapping and prospecting identified the UV prospect, a 100 metre by 75 metre area of subcropping magnetite-pyrite skarn one kilometre east-southeast of the Radio prospect. The UV prospect is outlined by a linear magnetic anomaly that extends 1.7 kilometres to the south from the UV showing. Chip-channel sampling returned 6.1 g/t gold over 4.0 metres. Drill hole ULV19-01 intersected intercalated limestone, sandstone and skarn but returned no significant gold values. The UV prospect is open to the south along the linear magnetic anomaly.

The Gamma prospect is located approximately 2.5 kilometres southeast of the UV prospect and is defined by a 1.2-kilometre-long gold-in-soil anomaly and a prominent magnetic anomaly. Inclined drill hole GAM19-01 tested the soil anomaly and intersected 1.04 g/t gold over 6.0 metres including 2.65 g/t gold over 1.5 metres. Drill hole GAM19-02 tested the footwall of the gold-bearing structure in GAM19-01, and GAM19-03 tested an EM conductor approximately 900 metres south of GAM19-01. Both holes returned no significant results. The GAM19-01 intersection remains open along a range-bounding fault that juxtaposes hornfelsed sedimentary rocks and granodiorite against carbonaceous silty limestone.

**EVRIM RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1.4 Results of Operations, (continued)

Exploration Projects, (continued)

Canada, (continued)

Astro, (continued)

At the Microwave prospect, chip-channel sampling sub-parallel to bedding and normal to fractures was completed to follow up the 2018 exploration program and determine the primary control on mineralization. Results from this sampling at Microwave returned 3.6 g/t gold over 18.0 metres including 7.2 g/t gold over 6.0 metres. Drill holes MIC19-01 and -02 tested the stratigraphic section below the channel sampling and both holes returned nominal values, suggesting the surface showing is localized along high-angle structures parallel to the azimuth of the RC holes. Talus fine sampling designed to test an area of anomalous stream-sediment samples identified two new showings 300 metres and 800 metres southwest of the Microwave prospect.

Table 1. Astro 2019 RC Drill results

Hole	From (m)	To (m)	Width (m)	Gold (g/t)
MIC19-01	No significant result			
MIC19-02	No significant result			
RAD19-01	26.50	37.20	10.70	1.36
including	31.10	34.10	3.00	3.13
and	58.50	60.00	1.50	0.68
RAD19-02	No significant result			
RAD19-03	No significant result			
RAD19-04	104.20	111.80	7.60	0.67
Including	108.80	110.30	1.50	2.18
RAD19-05	No significant result			
GAM19-01	54.00	60.00	6.00	1.05
including	58.50	60.00	1.50	2.72
GAM19-02	No significant result			
GAM19-03	No significant result			
ULV19-01	No significant result			
<i>Note: True widths of drill hole intersections are not known.</i>				

The RC scout holes varied from 26 metres to 179 metres total depth and averaged 100 metres.

In April 2020, Newmont terminated the option agreement.

**EVRIM RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1.4 Results of Operations, (continued)

Exploration Projects, (continued)

Mexico

Ermitaño

In February 2019, First Majestic Silver (“First Majestic”) announced results from 17,447 metres of drilling in 40 holes at the Ermitaño project in 2018. Drilling highlights included:

- 30.1 metres grading 3.0 g/t gold and 53 g/t silver in drill hole 18-35;
- 11.2 metres grading 11.1 g/t gold and 128 g/t silver in drill hole 18-36;
- 17.6 metres grading 6.3 g/t gold and 149 g/t silver in drill hole 18-39; and
- 28.3 metres grading 3.9 g/t gold and 95 g/t silver in drill hole 18-47.

In March 2019, First Majestic announced an upgraded resource on the Ermitaño project:

- a total of 8.81 million silver-equivalent ounces (approximately 119,000 gold-equivalent ounces) had been upgraded to indicated status from the 2018 inferred resources; and
- inferred resources increased to 48.98 million silver-equivalent ounces (approximately 659,000 gold-equivalent ounces) representing a 20% increase over the 2018 maiden resource.

Metal prices used by First Majestic for mineral resource estimates were US\$17.50 per ounce silver and US\$1,300 per ounce gold. First Majestic also announced a plan to complete 16,000 metres of drilling in 2019 to investigate the continuity of mineralization at shallow depths that may be amenable to open pit extraction.

In August 2019, First Majestic announced that it was increasing the exploration budget at Ermitaño to approximately 32,700 metres, an 85% increase from the original 2019 budget of 17,700 metres and developing an underground portal in Q4 2019 to be able to drift into the Ermitaño ore body.

In February 2020, First Majestic announced results of 33,767 metres of drilling completed in 103 holes at Ermitaño in 2019. Drilling highlights included:

- 10.8 metres grading 12.84 g/t gold and 46 g/t silver in hole EW-19-67;
- 6.4 metres grading 9.46 g/t gold and 383 g/t silver in EW-19-74;
- 2.4 metres grading 31.63 g/t gold and 459 g/t silver in EW-19-85;
- 13.0 metres grading 11.61 g/t gold and 45 g/t silver in EW-19-91;
- 7.7 metres grading 16.37 g/t gold and 111 g/t silver in EW-19-103;
- 4.5 metres grading 17.98 g/t gold and 79 g/t silver in EW019-111; and
- 9.1 metres grading 14.22 g/t gold and 130 g/t silver in EW-19-113.

**EVRIM RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1.4 Results of Operations, (continued)

Exploration Projects, (continued)

Mexico, (continued)

Ermitaño, (continued)

First Majestic disclosed it was working on several engineering studies, including geotechnical and geohydrological investigations, a detailed metallurgical testing and a series of trade-offs analysis to define the materials handling infrastructure for a prefeasibility study scheduled to be released in late 2020. First Majestic also expects to complete 3,800 metres of underground development, including a ramp and five production levels in 2020. An additional 15,000 metres of drilling in 50 holes is planned to infill the resource and increase the resource in the eastern Ermitaño vein area, the Aitana vein, and several nearby newly identified targets.

In March 2020, First Majestic provided an update to its reserves and resources effective December 31, 2019. The updated resource estimate for Ermitaño included:

- an indicated resource totaling 2,107,000 tonnes at 4.59 g/t gold and 70 g/t silver for 311,000 ounces of contained gold and 4.73 million ounces of contained silver, and
- an inferred resource of 3,733,000 tonnes averaging 3.08 g/t gold and 58 g/t silver for 370,000 ounces of contained gold and 6.98 million ounces of contained silver.

First Majestic also announced plans to invest US\$29.1 million in expansion capital at Ermitaño in 2020 for mine development, mine equipment and materials-handling.

Evrin holds a 2% NSR on Ermitaño.

Sarape

In June 2018, the Company announced a definitive agreement with a subsidiary of Coeur Mining Inc. (“Coeur”) on the Sarape project in Sonora, Mexico. Coeur could acquire an 80% interest in Sarape by spending US\$16.5 million on exploration, making staged cash payments of US\$2.55 million and completing an NI 43-101 compliant feasibility study on a minimum measured and indicated resource estimate of one million ounces of gold equivalent within a ten-year period. The initial cash payment due upon signing of the agreement of US\$100,000 was received in September 2018. In July 2019, the Company announced that Coeur had terminated the agreement.

The Sarape project consists of 5,349 hectares of mineral tenure over the six-kilometre-long Sarape vein and the 2.6-kilometre long Chiltepin vein. Evrim contracted a helicopter borne magnetic and radiometric geophysical survey over the property in 2018 and completed detailed geologic mapping and rock sampling over the vein targets. Early in 2019, Evrim initiated a diamond drilling program designed to test the Sarape and Chiltepin veins below areas of anomalous rock-chip samples and high-level epithermal vein textures.

**EVRIM RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1.4 Results of Operations, (continued)

Exploration Projects, (continued)

Mexico, (continued)

Sarape, (continued)

Results from ten diamond-drill holes totaling 2,930 metres were reported in July and are tabulated below:

Table 2. Sarape 2019 Diamond Drilling results

Hole ID	From (m)	To (m)	Interval (m)	Gold (g/t)	Silver (g/t)
SAR19-01	227.60	227.85	0.25	1.48	20.50
SAR19-02	74.88	83.35	8.47	0.33	7.59
including	76.50	80.76	4.26	0.52	10.70
SAR19-03	119.15	126.70	7.55	0.19	11.40
SAR19-04	179.42	204.10	24.68	0.18	8.86
including	201.60	203.00	1.40	0.55	31.00
SAR19-05	302.05	303.52	1.47	0.31	20.70
and	306.62	308.15	1.53	0.14	1.92
SAR19-06	261.46	263.70	2.24	0.57	24.30
and	261.46	262.92	1.46	0.80	34.10
SAR19-07	242.65	245.80	3.15	0.26	9.60
and	248.30	251.25	2.95	0.26	9.09
SAR19-08	295.43	307.00	11.57	0.22	5.54
SAR19-09	431.84	440.14	8.30	0.10	4.20
CHI19-01	No significant result				

Nine holes were drilled along 380 metres of strike length and at varying depths on the Sarape vein, and one hole was completed on the Chiltepin vein. Drilling confirmed that the Sarape vein has a complex, multi-episodic emplacement history with two phases of quartz (white and yellow/green) and two phases of carbonate veining. Gold and silver mineralization is associated with both quartz phases and is best developed between 100 metres and 350 metres below surface where the vein dilates into a wide fissure vein before it narrows at depth.

The Company plans to refine targets along the balance of the six-kilometre-long Sarape vein and 2.6 kilometre-long Chiltepin vein and seek a partner to undertake additional drilling.

**EVRIM RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1.4 Results of Operations, (continued)

Exploration Projects, (continued)

Mexico, (continued)

Cerro Cascaron

In January 2016, the Company acquired the Cerro Cascaron project in Chihuahua, Mexico. The project covers 6,842 hectares in a historic Colonial-era mining district hosting numerous gold and gold-silver prospects. The core claims were staked by the Company in late 2016. Three surrounding claims were subsequently acquired under two separate agreements and were consolidated in July 2016. Under the terms of the consolidated agreement, the Company will pay \$280,000 over a five-year period to acquire a 100% interest. The agreement is subject to a 2% NSR of which 1% can be purchased for US\$2.5 million.

In June 2017, the Company signed an option agreement with Harvest Gold Corporation (“Harvest”), whereby Harvest could earn 80% of interest in Cerro Cascaron. During 2018 and 2019 the agreement was amended for a fee of \$ 30,000 to extend the first year commitment and to maintain the project in good standing up to December 31, 2019.

In 2018 and 2019, the Company completed a 10-hole, 2,255-metre drill program at Cerro Cascaron designed to test the Cascarita, Serpiente Dorada and San Pedro areas. Three holes at Cascarita failed return any significant results. Drilling at Serpiente Dorada tested a structure at approximately 200 metres below surface. Mineralization was intersected within broad zones of quartz veining and silicification where the structure intersected a contact between andesitic and rhyolitic volcanic rocks. Drill hole SPT18-01 returned 1.0 metre grading 20.1 g/t gold and 22.5 g/t silver from 225.5 metres downhole. Drilling at San Pedro intersected a banded quartz vein hosted in rhyolitic tuff and andesite, containing multi-episodal chalcedonic quartz and quartz breccia. Drill hole SPED19-02 intersected 0.35 metres grading 5.39 g/t gold and a separate 4.8 metre interval grading 1.02 g/t gold.

In March 2020, Evrim announced the termination the option agreement with Harvest Gold and stated that it was seeking a partner to advance exploration, including the follow-up of open-ended drill results at Serpiente Dorada and San Pedro and the testing of other targets in the Lower Volcanic Section.

Llano del Nogal

Llano del Nogal is a 98 square kilometre concession covering 25 square kilometres of altered volcanic and intrusive rocks on the prolific Nacozari porphyry copper trend in northern Mexico. Airborne magnetics outlines two magmatic centers, a northern magnetic anomaly covered by Tertiary sedimentary rocks and basalt, and a central magnetic anomaly underlying a partially eroded lithocap in andesitic volcanic rocks. Further south, a large area of magnetite destruction is marked by extensive quartz-sericite alteration, quartz-tourmaline veins and polymetallic veins and replacements. Evrim mapping and sampling has identified Laramide-age intrusions, phyllic and potassic-altered volcanic rocks, quartz-sericite-altered hydrothermal breccia and sheeted quartz-chalcopyrite veins. The company is seeking a partner to undertake geophysical surveys and initial drilling on this large untested porphyry system.

**EVRIM RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1.4 Results of Operations, (continued)

Exploration Projects, (continued)

Mexico, (continued)

Llano del Nogal, (continued)

In November 2019, the Company announced the acquisition of the Suanse property in Sonora, Mexico, from San Marco Resources Inc. The property covers 1,115 hectares of ground within Evrim's Llano del Nogal project. Evrim can acquire a 100% interest in Suanse by making staged cash payments of \$75,000 and granting a 1% net smelter royalty ("NSR") of which half can be repurchased for \$1.0 million. Suanse covers portions of an eroded lithocap that extends across the greater Llano del Nogal project area.

Cuale

Cuale is an early-stage exploration property located 185 kilometres west of Guadalajara, Mexico. In November 2017, the Company received formal title for 97 square kilometres of claims covering an area of stream-sediment samples anomalous in gold and copper. An additional 134 square kilometres of claims were staked in 2018. The original claims are subject to a 1.5% precious metal NSR and 1% base metal NSR payable to Altius Minerals Corporation ("Altius").

Evrим undertook a program of mapping and sampling in 2018 that resulted in the discovery of an area of quartz-hematite-pyrophyllite alteration that returned lengthy intervals of high-grade gold from hand-dug trenches. Evrim completed additional mapping and sampling and an Induced Polarization ("IP") survey and, in early 2019, conducted a program of diamond drilling totaling 2,179 metres. Results from the drilling failed to extend trench results to depth and, instead, identified intervals of up to 1.5% copper in altered volcanic rocks. A review of the geology, alteration, surface sampling and drilling results identified a stratabound copper-bearing horizon associated with volcanogenic massive sulfide ("VMS") alteration and an upper horizon of high-sulphidation alteration at surface.

The high-grade gold results from the trenches are interpreted to be the result of lateritic weathering and mechanical enrichment of gold within the upper alteration zone.

The Cuale property remains prospective for the discovery of copper-gold-bearing VMS deposits and shallow-water hybrid deposits exhibiting both VMS and epithermal characteristics. Much of the 232 square-kilometre Cuale concession remains unexplored, and Evrim is seeking a partner to advance the project.

La Lola

In April 2019, the Company announced the acquisition of the La Lola gold-silver project in Sonora, Mexico. The claims were staked by the Company in 2018, and six additional claims were acquired under two separate agreements with third parties in 2019. A total of US\$25,000 was paid to the vendors upon execution of the agreements, and the Company is required to make a further US\$75,000 in staged payments over the next three years.

**EVRIM RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1.4 Results of Operations, (continued)

Exploration Projects, (continued)

Mexico, (continued)

La Lola, (continued)

The project covers 6,309 hectares of land along the northern Sierra Madre Gold Belt and hosts the La Barra vein that has been traced for over five kilometres on the La Lola property. The La Barra vein and smaller parallel veins display high-level features of epithermal gold-silver veins and have never been drilled.

USA

Yamana Alliance

In October 2018, the Company announced a three-year exploration alliance with a subsidiary of Yamana Gold Inc. ("Yamana"). The alliance allows Evrim royalty free access to Yamana's dataset in the western United States for gold and base metal project generation.

During the alliance period, Evrim will compile a fully digital and comprehensive dataset to generate new targets and ideas within the designated area. Should Evrim acquire a project within the designated area, Yamana will have the exclusive right for 60 days to enter into an option agreement to earn a 75% interest on terms as follows:

- within the first two years, Yamana will fund minimum of US\$1,000,000 for initial exploration expenditures, including any acquisition or land staking costs;
- solely fund additional exploration expenditures between years 3 and 10, or until such time as Yamana has defined a NI 43-101 compliant pre-feasibility study on a minimum 1-million-ounce gold equivalent resource;
- make a cash payment of US\$150,000 upon signing the option agreement and additional payments of US\$100,000 on the first, second and third anniversaries;
- upon Yamana earning its interest and the formation of a joint venture, Yamana and Evrim will jointly fund programs on a respective 75:25 basis;
- should Evrim's interest in a project fall below 10%, its interest will convert to a 2.5% NSR of which 1.25% NSR can be purchased by Yamana prior to production for US\$5 million; and
- Evrim will be operator during the first US\$10 million of exploration expenditures. The option period is independent of the alliance period and may extend beyond the three-year term. At the end of the Alliance, both parties will retain a copy of the digital database.

The Company commenced compilation of the dataset in March 2019 and has used portions of the data set to develop several early-stage generative initiatives in the western United States.

**EVRIM RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1.4 Results of Operations, (continued)

Exploration Projects, (continued)

Government Grant

During the period, the Company received a grant of \$58,540 from the Northwest Territories Government for early-stage generative exploration in the area, which was set off against the generative exploration.

Technical Disclosure

All technical disclosure covering the Company's mineral properties was prepared under the supervision of Dave Groves, Vice President, Exploration for Evrim. Mr. Groves is a Certified Professional Geologist (#11456) with the American Institute of Professional Geologists and a Qualified Person under the definition of NI 43-101.

**EVRIIM RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1.4 Results of Operations, (continued)

Exploration Projects, (continued)

The following table indicates the exploration undertaken on the Company's properties during the year ended December 31, 2019 compared to December 31, 2018. Results for minor properties which are not subject to option or alliance agreements have been aggregated to permit presentation of the results for the comparable period in the previous fiscal year.

											Alliance			
	Astro		Cerro Cascaron		Cuale		Llano del Nogal		Sarape		Newmont		Yamana	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Acquisition costs	\$ 1,057	\$ -	\$ 17,857	\$ 19,265	\$ 49,977	\$ 25,158	\$ 29,158	\$ 19	\$ 456	\$ 6,090	\$ 10,140	\$ 19,651	\$ -	\$ -
Exploration costs														
Aircraft and helicopter	283,462	-	32,849	-	65,305	70,121	-	-	-	-	21,433	317,194	-	-
Camp and support	48,226	-	19,883	43,072	26,005	98,709	3,697	2,508	25,678	8,365	10,618	82,129	2,272	-
Chemical analysis	68,231	-	52,988	20,420	50,997	219,114	13,734	2,292	3,067	18,418	21,965	150,425	1,594	-
Community relations	36,595	-	-	-	13,424	-	-	-	-	-	34,889	-	-	-
Data management and maps	15,884	-	11,925	845	5,930	14,812	1,272	447	16,620	1,803	3,269	17,979	47,879	-
Drilling and trenching	203,758	-	178,358	233,623	124,421	213,682	-	-	-	61,410	-	-	-	-
Geological and engineering	503,680	-	85,441	151,492	113,467	241,578	17,742	29,801	142,382	149,191	106,292	472,705	36,391	-
Geophysical Surveys	175,312	-	-	-	-	290,862	-	-	17,095	-	-	-	-	-
Project management	1,149	-	-	-	-	-	-	-	-	-	-	7,519	-	-
Materials and supplies	23,837	-	5,121	13,306	5,231	40,841	694	331	9,828	3,682	-	37,796	770	-
Recording and filing	6,249	-	43,232	28,190	22,869	86,556	85,191	29,789	7,077	9,946	-	-	-	-
Travel	39,906	-	17,060	67,493	32,775	62,804	957	3,131	25,679	7,428	15,289	54,437	3,882	-
	1,406,289	-	446,857	558,441	460,424	1,339,079	123,287	68,299	247,426	260,243	213,755	1,140,184	92,788	-
Exploration reimbursements	(1,399,852)	-	(449,141)	(613,896)	-	-	-	-	(377,751)	(275,152)	(130,454)	(811,883)	-	-
Acquisition & exploration costs net of, reimbursements	6,437	-	(2,284)	(55,455)	460,424	1,339,079	123,287	68,299	(130,325)	(14,909)	83,301	328,301	92,788	-
Government grant	7,494	-	15,573	(36,190)	510,401	1,364,237	152,445	68,318	(129,869)	(8,819)	93,441	347,952	92,788	-
Provision for environmental rehabilitation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Option proceeds	(267,403)	-	-	(30,000)	-	-	-	-	-	(131,680)	-	-	-	-
Net expenditures (recoveries), for the year	(259,909)	-	15,573	(66,190)	510,401	1,364,237	152,445	68,318	(129,869)	(140,499)	93,441	347,952	92,788	-

Projects continued next page

**EVRIM RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1.4 Results of Operations, (continued)

Exploration Projects, (continued)

	Ball Creek		La Lola		Lemon Lake		Nechako		Generative		Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Acquisition costs	\$ 20,000	\$ 4,743	\$ 61,598	\$ -	\$ -	\$ -	\$ 14,726	\$ -	\$ 1,214	\$ 38,416	\$ 21,039	\$ 95,731	\$ 227,222	\$ 209,073
Exploration costs														
Aircraft and helicopter	-	185,656	-	-	-	-	-	-	-	-	-	-	403,049	572,971
Camp and support	-	104,893	2,567	-	552	-	6,241	-	19,763	4,363	2,476	153,998	167,978	498,037
Chemical analysis	3,395	28,096	-	-	311	-	19,341	-	15,546	-	11,158	101,066	262,327	539,831
Community relations	2,016	-	-	-	6,452	-	-	-	(4,053)	-	4,961	-	94,284	-
Data management and maps	5,830	12,259	1,640	-	1,037	-	3,272	-	20,526	22,492	9,931	17,759	145,015	88,396
Drilling and trenching	-	-	-	-	-	-	-	-	-	-	-	473,947	506,537	982,662
Geological and engineering	6,534	304,461	9,640	-	14,881	-	32,853	-	221,073	48,791	78,606	277,039	1,368,982	1,675,058
Geophysical Surveys	-	70,175	-	-	-	-	-	-	-	-	-	149,191	192,407	510,228
Project management	-	-	-	-	-	-	-	-	-	-	-	-	1,149	7,519
Materials and supplies	-	8,942	33	-	20	-	1,028	-	2,689	644	918	29,389	50,169	134,931
Recording and filing	-	-	5,506	-	-	-	-	-	8,140	8,676	7,554	3,103	185,818	166,260
Travel	-	27,517	668	-	1,944	-	5,370	-	17,415	3,106	6,549	37,148	167,494	263,064
	17,775	741,999	20,054	-	25,197	-	68,105	-	301,099	88,072	122,153	1,242,640	3,545,209	5,438,957
Exploration reimbursements	(31,670)	(725,763)	-	-	-	-	-	-	-	-	(34,675)	(1,098,031)	(2,423,543)	(3,524,725)
	(13,895)	16,236	20,054	-	25,197	-	68,105	-	301,099	88,072	87,478	144,609	1,121,666	1,914,232
Acquisition & exploration costs net of, reimbursements	6,105	20,979	81,652	-	25,197	-	82,831	-	302,313	126,488	108,517	240,340	1,348,888	2,123,305
Government grant and tax recovery	-	-	-	-	-	-	-	-	(74,989)	(183,000)	-	(31,890)	(74,989)	(214,890)
Provision for environmental rehabilitation	-	-	-	-	-	-	-	-	-	-	-	20,301	(61,219)	20,301
Option proceeds	(96,000)	-	-	-	-	-	-	-	-	-	-	(63,700)	(363,403)	(225,380)
Net expenditures (recoveries), for the year	(89,895)	20,979	81,652	-	25,197	-	82,831	-	227,324	(56,512)	108,517	165,051	849,277	1,703,336

**EVIM RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1.4 Results of Operations, (continued)

Financial Results

For the year ended December 31, 2019 ("2019"), Evrim incurred a net loss of \$3,232,856 (\$0.04 per share) compared to a net loss of \$1,983,127 (\$0.03 per share) for the year ended December 31, 2018 ("2018"). The net loss in 2018 was set off by the sale of property rights related to the Ermitaño and Cumobabi projects for US\$1,500,000 (\$1,974,875).

Excluding the non-cash items, the net loss for 2019 is \$2,810,201 (2018: \$1,555,665). Non-cash items include share-based compensation, loss on available for sale investment, provision for environmental rehabilitation and depreciation.

The Company reported a \$658,908 loss from its mineral property operations in 2019 compared to a \$504,143 gain in 2018. Exploration and acquisition expenditures were \$3,772,431 in 2019, compared to \$5,648,030 in 2018. The Company received \$2,423,543 in exploration reimbursements in 2019, compared to \$3,524,725 in 2018. Option proceeds, sales of property rights and management fee revenue of \$553,772 was earned during 2019 (2018: \$2,432,859). The Company received a \$58,540 (2018: \$183,000) government grant for exploration work carried out in the Northwest Territories and \$16,449 (2018: \$31,890) in exploration tax credits.

The largest component of administrative expenditures is salaries and support services (2019: \$1,389,927; 2018: \$1,097,646) for the permanent staff of the Company. The increase in 2019 is due to an increase in gross salary for some permanent staff members of the Company, an increase in the number of permanent staff members, termination of the CFO sharing services with Mirasol Resources Ltd. as of June 2018 and termination fees paid to an executive in 2019. Accounting and legal fees (2019: \$130,937; 2018: \$333,569) increased in 2018 due to costs incurred in relation to the arbitration process with First Majestic. The general administrative cost (2019: \$206,921; 2018: \$255,631) decreased in 2019 due to a decrease in office expenses. The management and professional fees (2019: \$173,626; 2018: \$120,000) increased in 2019 due to an increase in independent directors' fees. Marketing expenses (2019: \$57,091; 2018: \$85,285) decreased in 2019 due to decreased participation in trade shows and site visits. Travel expenses (2019: \$157,844; 2018: \$177,384) decreased during 2019 due to less travel for institutional meetings and corporate operations. Investor services (2019: \$48,290; 2018: \$70,132) include the costs of maintaining a listing on the TSX Venture Exchange and the Depository Trust Company ("DTC") status in the United States, as well as transfer agent fees. The Company experienced a foreign exchange loss of \$93,970 in 2019 compared to a loss of \$30,231 in 2018.

**EVRIM RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
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1.5 Summary of Quarterly Results

Selected quarterly information for each of the eight most recently completed financial periods is set out below. All results were compiled using IFRS.

	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Revenues	\$ 106,666	\$ 255,433	\$ 74,615	\$ 332,677	\$ 142,449	\$ 2,089,298	\$ 244,845	\$ 75,910
Net gain/(loss)	(1,055,341)	(798,334)	(700,276)	(678,905)	(1,464,903)	992,343	(859,116)	(651,451)
Loss per common share	\$ (0.01)	\$ 0.01	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ 0.01	\$ (0.01)	\$ (0.01)

The differences shown above are primarily the result of variations in factors such as partner funding, project acquisition, sale of property rights and timing differences. The Company has a portfolio of exploration properties on which it has undertaken significant exploration as well as paying on-going claim maintenance costs. Third quarter of 2018, the Company reported a net gain as a result of the sale of property rights.

1.6 Liquidity

The Company's cash and cash equivalents at December 31, 2019, were \$3,546,972 compared to \$7,087,898 at December 31, 2018. Short-term investments at December 31, 2019, were \$6,058,805 (\$7,021,863 in December 31, 2018). The Company had working capital of \$9,664,855 at December 31, 2019, compared to working capital of \$12,646,137 at December 31, 2018. The increase in working capital in 2018 is attributable to the sale of property rights, financing with Newmont and warrants being exercised.

As of December 31, 2019, \$91,358 (\$1,598,331 in December 31, 2018) of the working capital was earmarked for exploration expenditures of the joint ventured projects.

During the year, \$4,481,806 of the net cash flow was used in operating activities compared to an inflow of \$3,014,196 in 2018. The variance is due to sale of property rights related to Ermitaño and Cumobabi in 2018.

The Company's financial instruments are cashable at any time without restriction except for the short-term investments of which \$5,000,000 is cashable in June 2020 and \$1,000,000 is cashable in September 2020.

The Company has no long-term debt.

**EVRIM RESOURCES CORP.
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1.6 Liquidity, (continued)

The Company had leased premises for its head office at 910-850 West Hastings Street, Vancouver, British Columbia, effective March 1, 2014 to February 28, 2020 and 1201-510 West Hastings Street, Vancouver, British Columbia, effective March 1, 2020 to February 28, 2025. Commitments outstanding for the 2020 fiscal year total \$62,013 for lease and operating costs, and the estimates from 2021 to 2025 total \$279,048.

The Company has leased a photocopier for the head office with commitment outstanding of \$2,580 for the fiscal year 2020, and the estimates for 2021 to 2023 total \$5,805.

The Company has entered into a rental agreement for its administrative offices in Hermosillo, Mexico. The annual rent totals \$21,000. The agreement is for a period of three years and expires on December 31, 2020. The Company may terminate the agreement with a penalty equivalent to two months' rent payment.

As the Company has no substantial revenues, its ability to fund operations is dependent upon its ability to secure financing through the sale of equity or assets. The value of any mineral property is dependent upon the existence of economically recoverable mineral reserves, or the possibility of discovering such reserves, or proceeds from the disposition of such properties. See Section 1.15 "Risk Factors".

1.7 Capital Resources

The Company had 85,295,817 issued and outstanding common shares as of December 31, 2019, (December 31, 2018 – 84,469,317).

During the year the Company issued shares from the exercise of options and acquisition of mineral property rights.

1.8 Off-Balance Sheet Arrangements

As a policy, the Company does not enter into off-balance sheet arrangements with special-purpose entities in the normal course of business, nor does it have any unconsolidated affiliates.

1.9 Transactions with Related Parties

Compensation of key management personnel

During the year ended December 31, 2019, the Company paid \$59,478 (2018 - \$55,727) for community engagement services to a company with a director in common. As at December 31, 2019, \$8,170 is included in accounts payable and accrued liabilities (2018 – \$5,539).

During the year ended December 31, 2017, the Company entered into an option agreement to purchase a 100% interest in the Jacobite property from a company beneficially owned by a director. The option agreement was terminated during the year ended December 31, 2019.

**EVRIM RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1.9 Transactions with Related Parties, (continued)

IFRS requires that compensation of key management personnel be included as a transaction with related parties. In Note 15 (c) of the audited consolidated financial statements, a table is included which details compensation paid to the senior officers of the Company (Chief Executive Officer, Chief Financial Officer, Vice President New Opportunities and Exploration, Vice President Technical Services, Vice President Exploration) and non-executive directors. The Company incurred higher salaries and benefits for the year ended December 31, 2019, compared to December 31, 2018.

1.10 Fourth Quarter

The Company carried out its regular generative exploration work, and partner funded exploration work during the fourth quarter. The Company announced acquisition of Suanse property during the quarter.

1.11 Proposed Transactions

The Company has a business plan that includes identifying and acquiring exploration projects, conducting initial exploration and optioning the projects to partners. Acquisitions and dispositions are an essential and on-going part of this plan.

1.12 Critical Accounting Estimates

The preparation of the Company's consolidated financial statements requires management to make certain estimates that affect the amounts reported in the consolidated financial statements. Accounting estimates considered to be significant were used in Deferred Income Tax Assets, Share-Based Compensation and leases.

Deferred Income Tax Assets

The Company does not believe it is likely that current tax losses will be utilized before they expire, therefore related deferred tax assets have not been recognized in the consolidated financial statements. When the situation changes, such that the future tax benefits of unused tax losses and other deductions carried forward are more likely to be realized, the deferred tax assets will be recorded in the accounts of the Company.

**EVRIM RESOURCES CORP.
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1.12 Critical Accounting Estimates, (continued)

Share-Based Compensation

Calculating share-based compensation requires estimates of expected volatility in the share price, risk-free interest rates, number of options expected to vest, and a determination that standard option pricing models such as Black-Scholes fairly represent the actual compensation associated with options. Share price volatility is calculated using the Company's own trading history. The risk-free interest rate is obtained from the Bank of Canada zero coupon bond yield for the expected life of the options. The Company believes that the Black-Scholes option pricing model is appropriate for determining the compensation cost associated with the grant of options.

1.13 Changes in Accounting Policies including Initial Adoption

Accounting standards issued and effective for the current fiscal year

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases.

The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019.

Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach. Therefore, the comparative information has not been restated and continues to be reported under IAS 17 and International Financial Reporting Interpretations Committee ("IFRIC") 4. IFRS 16 provides a single-lessee accounting model, requiring lessees to recognize a right-of-use ("ROU") asset and a lease obligation at the lease commencement date.

1.14 Financial Instruments and Other Instruments

The Company's activities expose it to a variety of financial risks, which include foreign currency risk, interest rate risk, credit risk and liquidity risk. The Company's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Foreign Currency Risk

The Company incurs certain expenses in currencies other than the Canadian dollar. The Company is subject to foreign exchange risk as a result of fluctuations in exchange rates. The Company manages this risk by maintaining bank accounts in US dollars and Mexican pesos to pay foreign currency expenses as they arise. Receipts in foreign currencies are maintained in those currencies. The Company does not undertake currency hedging activities. The Company also does not attempt to hedge the net investment and equity of integrated foreign operations.

**EVRIM RESOURCES CORP.
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1.14 Financial Instruments and Other Instruments, (continued)

Interest Rate Risk

The Company's cash and cash equivalents and short-term investments consist of cash held in bank accounts and GICs that earn interest at fixed interest rates. Future cash flows from interest income on cash and cash equivalents will be affected by declining cash balances. The Company manages interest rate risk by investing in short-term fixed interest financial instruments with varying maturity periods when feasible to provide access to funds as required.

Credit Risk

Credit risk is the risk of an unexpected loss if an exploration partner, counterparty or third party to a financial instrument fails to meet its contractual obligations. To reduce credit risk, cash and cash equivalents are on deposit at major financial institutions. The Company is not aware of any counterparty risk that could have an impact on the fair value of the cash and cash equivalents.

The carrying value of the financial assets represents the maximum credit exposure. The Company minimizes credit risk by reviewing the credit risk of the counterparties to its arrangements prior to entering into such agreements.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis, including exploration plans. The Company attempts to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and holdings of cash and cash equivalents.

The Company's policy is to invest its excess cash in highly liquid, fully guaranteed, bank-sponsored instruments. This strategy remains unchanged from prior years.

Sensitivity Analysis

The Company measures the effect on total assets or total receipts of reasonably foreseen changes in interest rates and foreign exchange rates. The analysis is used to determine if these risks are material to the financial position of the Company. On the basis of current market conditions, the Company has determined that a 25-base point change in interest rates or a 10% change in foreign exchange rates would be immaterial. Readers are cautioned to refer to Note 17 (c) and (d) of the annual audited consolidated financial statements of the Company for the years ended December 31, 2019 and 2018. Actual financial results for the coming year will vary since the balances of financial assets are expected to change as funds may be raised through equity offering and are used for Company expenses.

**EVRIM RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
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1.15 Other Requirements

Risks Factors and Uncertainties

Overview

The Company is subject to many risks that may affect future operations over which the Company has little control. These risks include, but are not limited to, intense competition in the resource industry, market conditions and the Company's ability to access new sources of capital, mineral property title, results from property exploration and development activities, and currency fluctuations. The Company has a history of recurring losses and there is no expectation that this situation will change in the foreseeable future.

Competition

Other exploration companies, including those with greater financial resources than the Company, could adopt or may have adopted the same business strategies and thereby compete directly with the Company, or may seek to acquire and develop mineral claims in areas targeted by the Company. While the risk of direct competition may be mitigated by the Company's experience and technical capabilities, there can be no assurance that competition will not increase or that the Company will be able to compete successfully.

Access to Capital

The exploration and subsequent development of mineral properties is capital intensive. Should it not be possible to raise additional equity funds when required, the Company may not be able to continue to fund its operations which would have a material adverse effect on the Company's potential profitability and ability to continue as a going concern. At present, the Company has cash resources to fund planned exploration for the next twelve months. Timing of additional equity funding will depend on market conditions as well as exploration requirements.

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. These conditions may persist for an indeterminate period of time.

Foreign Operations and Political Risk

The Company's mineral properties are located in Canada and Mexico. In foreign jurisdictions, mineral exploration and mining activities may be affected in varying degrees by political or economic instability, expropriation of property and changes in government regulations such as tax laws, business laws, environmental laws and mining laws. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may materially adversely affect its business, or if significant enough, may make it impossible to continue to operate in certain countries. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, foreign exchange restrictions, export controls, income taxes, expropriation of property, environmental legislation and exploration health and safety. These risks are not unique to foreign jurisdictions and apply equally to the Company's property interest in Canada.

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1.15 Other Requirements, (continued)

Risks Factors and Uncertainties, (continued)

Mineral Property Tenure and Permits

The Company has completed a review of its mineral property titles and believes that all requirements have been met to ensure continued access and tenure for these titles. However, ongoing requirements are complex and constantly changing so there is no assurance that these titles will remain valid. The operations of the Company will require consents, approvals, licenses and/or permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary consents, approvals, licenses and permits that may be required to carry out exploration, development and production operations at its projects.

Although the Company acquired the rights to some or all of the resources in the ground subject to the tenures that it acquired, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable laws usually provide for rights of access to the surface for the purpose of carrying on exploration activities, however, the enforcement of such rights can be costly and time consuming. It is necessary, as a practical matter, to negotiate surface access.

There can be no guarantee that, despite having the right at law to access the surface and carry on exploration activities, the Company will be able to negotiate a satisfactory agreement with existing landowners for such access, and therefore it may be unable to carry out exploration activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdictions.

Joint Venture Risks

A key aspect of the Company's business is to enter into joint venture agreements with reputable mining companies to advance its projects. Often this results in the Company holding a minority ownership interest in the projects and the Company does not always act as operator of the project, meaning it must rely on the decisions and expertise of its project partners regarding operational matters. The interests of the Company and its project partners are not always aligned, and it may be difficult or impossible for the Company to ensure that the projects are operated in the best interest of the Company. The Company may also be dependent on its project partners for information such as the results of mineral exploration programs. The Company may also experience disputes with project partners regarding operational decisions or the interpretation of agreements in connection with its projects. While the Company strives to maintain effective channels of communication and positive working relationships with all its project partners, there can be no assurance that disputes will not arise that may lead to legal action and could result in significant costs to the Company.

Speculative Nature of Mineral Exploration and Development

The exploration for and development of mineral deposits involves significant risk which even a combination of careful evaluation, experience and knowledge may not adequately mitigate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. There is no assurance that commercial quantities of ore will be discovered on any of the Company's properties.

**EVRIM RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1.15 Other Requirements, (continued)

Risks Factors and Uncertainties, (continued)

Even if commercial quantities of ore are discovered, there is no assurance that the mineral property will be brought into production. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit, such as its size, grade, metallurgy, and proximity to infrastructure; commodity prices, which have fluctuated widely in recent years; and government regulations, including those relating to taxes, royalties, land tenure, land use, aboriginal rights, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, and the Company's business may be adversely affected by its inability to advance projects to commercial production.

Uninsured or Uninsurable Risks

The Company may become subject to liability for pollution or hazards against which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company's evaluation of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and operating activities.

Commodity Prices

The prices of gold, silver, copper, lead, zinc, molybdenum, and other minerals have fluctuated widely in recent years and are affected by a number of factors beyond the Company's control, including international economic and political conditions, expectations of inflation, international currency exchange rates, interest rates, consumption patterns, and speculative activities and increased production due to improved exploration and production methods. Fluctuations in commodity prices will influence the willingness of investors to fund mining and exploration companies and the willingness of companies to participate in joint ventures with the Company and the level of their financial commitment. The supply of commodities is affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any commodities will be such that any of the properties in which the Company has, or has the right to acquire, an interest may be mined at a profit.

Conflicts of Interest

Certain directors and officers of the Company also serve as directors, officers and advisors of other companies involved in natural resource exploration and development. To the extent that such companies may participate in ventures with the Company, such directors and officers may have conflicts of interest in negotiating and concluding the terms of such ventures. Such other companies may also compete with the Company for the acquisition of mineral property rights. In the event that any such conflict of interest arises, the Company's policy is that such director or officer will disclose the conflict to the board of directors and, if the conflict involves a director, such director will abstain from voting on the matter. In accordance with the *Business Corporations Act (BC)*, the directors and officers of the Company are required to act honestly and in good faith with a view to the best interests of the Company.

**EVRIM RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1.15 Other Requirements, (continued)

Risks Factors and Uncertainties, (continued)

Dependence Upon Others and Key Personnel

The success of the Company's operations will depend upon numerous factors including its ability to attract and retain additional key personnel in exploration, marketing, joint venture operations and finance. This will require the use of outside suppliers as well as the talents and efforts of the Company and its consultants and employees. There can be no assurance that the Company will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities. This is especially true as the competition for qualified geological, technical personnel, and consultants can be particularly intense.

Government Regulation

The Company operates in an industry which is governed by numerous regulations, including but not limited to, environmental regulations as well as occupational health and safety regulations. Most of the Company's mineral properties are subject to government reporting regulations. The Company believes that it is in full compliance with all regulations and requirements related to mineral property interest claims.

However, it is possible that regulations or tenure requirements could be changed by the respective governments resulting in additional costs or barriers to development of the properties. This would adversely affect the value of properties and the Company's ability to hold onto them without incurring significant additional costs. It is also possible that the Company could be in violation of, or non-compliant with, regulations it is not aware of.

COVID-19 outbreak

COVID-19 (the coronavirus) has threatened a slowdown in the global economy as well as caused volatility in the global financial markets. While the full impact of COVID-19 on the global economy is uncertain, rapid spread of COVID-19 may have an adverse effect on the Company's financial position. The extent to which COVID-19 may impact the Company's business will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions, physical distancing, business closures or business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. Although it is not possible to reliably estimate the length or severity of these developments and their financial impact as of the date of approval of these consolidated financial statements, the Company's stock price has declined in excess of 25% since the year-end. Should the stock prices remain at or below currently prevailing levels for an extended period, it could have a further significant adverse impact on the Company's financial position and results of operations for future periods.

**EVRIM RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1.15 Other Requirements, (continued)

Additional Disclosure for Venture Issuers without Significant Revenue

The significant components of general and administrative expenditures are presented in the consolidated financial statements. Significant components of mineral property expenditures are included in Section 1.4 Results of Operations.

Outstanding Share Data

As of the date of this MD&A, the Company has 85,295,817 issued and outstanding common shares. In addition, the Company has 4,365,000 options outstanding that expire through July 4, 2024 and 6,333,705 warrants outstanding that expire through May 19, 2020. Details of issued share capital are included in Note 13 of the audited consolidated financial statements for the years ended December 31, 2019 and 2018.

Other Information

All technical reports on material properties, press releases and material change reports are filed on SEDAR at www.sedar.com.

Forward-Looking Statements

This document includes certain forward-looking statements concerning the future performance of the Company's business, its operations, its financial performance and condition, as well as management's objectives, strategies, beliefs and intentions. Forward-looking statements are frequently identified by such words as "may", "will", "plan", "expect", "anticipate", "estimate", "intend" and similar words referring to future events and results. Forward-looking statements are based on the current opinions and expectations of management. All forward-looking information is inherently uncertain and subject to a variety of assumptions, risks and uncertainties. Factors that may cause actual results to vary from forward looking statements include, but are not limited to, the Company's ability to access capital, the speculative nature of mineral exploration and development, fluctuating commodity prices, competitive risks and reliance on key personnel, as described in more detail in this document under "Risk Factors and Uncertainties". Statements relating to estimates of reserves and resources are also forward-looking statements as they involve risks and assumptions (including, but not limited to, assumptions with respect to future commodity prices and production economics) that the reserves and resources described exist in the quantities and grades estimated and are capable of being economically extracted. Actual events or results may differ materially from those projected in the forward-looking statements and we caution against placing undue reliance thereon.