



**Condensed Interim Consolidated Financial Statements**

**For the six months ended  
June 30, 2019 and 2018**

## **NOTICE TO READER**

### **NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements.

# EVRIIM RESOURCES CORP.

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

	Note	June 30, 2019	December 31, 2018
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	\$ 4,898,705	\$ 7,087,898
Short term investments	5	7,021,863	7,021,863
Marketable securities	6	15,000	55,000
Amounts receivable	7	471,957	269,767
Prepaid expenses and deposits		30,122	15,919
		<b>12,437,647</b>	<b>14,450,447</b>
<b>Non-current assets</b>			
Prepaid rent deposit	12a	11,208	11,208
Equipment	3,8	191,042	96,226
Reclamation bonds	9	173,334	53,000
		<b>\$ 12,813,231</b>	<b>\$ 14,610,881</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	10,14	\$ 49,918	\$ 205,979
Current lease liabilities	3	58,218	-
Joint venture partner deposits	9	1,143,004	1,598,331
		<b>1,251,140</b>	<b>1,804,310</b>
<b>Non-current liabilities</b>			
Non-current lease liabilities	3	5,466	-
Provision for environmental rehabilitation	11	66,953	66,525
		<b>1,323,559</b>	<b>1,870,835</b>
<b>Shareholders' Equity</b>			
Issued capital	13	27,179,476	27,179,476
Contributed surplus		1,001,467	885,824
Accumulated deficit		(16,691,271)	(15,325,254)
		<b>11,489,672</b>	<b>12,740,046</b>
		<b>\$ 12,813,231</b>	<b>\$ 14,610,881</b>

Approved and authorized for issue by the Board on August 26, 2019

*Paul van Eeden*  
**Director**

*David A. Caulfield*  
**Director**

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

**EVRIM RESOURCES CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND**  
**COMPREHENSIVE LOSS**

Six Months Ended June 30,  
(Expressed in Canadian Dollars)

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
<b>Mineral Property Operations</b>				
<b>Revenue</b>				
Option proceeds	\$ -	\$ 161,680	\$ 267,403	\$ 225,380
Project management fees	55,370	55,277	105,148	62,675
	55,370	216,957	372,551	288,055
<b>Expenses</b>				
Acquisition expenditures	151	48,478	90,881	90,363
Exploration expenditures	868,026	1,206,209	2,001,078	1,473,582
Government grant on exploration	-	(40,000)	(24,000)	(40,000)
Exploration reimbursements	(610,376)	(912,525)	(1,378,291)	(1,005,245)
	257,801	302,162	689,668	518,700
<b>Loss from mineral property operations</b>	<b>(202,431)</b>	<b>(85,205)</b>	<b>(317,117)</b>	<b>(230,645)</b>
<b>Other operations</b>				
Interest and other revenue	19,245	17,888	34,324	22,700
<b>Expenses</b>				
Accounting and legal	67,632	163,518	89,515	196,501
Depreciation	31,950	11,196	60,178	14,018
Foreign exchange (gain)/loss	(66,658)	146,531	(55,759)	137,507
General and administrative	40,190	82,206	82,403	125,498
Investor services	17,353	16,741	31,847	28,047
Management and professional fees	50,563	30,000	80,563	60,000
Marketing services	(2,641)	32,019	26,324	65,235
Salaries and support services	286,079	160,537	594,424	397,618
Share-based compensation	53,514	105,678	115,643	210,195
Travel	39,108	53,373	72,084	78,003
	517,090	810,799	1,097,222	1,312,622
<b>Loss from other operations</b>	<b>(497,845)</b>	<b>(763,911)</b>	<b>(1,062,898)</b>	<b>(1,279,922)</b>
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (700,276)</b>	<b>\$ (849,116)</b>	<b>\$ (1,380,015)</b>	<b>\$ (1,500,567)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding</b>	<b>84,469,317</b>	<b>70,090,594</b>	<b>84,469,317</b>	<b>71,441,321</b>

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

**EVIM RESOURCES CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
Six Months Ended June 30,  
(Expressed in Canadian Dollars)

	2019		2018
<b>Cash flows provided by (used in) operating activities</b>			
Net loss	\$ (1,380,015)	\$	(1,500,567)
Add (deduct) items not involving cash:			
(Gain)/loss on available-for-sale-investment	40,000		(10,000)
Depreciation	60,178		14,018
Unrealized foreign exchange (gain)/ loss	17,082		(21,745)
Share-based compensation	115,643		210,195
	<b>(1,147,112)</b>		<b>(1,308,099)</b>
Net change in non-cash working capital balances related to operations:			
Amounts receivable	(202,190)		(195,294)
Prepaid expenses and deposits	(14,203)		(62,810)
Lease liabilities	(14,809)		-
Accounts payable and accrued liabilities	(156,061)		221,261
Joint venture partner deposits	(455,327)		(223,913)
Net cash flow provided by (used in) operating activities	<b>(1,989,702)</b>		<b>(1,568,855)</b>
<b>Cash flows used in investing activities</b>			
Reclamation bond	(120,334)		(22,500)
Purchase of equipment	(47,694)		(42,905)
Net cash flow used in investing activities	<b>(168,028)</b>		<b>(65,405)</b>
<b>Cash flows provided by financing activities</b>			
Proceeds from exercise of warrants	-		3,637,147
Proceeds from exercise of options	-		15,833
Net cash flow provided by financing activities	-		3,652,980
Effects of foreign currency translation on cash and cash equivalents	(31,463)		21,715
<b>Increase/(Decrease) in cash and cash equivalents</b>	<b>(2,189,193)</b>		<b>2,040,435</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>7,087,898</b>		<b>6,283,430</b>
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 4,898,705</b>	<b>\$</b>	<b>8,323,865</b>
<b>Cash and cash equivalents are comprised of:</b>			
Cash	\$ 455,701	\$	367,522
Cash restricted for exploration	1,143,004		2,760,343
Short-term money market instruments	3,300,000		5,250,000
	<b>\$ 4,898,705</b>	<b>\$</b>	<b>8,323,865</b>
<b>Supplemental cash flow information:</b>			
Interest received	\$ 25,103	\$	20,872

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

**EVRIM RESOURCES CORP.**

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

Six Months Ended June 30,

(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)	-
Exercise of warrants	13,605,674	3,722,828	(85,681)	-	-	3,637,147
Exercise of stock options	63,333	26,017	(10,184)	-	-	15,833
Share-based compensation	-	-	210,195	-	-	210,195
Loss and comprehensive loss	-	-	-	-	(1,500,567)	(1,500,567)
<b>Balance, June 30, 2018</b>	<b>79,392,249</b>	<b>\$ 19,848,672</b>	<b>\$ 740,530</b>	<b>\$ -</b>	<b>\$ (14,842,694)</b>	<b>\$ 5,746,508</b>
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)	-	-	-	-	13,998	13,998
Share-based compensation	-	-	115,643	-	-	115,643
Loss and comprehensive loss	-	-	-	-	(1,380,015)	(1,380,015)
<b>Balance, June 30, 2019</b>	<b>84,469,317</b>	<b>\$ 27,179,476</b>	<b>\$ 1,001,467</b>	<b>\$ -</b>	<b>\$ (16,691,271)</b>	<b>\$ 11,489,672</b>

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

# EVIM RESOURCES CORP.

Notes to the Condensed Interim Consolidated Financial Statements  
Six Months Ended June 30, 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. Evrin’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 910 - 850 West Hastings Street, Vancouver, British Columbia, Canada, V6C 1E1.

These condensed interim 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. However, the Company has no significant source of recurring revenue, has experienced recurring losses over the past several fiscal years (2018 - \$1,983,127; 2017 - \$2,542,081) and has an accumulated deficit as at June 30, 2019 of \$16,691,271 (June 30, 2018 - \$14,842,694).

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 condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements.

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.



# EVIM RESOURCES CORP.

Notes to the Condensed Interim Consolidated Financial Statements  
Six Months Ended June 30, 2019 and 2018  
(Expressed in Canadian Dollars)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these condensed interim consolidated financial statements are set out below. These policies have been applied consistently by the Company and its subsidiaries to all periods presented and during the most recent fiscal year. Please refer to the annual audited financial statements for the year ended December 31, 2018 for a complete summary of significant accounting policies.

### (a) Basis of consolidation

These condensed interim consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (Evrin Exploration Canada Corp. (“EEC”), 1124798 B.C. Ltd., 1174610 B.C. Ltd., Evrim Resources (Barbados) Ltd., Minera Evrim S.A. de C.V. (“Minera”), Servicios Mineros Orotac S.A de C.V. (“SMO”), Cuale Resources, SA de CV and Evrim Resources USA Inc. (“Evrin 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 March 31, 2019	Proportion of ownership interest December 31, 2018	Principal activity
Evrin 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
Evrin Resources (Barbados) Ltd.	Barbados	100%	-	Holding Company
Minera Evrim 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
Cuale Resources, SA de CV	Sonora, Mexico	100%	100%	Mineral exploration
Evrin Resources USA Inc.	Nevada, USA	100%	100%	Mineral exploration

### (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 regularly. 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.

# EVRIIM RESOURCES CORP.

Notes to the Condensed Interim Consolidated Financial Statements  
Six Months Ended June 30, 2019 and 2018  
(Expressed in Canadian Dollars)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(c) Presentation and functional currency

The Company's presentation currency is the Canadian dollar ("CAD"). The functional currency of Evrim and its subsidiaries is the CAD.

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

### IFRS 16

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.

Accounting policy applicable from January 1, 2019

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:

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

# EVRIM RESOURCES CORP.

Notes to the Condensed Interim Consolidated Financial Statements  
Six Months Ended June 30, 2019 and 2018  
(Expressed in Canadian Dollars)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

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)
<b>Lease liability recognized on adoption of IFRS 16 - January 1, 2019</b>	<b>\$ 93,302</b>

# EVRIIM RESOURCES CORP.

Notes to the Condensed Interim Consolidated Financial Statements  
Six Months Ended June 30, 2019 and 2018  
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## 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.

## 5. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

Cash and cash equivalents include \$1,598,705 (December 31, 2018 – \$3,037,898) in the operating bank accounts and \$3,300,000 (December 31, 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 1.75% to 2%.

As of June 30, 2019, \$322,476 of the total cash and cash equivalents and short-term deposits were restricted for exploration expenditures of the projects under joint venture.

## 6. MARKETABLE SECURITIES

The Company received from Harvest Gold Corporation ("Harvest") 1,000,000 common shares upon signing of the option agreement for the Cerro Cascaron property (Note 9).

Fair market value as at December 31, 2018	\$ 55,000
Fair value adjustment	(40,000)
<b>Fair market value as at June 30, 2019</b>	<b>\$ 15,000</b>

## 7. AMOUNTS RECEIVABLE

Amounts receivable is comprised of the following:

	June 30, 2019	December 31, 2018
Trade receivables	\$ 3,242	\$ 14,461
Other receivables	108,471	49,044
Current tax receivable	360,244	206,262
	<b>\$ 471,957</b>	<b>\$ 269,767</b>

# EVRIM RESOURCES CORP.

Notes to the Condensed Interim Consolidated Financial Statements  
Six Months Ended June 30, 2019 and 2018  
(Expressed in Canadian Dollars)

## 7. AMOUNTS RECEIVABLE, CONTINUED

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

## 8. EQUIPMENT

	Computer equipment and software	Field equipment	Leasehold improvements	Mobile equipment	Office equipment and furniture	Right of use assets	Total
<b>Cost</b>							
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	47,694	-	-	-	-	107,300	154,994
<b>Balance as at June 30, 2019</b>	<b>\$ 304,545</b>	<b>\$ 25,673</b>	<b>\$ 16,995</b>	<b>\$ 29,668</b>	<b>\$ 31,618</b>	<b>\$ 107,300</b>	<b>\$ 515,799</b>
<b>Accumulated depreciation</b>							
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	(25,495)	(427)	(107)	-	(733)	(33,416)	(60,178)
<b>Balance as at June 30, 2019</b>	<b>\$ (199,108)</b>	<b>\$ (21,842)</b>	<b>\$ (15,801)</b>	<b>\$ (29,668)</b>	<b>\$ (24,922)</b>	<b>\$ (33,416)</b>	<b>\$ (292,813)</b>
<b>Carrying amounts</b>							
December 31, 2017	\$ 26,954	\$ 5,349	\$ 2,991	\$ -	\$ 1,847	\$ -	\$ 37,141
December 31, 2018	\$ 83,238	\$ 4,258	\$ 1,301	\$ -	\$ 7,429	\$ -	\$ 96,226
<b>June 30, 2019</b>	<b>\$ 105,436</b>	<b>\$ 3,831</b>	<b>\$ 1,194</b>	<b>\$ -</b>	<b>\$ 6,696</b>	<b>\$ 73,884</b>	<b>\$ 191,042</b>

# EVRIM RESOURCES CORP.

Notes to the Condensed Interim Consolidated Financial Statements  
Six Months Ended June 30, 2019 and 2018  
(Expressed in Canadian Dollars)

## 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***

#### **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% net smelter royalty ("NSR") of which 1% can be purchased for US\$2.5 million.

#### ***Harvest Gold Corporation 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. To earn a 70% interest ("Initial interest"), Harvest must incur \$6.0 million in exploration expenditures, pay \$900,000 in cash and issue two million common shares over a four-year period (one million shares received in 2017). To earn an additional 10% interest, Harvest has to make a cash payment of \$200,000 (or issue 200,000 shares at Evrim's election) and fund a National Instrument 43-101 compliant feasibility study over a five-year period. Minimum annual exploration expenditures of \$2.0 million are required by Harvest during this period and a \$200,000 cash payment has to be made to Evrim if the minimum expenditures are not met during any given year.

During the Initial Interest period, Harvest can defer exploration expenditures at the end of the first, second or third anniversary for 12 months by making quarterly cash payments of \$25,000 to Evrim and maintaining all other cash payments and claim maintenance costs. If Evrim's interest in Cerro Cascaron is diluted to 10% or less, its interest will convert into a 2% NSR. Evrim will retain the right to purchase half of a pre-existing 2% NSR from a property vendor for US\$2.5 million. Harvest will be responsible for all other claim maintenance and underlying vendor costs.

In April 2018, the completion date to fulfil the first years' obligations was extended to December 31, 2018, for a fee of \$30,000. Effective January 31, 2019, the agreement was extended to March 31, 2019 by mutual agreement of both parties.

# EVRIM RESOURCES CORP.

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## 9. MINERAL PROPERTY INTERESTS, CONTINUED

### *Mexico Portfolio, continued*

#### *Harvest Gold Corporation option agreement, continued*

In June 19, 2019, the Company announced that the agreement has been extended for a further period of six months to allow the parties to renegotiate the agreement. Subsequent to the quarter end Harvest paid \$55,000 to Evrim to maintain the property.

#### **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 a National Instrument 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. Subsequent to the earn in period Coeur and Evrim will form a joint venture on the basis of 80:20. Evrim will continue to receive US\$ 100,000 per annum until all necessary permits to operate a mine on the property have been received by the joint venture. If Coeur decides to terminate its participation in the joint venture prior to the exercise of the option, its interest will be converted to a 2% NSR with an option to buy back 1% for US\$2,000,000. Following the creation of the joint venture if Evrim chooses to terminate its participation, the 20% interest will be converted to a 3% NSR with an option to buy back 1% for US\$2,000,000. The initial cash payment due upon signing of the agreement of US\$100,000 was received in September 2018. Subsequent to the quarter end the agreement was terminated.

#### **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.

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## 9. MINERAL PROPERTY INTERESTS, CONTINUED

### *Canada Portfolio*

#### *Ball Creek Property*

In June 2015, the Company acquired a 100% interest in the Ball Creek property from Paget Minerals Corp. ("Paget"), 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 (National Instrument 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 National Instrument 43-101 compliant feasibility study.

The property is located in northwest British Columbia. Both Evrim and Paget are each entitled to 50% of the existing bond in place, with Evrim's share being \$20,000 (December 31, 2018 - \$20,000).

#### *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 (National Instrument 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 National Instrument 43-101 compliant feasibility study.

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

#### 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. As at March 31, 2019, the Company has placed a reclamation bond in the amount of \$7,500 (December 31, 2018 - \$3,000).

#### 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:
  - \$25,000 upon entering into a future option agreement;
  - \$25,000 upon entering in to an agreement to drill 10,000 metres;

# EVRIIM RESOURCES CORP.

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## 9. MINERAL PROPERTY INTERESTS, CONTINUED

### Canada Portfolio, continued

#### Lemon Lake Property, continued

- \$150,000 upon announcement of a measured and indicated mineral resource estimate (compliant with National Instrument 43-101); and
- \$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 in the amount of \$75,000 (December 31, 2018 - \$Nil).

#### 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 National Instrument 43-101 compliant pre-feasibility study on a minimum 2,000,000 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.

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 National Instrument 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.

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. During the period, the Company placed a reclamation bond of \$40,834 for the property. The Company received the option payment of US\$ 200,000 due upon assignment in April 2019.

# EVIRIM RESOURCES CORP.

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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:

- 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;
- solely fund additional exploration expenditures between years 3 and 10, or until such time as Yamana has defined a National Instrument 43-101 compliant pre-feasibility study on a minimum 1,000,000 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.

### Government grant

During the period ended June 30, 2019, the Company received a grant of \$24,000 from the Northwest Territories Government (June 30, 2018 - \$40,000) for the exploration work carried out in Canada.

# EVRIIM RESOURCES CORP.

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## 9. MINERAL PROPERTY INTERESTS, CONTINUED

### *Exploration Expenditures*

During the period ended June 30, 2019 and the comparative period, the Company incurred the following exploration expenditures:

	Six months ended June 30,	
	2019	2018
Camp and support	\$ 89,305	\$ 210,973
Aircraft and helicopters	74,867	67,095
Chemical analysis	127,293	58,637
Community relations	47,652	-
Data management and maps	90,211	26,095
Drilling and trenching	314,379	429,985
Geological services	828,824	482,034
Geophysical surveys	186,191	22,000
Materials and supplies	29,165	34,061
Project Management	99	6,709
Recording and filing	85,940	78,387
Travel	127,152	57,606
	<b>\$ 2,001,078</b>	<b>\$ 1,473,582</b>

## 10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2019	December 31, 2018
Trade payables	\$ 25,591	\$ 94,192
Accrued Liabilities	24,327	111,787
	<b>\$ 49,918</b>	<b>\$ 205,979</b>

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 \$66,953 (December 31, 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
Foreign exchange effect		428
<b>Balance, June 30, 2019</b>	<b>\$</b>	<b>66,953</b>

## 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. At June 30, 2019, the Company has future minimum annual lease commitments as follows:

	Less than one year	One to five years
Lease payment	\$ 26,824	\$ -
Operating costs	28,261	-
<b>Total</b>	<b>\$ 55,085</b>	<b>\$ -</b>

- (b) The Company has leased a photocopier for the head office. The following are the future minimum annual lease commitments:

	Less than one year	One to five years
Photocopier lease payment	\$ 2,580	\$ 6,450

- (c) The Company has entered into a rental agreement, for its administrative office 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.

## 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

The Company did not issue any shares during the period ended June 30, 2019.

# EVRIM RESOURCES CORP.

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## 13. ISSUED CAPITAL, CONTINUED

### (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, the board of directors has approved the grant of 200,000 stock options to two 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 six months ended June 30, 2018.

Changes in share purchase options during the six months ended June 30, 2019 and June 30, 2018 are as follows:

	June 30, 2019		June 30, 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	200,000	\$ 0.32	-	\$ -
Exercised	-	\$ -	(63,333)	\$ 0.25
Forfeited/Expired	-	\$ -	-	\$ -
Outstanding at end of the period	5,915,000	\$ 0.25	5,861,667	\$ 0.25
Options exercisable at end of the period	2,690,000	\$ 0.25	1,386,667	\$ 0.25

The following share purchase options were outstanding at June 30, 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	0.87
November 9, 2022	5,615,000	2,540,000	\$ 0.25	3.36
February 13, 2024	200,000	50,000	\$ 0.32	4.63
	5,915,000	2,690,000	\$ 0.25	3.36

The weighted average grant-date fair value of the share purchase options granted on February 13, 2019, 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 105%, risk-free interest rate of 1.84%, an expected life of 5 years and a dividend yield of 0%. Volatility was estimated using historical prices of the Company's shares.

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## 13. ISSUED CAPITAL, CONTINUED

### (b) Incentive stock options, continued

The total share-based compensation expense charged against operations for the six months ended June 30, 2019 was \$115,643 (June 30, 2018 – \$210,195).

### (c) Warrants

The Company did not issue any warrants during the six months ended June 30, 2019. Share purchase warrants outstanding at June 30, 2019 and June 30, 2018 are as follows:

Exercise price	Expiry date	Balance December 31, 2018	Issued during the year	Exercised/expired during the year	Balance June 30, 2019
\$0.50	May 19, 2020	6,333,629	-	-	<b>6,333,629</b>
Weighted average exercise price		\$ 0.50			<b>\$ 0.50</b>
Weighted average remaining life		1.38			<b>0.89</b>

  

Exercise price	Expiry date	Balance December 31, 2017	Expired unexercised	Exercised during the year	Balance June 30, 2018
\$0.25	December 16, 2020	12,568,800	(313,000)	(12,255,800)	-
\$0.50	May 19, 2020	7,174,880	-	(841,175)	6,333,705
\$0.30	November 19, 2018	565,704	-	(508,704)	57,000
		20,309,384	(313,000)	(13,605,679)	6,390,705
Weighted average exercise price		\$ 0.34		\$ 0.27	\$ 0.50
Weighted average remaining life		2.70			1.87

## 14. 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 June 30, 2019 was \$9,463 (June 30, 2018 - \$Nil) owing to a company with a director in common.

### (b) Transactions involving related parties

During the six months ended June 30, 2019, the Company paid \$36,673 (June 30, 2018 - \$25,770) for community engagement services to a company with a director in common.

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## 14. RELATED PARTY TRANSACTIONS, CONTINUED

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.

### (c) Compensation of key management personnel

The remuneration paid to directors and other key management personnel during the period ended June 30, 2019 and 2018 were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Salaries of senior executives <sup>(i)</sup>	\$ 195,000	\$ 195,000	\$ 395,000	\$ 390,000
Short term employee benefits <sup>(ii)</sup>	8,100	7,959	16,200	15,918
Non-executive directors' fees	42,500	30,000	72,500	60,000
Stock base compensation	34,615	77,104	84,342	153,361
	<b>\$ 280,215</b>	<b>\$ 310,063</b>	<b>\$ 568,042</b>	<b>\$ 619,279</b>

(i) Senior executives include the Chief Executive Officer, Chief Financial Officer, 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 period ended June 30, 2019 and 2018.

## 15. SEGMENTED INFORMATION

During the period ended June 30, 2019 and 2018, the Company operated in one industry segment: mineral exploration; within three geographic segments: Canada, United States and Mexico. The Company and all subsidiaries are operated as one entity with common management located at the Company's head office. The Company's non-current assets by geographic areas for the period ended June 30, 2019 and 2018 are as follows:

June 30, 2019	Canada	United States	Mexico	Total
Non-current assets				
Prepaid rent and deposits	\$ 11,208	\$ -	\$ -	\$ 11,208
Equipment	169,739	-	21,303	191,042
Reclamation bond	173,334	-	-	173,334
	<b>\$ 354,281</b>	<b>\$ -</b>	<b>\$ 21,303</b>	<b>\$ 375,584</b>
June 30, 2018	Canada	United States	Mexico	Total
Non-current assets				
Prepaid rent and deposits	\$ 11,208	\$ -	\$ -	\$ 11,208
Equipment	54,842	-	11,186	66,028
Reclamation bond	53,000	-	-	53,000
	<b>\$ 119,050</b>	<b>\$ -</b>	<b>\$ 11,186</b>	<b>\$ 130,236</b>



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## 15. SEGMENTED INFORMATION, CONTINUED

The Company's mineral property revenues by geographic areas for the six months ended June 30, 2019 and June 30, 2018 are as follows:

	June 30, 2019		Total
	Canada	Mexico	
Revenues			
Property option proceeds	\$ 267,403	\$ -	\$ 267,403
Project management fees	42,835	62,313	105,148
	<b>\$ 310,238</b>	<b>\$ 62,313</b>	<b>\$ 372,551</b>

  

	June 30, 2018		Total
	Canada	Mexico	
Revenues			
Property option proceeds	\$ -	\$ 225,380	\$ 225,380
Project management fees	62,045	630	62,675
	<b>\$ 62,045</b>	<b>\$ 226,010</b>	<b>\$ 288,055</b>

## 16. 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 nature of these financial instruments.

### (b) Categories of financial instruments

	June 30, 2019	December 31, 2018
<b>Financial assets</b>		
<i>FVTPL</i>		
Cash and cash equivalents	\$ 4,898,705	\$ 7,087,898
Short term investments	7,021,863	7,021,863
Marketable securities	15,000	55,000
<i>Loans and receivables</i>		
Amounts receivable	111,713	63,505
	<b>\$ 12,047,281</b>	<b>\$ 14,228,266</b>
<b>Financial liabilities</b>		
<i>Other financial liabilities</i>		
Accounts payable and accrued liabilities	\$ 49,918	\$ 205,979
Lease liability	63,684	-
Joint venture partner deposit	1,143,004	1,598,331
	<b>\$ 1,256,606</b>	<b>\$ 1,804,310</b>

# EVRIM RESOURCES CORP.

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## 16. FINANCIAL RISK MANAGEMENT, 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 risks. 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 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:

	June 30, 2019 (US*)	June 30, 2019 (MXN*)	December 31, 2018 (US*)	December 31, 2018 (MXN*)
Cash	\$ 276,884	\$ 39,700	\$ 1,397,331	\$ 49,728
Amounts receivable	-	-	-	-
Accounts payable and accrued liabilities	-	(145)	(561)	(2,842)
Joint venture partner deposits	(254,007)	-	(328,267)	-
Net assets denominated in foreign currencies	<b>\$ 22,877</b>	<b>\$ 39,555</b>	<b>\$ 1,068,503</b>	<b>\$ 46,886</b>

\*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 0.06% (December 31, 2018 – 0.90%).

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).

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## 16. FINANCIAL RISK MANAGEMENT, CONTINUED

Period ended June 30,	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	\$ 5,832	\$ Nil	\$ 31,694	\$ (13,168)

(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. The effect of a 1% change in interest rates on comprehensive income based on the cash and cash equivalents at the end of each period would be approximately \$200,000. 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 periodically reviewing the credit risk of the counterparties to its arrangements. The Company's concentration of credit risk and maximum exposure thereto is as follows:

	June 30, 2019	December 31, 2018
Short-term money market instruments	\$ 10,321,863	\$ 11,071,863
Cash bank accounts	1,598,705	3,037,898
Amounts receivable	111,713	63,505
<b>Total</b>	<b>\$ 12,032,281</b>	<b>\$ 14,173,266</b>

# EVRIM RESOURCES CORP.

Notes to the Condensed Interim Consolidated Financial Statements  
Six Months Ended June 30, 2019 and 2018  
(Expressed in Canadian Dollars)

## 16. FINANCIAL RISK MANAGEMENT, CONTINUED

### (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 an ongoing planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements, 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. 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.

<b>Accounts Payable and Accrued Liabilities</b>		
<b>Due Date</b>	<b>June 30, 2019</b>	<b>December 31, 2018</b>
0 – 90 days	\$ 25,591	\$ 116,464
90 – 365 days	24,327	193,188
365 + days	-	7,740
<b>Total</b>	<b>\$ 49,918</b>	<b>\$ 317,392</b>

### (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 other price risks.

## 17. SUBSEQUENT EVENTS

### Ball Creek Property

In July 2019, the Company announced a joint venture with Golden Ridge Resources Ltd. ("Golden Ridge") on the Ball creek project in north western British Columbia. 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% net smelter royalty ("NSR") for \$1.0 million.

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

# EVRIIM RESOURCES CORP.

Notes to the Condensed Interim Consolidated Financial Statements  
Six Months Ended June 30, 2019 and 2018  
(Expressed in Canadian Dollars)

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## 17. SUBSEQUENT EVENTS, CONTINUED

### Option grant

In June 2019, the Company granted 1,000,000 stock options to an employee, 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 five-year period from the date of the grant.



**MANAGEMENT DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS**

**FOR THE SIX MONTHS ENDED  
JUNE 30, 2019**

**EVRIM RESOURCES CORP.  
MANAGEMENT DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2019**

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**Introduction**

*This Management Discussion and Analysis – Quarterly Highlights (“MD&A - Quarterly Highlights”) of the financial position and results of Evrim Resources Corp. (the “Company” or “Evrin”) should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements and related notes for the six months ended June 30, 2019 and 2018. The MD&A - Quarterly Highlights 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 - Quarterly Highlights 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 - Quarterly Highlights.*

*The audited consolidated financial statements, unaudited condensed interim consolidation financial statements and MD&A - Quarterly Highlights 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 - Quarterly Highlights 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, 2018 and 2017, and the unaudited condensed interim consolidation financial statements for the six months ended June 30, 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](http://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 - Quarterly Highlights has been prepared based on information available to the Company as of August 26, 2019.

**EVRIM RESOURCES CORP.  
MANAGEMENT DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2019**

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**Operational Highlights**

**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, who is leaving the Company.

**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 five-year period from the date of the grants.

**Option Agreements, Acquisitions and Exploration**

The Company has no substantial revenue and supports its operations through the sale of equity or assets such as mineral property interests. The value of any mineral property is dependent upon the existence or potential existence of economically recoverable mineral reserves.

*Ball Creek*

In July 2019, the Company announced a joint venture with Golden Ridge Resources Ltd. ("Golden Ridge") on the Ball creek project in north western 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% net smelter royalty ("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.

In August 2019, the Company and Golden Ridge announced plans for an exploration program on the property comprising geochemical surveys and up to 1,600 metres of diamond drilling.

*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\$35,000 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 four years.

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. Evrim has completed programs of mapping and sampling and is currently seeking a partner to test the vein system.



**EVIM RESOURCES CORP.  
MANAGEMENT DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2019**

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**Operational Highlights, continued**

**Option Agreements, Acquisitions and Exploration, continued**

*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.

The 250 square kilometre Astro project is located in the Northwest Territories, six kilometres north of the Mile 222 airstrip and 195 kilometres northeast of Ross River. Two seasons of prospecting and geochemical sampling 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. The Radio and Microwave prospects, and the Infrared and Gamma soil anomalies, remain open to the north and south along northwest-striking structures.

Evrим commenced a program of detailed mapping and sampling late in the quarter and initiated reverse-circulation (“RC”) scout drilling to test prospective limestone and siltstone horizons in proximity to surface showings and gold-in-soil anomalies.

*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”).

Evrim 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 in 10 holes. 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.

**EVRIM RESOURCES CORP.  
MANAGEMENT DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2019**

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**Operational Highlights, continued**

**Option Agreements, Acquisitions and Exploration, continued**

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-kilometer Cuale concession remains unexplored, and Evrim is reviewing a program of additional reconnaissance.

*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 may 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. Subsequent to the earn-in period, Coeur and Evrim will form a joint venture on a respective 80:20 basis. Evrim will continue to receive US\$100,000 per annum until all necessary permits to operate a mine on the property have been received by the joint venture. If Coeur decides to terminate its participation in the joint venture prior to the exercise of the option, its interest will be converted to a 2% NSR with an option to buy back 1% for US\$2,000,000. Following the creation of the joint venture, if Evrim chooses to terminate its participation, the 20% interest will be converted to a 3% NSR with an option to buy back 1% for US\$2,000,000. The initial cash payment due upon signing of the agreement of US\$100,000 was received in September 2018.

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

**EVRIIM RESOURCES CORP.  
MANAGEMENT DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2019**

**Operational Highlights, continued**

**Option Agreements, Acquisitions and Exploration, continued**

Hole ID	From (m)	To (m)	Interval (m)	Gold (g/t)	Silver (g/t)
<b>SAR19-01</b>	227.6	227.85	0.25	1.48	20.5
<b>SAR19-02</b>	74.88	83.35	8.47	0.33	7.59
including	76.5	80.76	4.26	0.52	10.7
<b>SAR19-03</b>	119.15	126.7	7.55	0.19	11.4
<b>SAR19-04</b>	179.42	204.1	24.68	0.18	8.86
including	201.6	203	1.4	0.55	31
<b>SAR19-05</b>	302.05	303.52	1.47	0.31	20.7
and	306.62	308.15	1.53	0.14	1.92
<b>SAR19-06</b>	261.46	263.7	2.24	0.57	24.3
and	261.46	262.92	1.46	0.80	34.1
<b>SAR19-07</b>	242.65	245.8	3.15	0.26	9.60
and	248.3	251.25	2.95	0.26	9.09
<b>SAR19-08</b>	295.43	307.0	11.57	0.22	5.54
<b>SAR19-09</b>	431.84	440.14	8.3	0.10	4.2
<b>CHI19-01</b>	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 and 350 metres below surface where the vein dilates into a wide fissure vein before it narrows at depth.

In July, the Company announced that Coeur had terminated the agreement. The Company plans to refine targets along the balance of the six kilometre vein that remains untested and seek partners to undertake additional drilling.

*Cerro Cascarón*

In January 2016, the Company acquired the Cerro Cascarón 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.

**EVRIM RESOURCES CORP.  
MANAGEMENT DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2019**

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**Operational Highlights, continued**

**Option Agreements, Acquisitions and Exploration, continued**

In June 2017, the Company signed an option agreement with Harvest Gold Corporation (“Harvest”) on the Cerro Cascaron property. Harvest can earn a 70% interest (the “Initial Interest”) in the property by spending an aggregate of \$6 million in exploration expenses, making staged cash payments of \$900,000 and issuing two million shares over a four-year period (one million shares were received upon signing). After earning the initial Interest, Harvest can earn an additional 10% interest (the “Additional Interest”) by paying \$200,000 or 200,000 shares, at Evrim’s election, and funding an NI 43-101 compliant feasibility study over a five-year period. Minimum exploration expenditures of \$2 million, or a \$200,000 cash payment are required each year. During the Initial Interest period, Harvest can defer exploration expenditures at the end of the first, second or third anniversary for up to 12 months by making quarterly cash payments of \$25,000 to Evrim and maintaining all other cash payments and claim maintenance costs.

In April 2018, the completion date to fulfil the first years’ obligations was extended to December 31, 2018, for a fee of \$30,000. Effective January 31, 2019, the agreement was extended to March 31, 2019 by mutual agreement of both parties.

In June 19, 2019, the Company announced that the agreement had been extended for a further period of six months to allow the parties to renegotiate the agreement. Subsequent to the quarter end Harvest paid \$55,000 to Evrim to maintain the property during this period.

In 2018, 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. Drilling at Serpiente Dorada tested a structural corridor over a strike length of 180 metres at approximately 100 metres below surface. Mineralization was intersected within broad zones of quartz veining and silicification where the structure intersects hydrothermal breccia and 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.

*Ermitaño*

On March 29, 2019, First Majestic announced a resource update at the Ermitaño:

- a total of 8.81 million silver-equivalent ounces (approximately 119,000 gold-equivalent ounces) has been upgraded to indicated status from the 2018 inferred resources;
- 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; and
- First Majestic is planning to complete 16,000 metres of drilling in 2019 (increased to 32,700 metres as of August 7, 2019) to investigate the continuity of mineralization at shallow depths that may be amenable to open pit extraction.

Metal prices used by First Majestic for mineral resource estimates were US\$17.50 per ounce silver and US\$1,300 per ounce gold.

**EVRIM RESOURCES CORP.  
MANAGEMENT DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2019**

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**Operational Highlights, continued**

**Option Agreements, Acquisitions and Exploration, continued**

*Generative Initiatives*

The Company allocated resources during the year to generate new projects in Canada and Mexico. In Mexico, target development focused on epithermal gold-silver targets in Sonora, Chihuahua, and Durango states. Property evaluations and sampling are underway on a number of prospects in several targeted district settings. In Canada, initial target-delineation work is planned for two properties recently acquired in British Columbia.

*Government Grant*

During the period, the Company received a grant of \$24,000 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 Stewart Harris, P.Geo. Vice President, Technical Services for the Company and a "Qualified Person" within the meaning of NI 43 -101.

**EVRIUM RESOURCES CORP.  
MANAGEMENT DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2019**

**Operational Highlights, continued**

**Property Acquisitions and Exploration, continued**

The following table indicates the exploration undertaken on the Company's properties during the period ended June 30, 2019 compared to June 30, 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.

	Optioned Properties						Alliance							
	Sarape		Astro		Cerro Cascaron		Newmont		Yamana		Cuale		Llano del Nogal	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<b>Acquisition costs</b>	\$ -	\$ 10,871	\$ -	\$ -	\$ -	\$ 4,085	\$ 10,140	\$ 195	\$ -	\$ -	\$ 19,969	\$ 14,991	\$ -	\$ 19
<b>Exploration costs</b>														
Aircraft and helicopter	-	-	-	-	-	-	-	67,095	-	-	65,305	-	-	-
Camp and support	24,432	685	1,145	-	20,578	1,191	5,915	19,963	596	-	24,547	35,116	-	2,508
Chemical analysis	2,886	-	5,138	-	52,998	-	2,504	154	-	-	48,888	25,177	-	2,292
Community relations	-	-	6,030	-	-	-	34,889	-	-	-	-	-	-	-
Data management and maps	13,129	-	3,443	-	10,746	190	1,026	7,080	29,734	-	5,745	3,654	71	304
Drilling and trenching	-	-	11,600	-	178,358	-	-	-	-	-	124,421	-	-	-
Geological and engineering	133,223	11,257	281,666	-	86,561	5,727	78,918	137,547	15,977	-	112,862	86,898	1,710	28,764
Geophysical Surveys	17,096	-	147,421	-	-	-	-	-	-	-	-	-	-	-
Project management	-	-	99	-	-	-	-	6,709	-	-	-	-	-	-
Materials and supplies	8,925	21	7,743	-	4,426	-	-	6,277	74	-	3,455	5,782	-	331
Recording and filing	-	-	-	-	10,919	12,789	-	-	-	-	7,544	49,344	28,105	16,254
Travel	24,091	-	262	-	49,910	390	10,483	10,089	2,274	-	29,381	32,443	76	3,131
	223,782	11,963	464,547	-	414,496	20,287	133,735	254,914	48,655	-	422,148	238,414	29,962	53,584
Exploration reimbursements	(325,192)	-	(457,052)	-	(449,796)	(10,991)	(99,952)	(178,576)	-	-	-	-	-	-
<b>Acquisition &amp; exploration costs net of reimbursements</b>	(101,410)	11,963	7,495	-	(35,300)	9,296	33,783	76,338	48,655	-	422,148	238,414	29,962	53,584
<b>Government grant</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Provision for environmental rehabilitation</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Option proceeds</b>	-	(131,680)	(267,403)	-	-	(30,000)	-	-	-	-	-	-	-	-
<b>Net expenditures (recoveries), for the period</b>	(101,410)	(108,846)	(259,908)	-	(35,300)	(16,619)	43,923	76,533	48,655	-	442,117	253,405	29,962	53,603

Projects continued next page

**EVRIM RESOURCES CORP.  
MANAGEMENT DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2019**

**Operational Highlights, continued**

**Property acquisitions and Exploration, continued**

	Ball Creek		Axe		Lemon Lake		Nechako		Generative		Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<b>Acquisition costs</b>	\$ -	\$ 1,019	\$ -	\$ 1,432	\$ -	\$ -	\$ 14,679	\$ -	\$ -	\$ 39,884	\$ 46,093	\$ 17,867	\$ 90,881	\$ 90,363
<b>Exploration costs</b>														
Aircraft and helicopter	9,562	-	-	-	-	-	-	-	-	-	-	-	74,867	67,095
Camp and support	2,250	64,811	-	84,039	-	-	-	-	10,174	2,378	3,457	282	93,094	210,973
Chemical analysis	2,919	1,350	5,480	29,664	311	-	-	-	6,169	-	-	-	127,293	58,637
Community relations	1,613	-	439	-	4,508	-	-	-	-	-	173	-	47,652	-
Data management and maps	4,025	5,018	2,648	3,883	588	-	2,012	-	16,252	5,741	792	225	90,211	26,095
Drilling and trenching	-	-	-	429,985	-	-	-	-	-	-	-	-	314,379	429,985
Geological and engineering	2,623	40,220	3,658	124,377	6,314	-	8,260	-	98,599	44,601	20,583	2,643	850,954	482,034
Geophysical Surveys	21,674	22,000	-	-	-	-	-	-	-	-	-	-	186,191	22,000
Project management	-	-	-	-	-	-	-	-	-	-	-	-	99	6,709
Materials and supplies	-	-	-	21,635	20	-	-	-	713	15	20	-	25,376	34,061
Recording and filing	-	-	-	-	-	-	-	-	14,378	-	2,864	-	63,810	78,387
Travel	-	2,399	-	8,198	433	-	-	-	9,575	956	667	-	127,152	57,606
	44,666	135,798	12,225	701,781	12,174	-	10,272	-	155,860	53,691	28,556	3,150	2,001,078	1,473,582
Exploration reimbursements	(11,623)	(116,346)	(34,676)	(699,332)	-	-	-	-	-	-	-	-	(1,378,291)	(1,005,245)
<b>Acquisition &amp; exploration costs net of, reimbursements</b>	33,043	19,452	(22,451)	2,449	12,174	-	10,272	-	155,860	53,691	28,556	3,150	622,787	468,337
Government grant and tax recovery	-	-	-	-	-	-	-	-	(24,000)	(40,000)	-	-	(24,000)	40,000
Provision for environmental rehabilitation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Option proceeds	-	-	-	-	-	-	-	-	-	-	-	(63,700)	(267,403)	(225,380)
<b>Net expenditures (recoveries), for the period</b>	33,043	20,471	(22,451)	3,881	12,174	-	24,951	-	131,860	53,575	74,649	42,683	422,265	293,320

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## **Trends**

Seasonality and market fluctuations may impact Company's expenditures. Exploration activities are carried out in Mexico and Canada and consist of expenses incurred on mineral property operations, administration and business development.

The level of spending is largely determined by the Company's ability to secure financing through the sale of equity, the sale of assets and joint venture or alliance agreements with industry partners.

## **Financial Condition – Six months ended June 30, 2019**

For the six months ended June 30, 2019 ("2019"), Evrim incurred a net loss of \$1,380,015 (\$0.02 per share) compared to a net loss of \$1,500,567 (\$0.02 per share) for the six months ended June 30, 2018 ("2018"). The decrease in net loss in 2019 is due to a decrease in costs related to operation of the Company.

Excluding the share-based compensation (\$115,643 in 2019 and \$210,195 in 2018) and depreciation (\$60,178 in 2019 and \$ 14,018 in 2018), the net loss for 2019 is \$1,204,194 (2018: \$1,276,354).

The Company reported a \$317,117 loss from its mineral property operations in 2019 compared to a \$230,645 loss in 2018. The Company incurred \$2,091,959 in exploration and acquisition expenditures in 2019, compared to \$1,563,945 in 2018. Three Company-operated joint ventures and two alliances resulted in the increase in exploration costs. The Company received \$1,378,291 in exploration reimbursements in 2019, compared to \$1,005,245 in 2018. Option proceeds and management fee revenue of \$372,551 was earned during 2019 (2018: \$288,055). The Company received a \$24,000 (2018: \$40,000) government grant for exploration work carried out in the Northwest Territories.

The largest component of administrative expenditures is salaries and support services (2019: \$594,424; 2018: \$397,618) 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 and termination of the CFO sharing services with Mirasol Resources Ltd. as of June 2018. Accounting and legal fees (2019: \$89,515; 2018: \$196,501) increased in 2018 due to costs incurred in relation to the arbitration process with First Majestic. The general administrative cost (2019: \$82,403; 2018: \$125,498) decreased in 2019 due to a decrease in office expenses. Marketing expenses (2019: \$26,324; 2018: \$65,235) decreased in 2019 due to decreased participation in trade shows and site visits. Travel expenses (2019: \$72,084; 2018: \$78,003) decreased during 2019 due to decreased travel for institutional meetings and corporate operations. Investor services (2019: \$31,847; 2018: \$28,047) 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 Increase in investor services cost is due to an increase in listing and filing fees in 2019 compared to 2018. The Company experienced a foreign exchange gain of \$55,759 in 2019 compared to a loss of \$137,507 in 2018.

## **Cash Flow and Liquidity**

The Company's cash and cash equivalents at June 30, 2019, were \$4,898,705 compared to \$7,087,898 at December 31, 2018. The short-term investments at June 30, 2019, were \$7,021,863 (\$7,021,863 December 31, 2018).



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**Cash Flow and Liquidity, continued**

The Company had working capital of \$11,186,507 at June 30, 2019, compared to working capital of \$12,646,137 at December 31, 2018. The decrease in working in capital is attributable to the exploration work carried out by the Company and the general operating costs incurred during the period.

As of June 30, 2019, \$1,143,004 of the working capital was earmarked for exploration expenditures of the joint ventured projects.

During the period, \$1,989,702 was used in operating activities compared to \$1,568,855 in 2018. The increase is due to exploration expenses carried out by the Company and general operating costs.

The Company's financial instruments are cashable at any time without restriction except for the short-term investments of which \$5,050,000 are cashable in September 2019.

The Company has no long-term debt.

As the Company has limited 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.

**Contractual Obligations and Contingencies**

The Company has leased premises for its head office at 910-850 West Hastings Street, Vancouver, British Columbia, effective March 1, 2014 to February 28, 2020. Commitments outstanding for the next twelve months are \$55,085. A photocopy machine was leased effective April 1, 2018. The estimated commitments outstanding for the 2019 fiscal year total \$1,290 and the estimates for 2020 to 2023 total \$7,740.

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.

**Capital Resources**

The Company had 84,469,317 issued and outstanding common shares as of June 30, 2019.

In February 2019, the Company granted 200,000 stock options to two 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.

In July 2019, the Company granted 1,000,000 stock options to an employee exercisable at \$0.32 per share for a period of five years. The options vest over a five-year period from the date of the grant.

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**Marketable Securities**

The Company received one million common shares from Harvest Gold upon signing of the option agreement for the Cerro Cascaron property. The fair value of the shares as of June 30, 2019 was \$15,000.

**Transactions with Related Parties**

Other than the related party transactions discussed below, there are no current transactions with related parties.

***a) Transactions with related parties***

During the period ended June 30, 2019, the Company paid \$36,673 (June 30, 2018 - \$25,770) 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.

***b) Due to a related party***

Included in accounts payable and accrued liabilities at June 30, 2019 was \$9,463 (June 30, 2018 - \$Nil) owing to a company with a director in common.

***c) Compensation of key management personnel***

IFRS requires that compensation of key management personnel be included as a transaction with related parties. In Note 14 (c) of the condensed interim 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 and Vice President, Technical Services) and non-executive directors. The salaries and benefits decreased for the six months ended June 30, 2019, compared to June 30, 2018. The decrease is due to a decrease in the amount recognized as stock-based compensation for the vested options during June 30, 2019.

**Other Requirements**

***Risks Factors and Uncertainties***

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.

Please refer to the section 1.15 Other Requirements, "Risk Factors and Uncertainties" in the annual MD&A of the Company dated April 18, 2019, available on SEDAR at [www.sedar.com](http://www.sedar.com).

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***Additional Disclosure for Venture Issuers without Significant Revenue***

The significant components of general and administrative expenditures are presented in the condensed interim consolidated financial statements. Significant components of mineral property expenditures are included in operational highlights under property acquisition and exploration.

***Outstanding Share Data***

As of the date hereof, the Company had 84,469,317 issued and outstanding common shares. In addition, the Company has 6,915,000 options outstanding that expire through July 24, 2024, and 6,333,629 warrants outstanding that expire through May 19, 2020. Details of the issued share capital are included in Note 13 of the condensed interim consolidated financial statements for the six months ended June 30, 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](http://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.*