EVERTON RESOURCES INC.

Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended July 31, 2019

(Expressed in Canadian Dollars)

Condensed Consolidated Interim Financial Statements

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

Everton Resources Inc.
Condensed Consolidated Interim Statements of Financial Position (Unaudited)
(Expressed in Canadian dollars)

As at	**July 31, 2019**	October 31, 2018
	$	$
ASSETS		
Current assets		
Cash	**4,066**	11,414
Marketable securities (Note 3)	**-**	7,500
Sales taxes receivable	**-**	7,595
Prepaid expenses	**-**	1,400
	4,066	27,909
Long-term investment (Note 4)	**665,000**	-
Mineral exploration properties (Note 5)	**260,450**	260,451
Exploration and evaluation assets (Note 5)	**2,835,187**	3,470,192
Total assets	**3,764,703**	3,758,552
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	**220,998**	235,532
Loan payable (Note 10)	**184,700**	98,000
Total liabilities	**405,698**	333,532
EQUITY		
Share capital (Note 7)	**42,152,701**	42,152,701
Warrants (Note 8)	**358,669**	423,970
Contributed surplus (Note 9)	**10,497,485**	10,432,184
Deficit	**(49,649,850)**	(49,583,835)
Total equity	**3,359,005**	3,425,020
Total liabilities and equity	**3,764,703**	3,758,552

On behalf of the Board

(signed) "Andre Audet"
Andre Audet, Director

(signed) "Steven Mintz"
Steven Mintz, Director

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

Everton Resources Inc.

Condensed Consolidated Interim Statements of Operations and Comprehensive Income (Unaudited)

(Expressed in Canadian dollars)

	Three months ended July 31, 2019	Three months ended July 31, 2018	Nine months ended July 31, 2019	Nine months ended July 31, 2018
	$	$	**$**	$
Operating expenses				
Management and consulting fees	**30,559**	43,500	**110,867**	130,500
Salaries and benefits	**-**	708	**2,016**	1,680
Travel and promotion	**-**	-	**420**	10,500
Professional fees (recovery)	**(7,300)**	12,514	**1,633**	32,325
General and administrative	**16,198**	26,678	**68,981**	65,012
Loss before other items	**(39,457)**	(83,400)	**(183,917)**	(240,017)
Other income				
Interest and other income	**14**	42	**43**	85
Unrealized loss on financial assets at fair value through profit or loss	**-**	(5,000)	**(103,750)**	(8,825)
Writedown of mineral exploration properties and exploration and evaluation assets (Note 5)	**-**	-	**(149,882)**	-
Gain on sale of mineral exploration properties (Note 5)	**-**	-	**279,876**	-
Gain on sale of marketable securities (Note 3)	**-**	-	**16,615**	-
Forgiveness of debt to Management (Note 10)	**-**	-	**75,000**	-
Other income related to flow-through shares	**-**	-	**-**	15,904
Gain on termination of option agreement (Note 5(c))	**-**	50,000	**-**	50,000
Net loss and total comprehensive loss	**(39,443)**	(38,358)	**(66,015)**	(182,853)
Basic and diluted net loss per common share	**(0.0004)**	(0.0004)	**(0.0007)**	(0.0021)
Basic and diluted weighted average number of common shares outstanding	**93,134,470**	93,134,470	**93,134,470**	86,180,050

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

Everton Resources Inc.
Condensed Consolidated Interim Statements of Changes in Equity (Unaudited)
(Expressed in Canadian dollars)

	Share Capital		Subscriptions Receivable	Warrants	Contributed Surplus	Deficit	Total
	# of shares	$	$	$	$	$	$
Balance, October 31, 2017	**93,134,470**	**42,152,701**	**(10,000)**	**450,320**	**10,405,834**	**(49,237,818)**	**3,761,037**
Share subscriptions received	-	-	10,000	-	-	-	10,000
Expiry of warrants	-	-	-	(26,000)	26,000	-	-
Net loss and total comprehensive loss	-	-	-	-	-	(182,853)	(182,853)
Balance, July 31, 2018	**93,134,470**	**42,152,701**	**-**	**424,320**	**10,431,834**	**(49,420,671)**	**3,588,184**
Expiry of warrants	-	-	-	(350)	350	-	-
Net loss and total comprehensive loss	-	-	-	-	-	(163,164)	(163,164)
Balance, October 31, 2018	**93,134,470**	**42,152,701**	**-**	**423,970**	**10,432,184**	**(49,583,835)**	**3,425,020**
Expiry of warrants	-	-	-	(65,301)	65,301	-	-
Net loss and total comprehensive loss	-	-	-	-	-	(66,015)	(66,015)
Balance, July 31, 2019	**93,134,470**	**42,152,701**	**-**	**358,669**	**10,497,485**	**(49,649,850)**	**3,359,005**

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

Everton Resources Inc.
Condensed Consolidated Interim Statements of Cash Flows (Unaudited)
(Expressed in Canadian dollars)

	Three months ended July 31, **2019**	2018	Nine months ended July 31, **2019**	2018
	$	$	**$**	$
OPERATING ACTIVITIES				
Net loss	**(39,443)**	(38,358)	**(66,015)**	(182,853)
Adjustments for:				
Other income related to flow-through shares	**-**	-	**-**	(15,904)
Unrealized loss on financial assets at fair value through profit or loss	**-**	5,000	**103,750**	8,825
Writedown of mineral exploration properties and exploration and evaluation assets	**-**	-	**149,882**	-
Gain on sale of mineral exploration properties	**-**	-	**(279,876)**	-
Gain on sale of marketable securities	**-**	-	**(16,615)**	-
Forgiveness of debt to Management	**-**	-	**(75,000)**	-
Changes in non-cash working capital items	**12,633**	66,713	**81,822**	216,684
Net cash (used in) provided by operating activities	**(26,810)**	33,355	**(102,052)**	26,752
INVESTING ACTIVITIES				
Proceeds from sale of mineral exploration properties	**-**	-	**25,000**	-
Proceeds from sale of marketable securities	**-**	-	**25,365**	-
Mineral exploration properties and exploration and evaluation assets	**-**	-	**(42,361)**	(169,232)
Net cash provided by (used in) investing activities	**-**	-	**8,004**	(169,232)
FINANCING ACTIVITIES				
Share subscriptions received	**-**	-	**-**	10,000
Loan payable	**10,000**	-	**86,700**	-
Net cash provided by financing activities	**10,000**	-	**86,700**	10,000
(Decrease) increase in cash	**(16,810)**	33,355	**(7,348)**	(132,480)
Cash, beginning of the period	**20,876**	6,260	**11,414**	172,095
Cash, end of the period	**4,066**	39,615	**4,066**	39,615
Changes in non-cash working capital items consists of the following:				
Sales taxes receivable	**-**	3,947	**7,595**	(72)
Prepaid expenses	**-**	-	**1,400**	24,127
Accounts payable and accrued liabilities	**12,633**	62,766	**72,827**	192,629
	12,633	66,713	**81,822**	216,684
Exploration and evaluation costs included in accounts payable and accrued liabilities	**45,153**	226,085	**45,153**	226,085

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Everton Resources Inc. ("Everton" or the "Company") was incorporated under the Business Corporations Act (Alberta) on November 7, 1996 and commenced operations on December 19, 1996. In November 2002, the Company commenced its current nature of operations which involves the acquisition, exploration, and evaluation of mineral resource properties. Everton and its subsidiaries (the "Company") are in the exploration stage and do not derive any revenue from the exploration and evaluation of their properties. The address of the Company's corporate office is 38 Scott Road, Chelsea, Quebec, J9B 1R5. Everton's common shares are listed for trading on the TSX Venture Exchange ("TSX-V"') under the symbol "EVR".

<u>Reverse Take-Over Transaction</u>

On July 9, 2019, the Company entered into a non-binding letter of intent (the "LOI") pursuant to which Everton will acquire all of the issued and outstanding securities of Molecule Inc. ("Molecule") (the "Proposed Transaction"). It is currently anticipated that Everton will acquire Molecule by way of a share exchange, merger, amalgamation, arrangement or other similar form of transaction as agreed by the parties, which will result in the shareholders of Molecule holding the majority of outstanding shares of Everton upon closing of the Proposed Transaction (the "Resulting Issuer"). Everton is currently analyzing whether the Resulting Issuer will meet the listing requirements of the TSXV in order to retain its listing or whether the Resulting Issuer will need to seek minority shareholder approval to delist its common shares and apply for a new listing on the Canadian Securities Exchange (the "CSE") (Note 11).

<u>Going concern</u>

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. The Company is in the exploration stage and has not earned revenue from operations. As at July 31, 2019, the Company has a working capital deficiency of $401,632 and a deficit of $49,649,850. The Company has no income or cash inflow from operations. Continued operation of the Company is dependent on financial support through completion of equity financings, or the achievement of profitable operations in the future. Such material uncertainties cast significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern. Nevertheless, there is no assurance that these initiatives will be successful or sufficient. These condensed consolidated interim financial statements do not include any adjustments to the carrying value of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary should the Company be unable to continue as a going concern and these adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34").

These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the years ended October 31, 2018 and 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS).

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on September 23, 2019.

(b) Basis of presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis and are expressed in Canadian dollars, which is also the functional currency of the parent company.

These condensed consolidated interim financial statements have been prepared using accounting policies that are consistent with those used in the preparation of the Company's audited financial statements for the years ended October 31, 2018 and 2017.

(c) Financial instruments

The following accounting policies for financial instruments have been applied as at November 1, 2018 on adoption of IFRS 9 and for the period ended July 31, 2019. For the period ended October 31, 2018, the Company applied financial instruments policies aligned with IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). The adoption of IFRS 9 did not result in any changes to the classification and measurement of the Company's financial assets and liabilities.

The Company recognizes financial assets and liabilities on the statement of financial position when it becomes a party to the contractual provisions of the instrument.

At initial recognition, financial assets are measured at fair value and classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"). At initial recognition, financial liabilities are measured at fair value and classified as, subject to certain exceptions, subsequently measured at amortized cost. For financial assets and financial liabilities not at FVTPL, fair value is adjusted for transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Cash

Cash is subsequently measured at amortized cost.

Marketable securities

Marketable securities are carried in the statements of financial position at fair value with changes in fair value recognized in profit or loss. Marketable securities are measured at FVTPL.

Accounts payables and accrued liabilities

Accounts payables and accrued liabilities are non-interest bearing if paid when due and are recognized at face amount, except when fair value is materially different. Accounts payables and accrued liabilities are subsequently measured at amortized cost.

Loan payable

Loan payable is subsequently measured at amortized cost.

Impairment

The Company recognizes an allowance using the Expected Credit Loss ("ECL") model on financial assets classified as subsequently measured at amortized cost. The Company has elected to use the simplified approach for measuring ECL by using a lifetime expected loss allowance for all amounts recoverable. Under this model, impairment provisions are based on credit risk characteristics and days past due. When there is no reasonable expectation of collection, financial assets classified as subsequently measured at amortized cost are written off. Indications of credit risk arise based on failure to pay and other factors. Should objective events occur after an impairment loss is recognized, a reversal of impairment is recognized in the statement of operations and comprehensive income.

(d) Adoption of new accounting pronouncements and recent developments

The Company has adopted the new IFRS pronouncement listed below as at November 1, 2018, in accordance with the transitional provisions outlined in the standard and described below. The adoption of this new IFRS pronouncement has not resulted in any adjustments to previously reported figures.

(i) *Financial Instruments*

IFRS 9, Financial Instruments ("IFRS 9") addresses the classification, measurement and recognition of financial assets and financial liabilities and supersedes the guidance relating to the classification and measurement of financial instruments in IAS 39.

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income and those measured at amortized cost. Investments in equity instruments are required to be measured by default at fair value through profit or loss, however there is an irrevocable option for each equity instrument to present fair value changes in other comprehensive income. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change relating to an entity's own credit risk is recorded in other comprehensive income rather than the statement of operations and comprehensive income, unless this creates an accounting mismatch.

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

The new hedge accounting model in IFRS 9 aligns hedge accounting with risk management activities undertaken by an entity. Components of both financial and non-financial items are now eligible for hedge accounting, as long as the risk component can be identified and measured. The hedge accounting model includes eligibility criteria that must be met, but these criteria are based on an economic assessment of the strength of the hedging relationship.

New IFRS pronouncements that have been issued but are not yet effective at the date of these consolidated financial statements are listed below. The Company plans to apply the new standards or interpretations in the annual period for which they are first required.

(ii) *Leases*

The IASB issued IFRS 16, Leases ("IFRS 16"), which eliminates the classification of leases as either operating or finance leases for a lessee. IFRS 16 is effective from January 1, 2019. Under IFRS 16, all leases will be recorded on the statement of financial position. The only exemptions to this will be for leases that are 12 months or less in duration or for leases of low-value assets. The requirement to record all leases on the statement of financial position under IFRS 16 will increase "right-of-use" assets and lease liabilities on an entity's financial statements. IFRS 16 will also change the nature of expenses relating to leases, as the straight-line lease expense previously recognized for operating leases will be replaced with depreciation expense for right-of-use assets and finance expense for lease liabilities. IFRS 16 includes an overall disclosure objective and requires a company to disclose (a) information about right-of-use assets and expenses and cash flows related to leases, (b) a maturity analysis of lease liabilities and (c) any additional company-specific information that is relevant to satisfying the disclosure objective.

(Expressed in Canadian dollars)

3. MARKETABLE SECURITIES

Marketable securities are classified as fair value through profit or loss and are comprised of:

	July 31, 2019	October 31, 2018
	$	$
Albert Mining Inc. - 250,000 common shares (1)	**-**	7,500

(1) During the period ended July 31, 2019, the Company sold its 250,000 shares in Albert Mining Inc. for proceeds of $25,365 and recognized a gain on sale of marketable securities of $16,615 (2018 - $Nil).

4. LONG-TERM INVESTMENT

Investment in Precipitate Gold Corp.

On January 15, 2019, further to the sale of the Company's three remaining concessions in the Dominican Republic, known as the Cabirma de Cerro, Mermejal and Arroyo properties, Everton received 7,000,000 common shares in Precipitate Gold Corp. ("Precipitate") with a fair value of $770,000 (Note 5), based on the quoted market price of Precipate shares on the TSX Venture Exchange at the time. The investment is classified and measured at fair value, with changes in fair value recognized in profit or loss. The Company does not exercise significant influence over Precipitate.

	July 31, 2019	October 31, 2018
	$	$
Precipitate Gold Corp. - 7,000,000 common shares	**665,000**	-

The Company's common shares in Precipitate are subject to resale legend restrictions for up to 3 years, expiring as follows:

-700,000 common shares (10%) with resale legend expiring July 15, 2019
-700,000 common shares (10%) with resale legend expiring January 15, 2020
-700,000 common shares (10%) with resale legend expiring July 15, 2020
-1,050,000 common shares (15%) with resale legend expiring January 15, 2021
-1,050,000 common shares (15%) with resale legend expiring July 15, 2021
-2,800,000 common shares (40%) with resale legend expiring January 15, 2022

(Expressed in Canadian dollars)

5. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS

	July 31, 2019		October 31, 2018	
	Mineral exploration properties	**Exploration and evaluation assets**	Mineral exploration properties	Exploration and evaluation assets
	$	**$**	$	$
Dominican Republic				
a) Cabirma del Cerro	**-**	**-**	1	-
b) Arroyo Carpintero	**-**	**-**	-	515,123
	-	**-**	1	515,123
Canada (Quebec)				
d) Opinaca	**260,450**	**2,835,187**	260,450	2,835,187
e) Detour Lake	**-**	**-**	-	-
f) Chapais	**-**	**-**	-	119,882
	260,450	**2,835,187**	260,450	2,955,069
TOTAL	**260,450**	**2,835,187**	260,451	3,470,192

Dominican Republic

a) Cabirma del Cerro (formerly Ampliación Pueblo Viejo, La Lechoza), Dominican Republic

In January 2019, the Company completed the sale of its three remaining mineral concessions in the Dominican Republic, known as the Cabirma de Cerro, Mermejal and Arroyo Carpintero properties, in accordance with a Mineral Property Purchase and Sale Agreement (the "Sale Agreement") with Precipitate Gold Corp. ("Precipitate"). Upon closing, Everton received $25,000 and 7,000,000 common shares of Precipate, with a fair value of $770,000, based on the quoted market price of Precipate shares on the TSX Venture Exchange at the time, for total consideration of $795,000. The Company recognized a gain of $279,876 on the sale of these mineral exploration properties.

b) Arroyo Carpintero (formerly Ponton), Dominican Republic

See Note 5a).

c) Other, Dominican Republic

During the year ended October 31, 2018, the Company's joint venture partner in certain other Dominican Republic concessions terminated their joint venture agreement. Per the terms of the joint venture agreement, the Company was paid $50,000 by the joint venture partner as a result of this termination. Any capitalized costs associated with these concessions were written off in prior years. As a result, a $50,000 gain was recognized during the 2018 fiscal year.

Canada (Quebec)

d) Opinaca

On December 9, 2004, the Company signed an option agreement with Azimut Exploration Inc. ("Azimut") to earn a 50% undivided interest in the Opinaca property by incurring a minimum of $2,800,000 in exploration work and making cash payments totaling $180,000 over 5 years. The Company made the cash payments and incurred the required exploration expenditures to earn its initial 50% interest in the property.

On November 15, 2011 (amended on November 1, 2013), the Company and Azimut executed an option agreement with Hecla Mining Company, formerly Aurizon Mines Ltd., ("Hecla") whereby Hecla could acquire a 50% ownership interest in the Opinaca property (leaving each of the Company and Azimut with 25%), by making total cash payments of $580,000, $290,000 of which was payable to Everton, and incurring exploration expenditures of $6,000,000, including a minimum of 3,800 metres of drilling prior to November 15, 2013 and 1,200 metres of drilling prior to November 15, 2014. Hecla made the cash payments and incurred the required exploration expenditures to earn its interest in the property

As at July 31, 2019, the Company holds a 25% interest in the property, with the remaining interest held by Azimut Exploration Inc. (25%) and Hecla Mining Company (50%). Hecla is currently the operator.

e) Detour Lake

During the year ended October 31, 2018, the Company allowed the 159 claims making up this property to expire and wrote down the carrying value of the property to $Nil and recorded a write-down of mineral exploration properties and exploration and evaluation assets in the amount of $260,582 ($85,989 of mineral exploration property costs and $174,593 of exploration and evaluation costs).

f) Chapais

On December 5, 2017, the Company entered into an option agreement with Albert Mining Inc. ("Albert Mining") to earn up to a 75% interest in seven mining claims located in the Chapais mining district of Quebec. To earn the 75% interest, the Company was to pay $30,000 in cash, incur exploration expenditures totaling $370,000 over a three-year period, and issue to Albert Mining a total of 2,500,000 common shares at two separate dates during the three-year period.

During the period ended July 31, 2019, the Company wrote down the cost of the Chapais property to $Nil and recorded a write-down of mineral exploration properties and exploration and evaluation assets in the amount of $149,882, further to the Company's decision that poor exploration results to date did not warrant further exploration on the property.

(Expressed in Canadian dollars)

The following table reflects the changes to mineral exploration properties and exploration and evaluation assets for the period from October 31, 2017 to July 31, 2019:

	Nine months ended July 31, 2019	Year ended October 31, 2018
	$	$
Balance, beginning of the period	**3,730,643**	3,843,912
Additions		
Drilling	**-**	125,864
Assaying	**-**	10,885
Project consulting	**-**	650
Renewal of licenses and permits	**-**	2,240
General field expenses	**-**	16,565
	-	156,204
Mineral exploration properties	**30,000**	-
Sale of mineral exploration properties and exploration and evaluation assets	**(515,124)**	-
Write-down of mineral exploration properties and exploration and evaluation assets	**(149,882)**	(260,582)
Quebec resource tax credits	**-**	(8,891)
Balance, end of the period	**3,095,637**	3,730,643
Mineral exploration properties	**260,450**	260,451
Exploration and evaluation assets	**2,835,187**	3,470,192
	3,095,637	3,730,643

(Expressed in Canadian dollars)

6. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL MANAGEMENT

Financial instruments

The Company's financial instruments consist of cash, marketable securities, long-term investment, accounts payable and accrued liabilities and loan payable. Marketable securities and long-term investment are carried at fair value. The fair value of the Company's other financial instruments approximates their carrying value due to their short-term nature.

The classification of financial instruments is as follows:

	July 31, 2019	October 31, 2018
	$	$
Financial assets		
Amortized cost		
Cash	**4,066**	11,414
Fair value through profit or loss		
Marketable securities	**-**	7,500
Long-term investment	**665,000**	-
Total financial assets	**669,066**	18,914
Financial liabilities		
Amortized cost		
Accounts payable and accrued liabilities	**(220,998)**	(235,532)
Loan payable	**(184,700)**	(98,000)
Total financial liabilities	**(405,698)**	(333,532)

Risk management

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk, liquidity risk and market risk. Where material, these risks are reviewed and monitored by the Board of Directors.

(i) Credit risk

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. The Company's financial assets exposed to credit risk are primarily composed of cash. The Company's cash is held at reputable financial institutions with high external credit ratings. It is Management's opinion that the Company is not exposed to significant credit risk.

None of the Company's financial assets are secured by collateral or other credit enhancements.

Management considers that all the above financial assets that are not impaired or past due for each of the reporting dates are of good credit quality. There are no financial assets that are past due but not impaired for the periods presented.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

(iii) Market risk

The Company holds shares in publicly listed companies in the mineral exploration industry. The Company is exposed to other price risk regarding these shares as unfavorable market conditions could result in the disposal at less than their value at July 31, 2019. As at July 31, 2019, the value of these listed shares was $665,000. At July 31, 2019, had the price for these publicly listed shares been 10% lower, the comprehensive loss for the period would have been $66,500 higher. Conversely, had the price been 10% higher, the comprehensive loss would have been $66,500 lower.

Capital management

The Company manages its capital to ensure its ability to continue as a going concern in order to maintain its properties in good standing, support normal operating requirements, continue the exploration and evaluation of its mineral properties and support any expansionary plans, and to provide an adequate return to its shareholders. In the management of capital, the Company includes the components of shareholders' equity.

As long as the Company is exploring and evaluating its mining properties, it is not the intention of the Company to contract additional debt obligations to finance its work programs. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or acquire or dispose of assets. In order to facilitate the management of its capital requirements, management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company prepares annual budgets that are updated as necessary depending on various factors including successful capital deployment and general industry conditions.

As at July 31, 2019, the Company's optioned properties are in the exploration and evaluation stage, as such, the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and evaluation and pay for administrative costs, the Company will be required to raise additional financing.

There were no significant changes to capital management policies of the Company during the nine month period ended July 31, 2019.

The Company and its subsidiaries are not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of six months.

As at July 31, 2019, the Company was in violation of the above TSXV requirement. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

(Expressed in Canadian dollars)

7. SHARE CAPITAL

Authorized

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

	Number of shares	
		$
Balance, October 31, 2017, October 31, 2018 and and July 31, 2019	**93,134,470**	**42,152,701**

8. WARRANTS

Outstanding warrants entitle the holders thereof to subscribe to an equivalent number of common shares.

The following table reflects the continuity of warrants:

	Number of warrants	Weighted average exercise price
		$
Balance, October 31, 2017	**19,984,900**	**0.08**
Expired	(2,641,400)	0.14
Balance, October 31, 2018	**17,343,500**	**0.07**
Expired	(1,076,000)	0.05
Balance, July 31, 2019	**16,267,500**	**0.07**

As at July 31, 2019, the following warrants were issued and outstanding:

Number of warrants	Issue date fair value	Exercise price	Expiry date
	$	$	
4,035,000	48,000	0.07	July 14, 2020
1,200,000	13,000	0.07	July 14, 2020
4,997,500	128,565	0.07	February 6, 2021
6,035,000	169,104	0.07	February 21, 2021
16,267,500	**358,669**		

(Expressed in Canadian dollars)

As at October 31, 2018, the following warrants were issued and outstanding:

Number of warrants	Issue date fair value	Exercise price	Expiry date
	$	$	
252,000	13,255	0.07	February 6, 2019
824,000	52,046	0.05	February 21, 2019
4,035,000	48,000	0.07	July 14, 2020
1,200,000	13,000	0.07	July 14, 2020
4,997,500	128,565	0.07	February 6, 2021
6,035,000	169,104	0.07	February 21, 2021
17,343,500	**423,970**		

9. STOCK OPTIONS

Under the terms of the Company's stock option plan (the "Plan"), all options are granted with an exercise price not lower than the closing market price on the day immediately preceding the date of grant. The term of options is determined by the Board of Directors with a maximum term of 5 years. These options may be granted to the Company's employees, officers, directors, and persons providing ongoing services to the Company, and are subject to regulatory approval.

On August 21, 2017 the shareholders approved an amendment to the stock option plan. Under the "rolling" 10% Stock Option Plan, the number of common shares which may be reserved under the Plan is limited to 10% of the aggregate number of common shares of the Company issued and outstanding, as the case may be.

Options are cancelled 12 months following the termination of the optionee's employment, office, directorship, or consulting arrangement. Vesting of options is made at the discretion of the Board of Directors at the time the options are granted. A summary of changes of the Company's options is presented below:

	Number of options	Weighted average exercise price
		$
Balance, October 31, 2017	**5,465,000**	**0.14**
Expired	(495,000)	0.26
Balance, October 31, 2018	**4,970,000**	**0.13**
Expired	(1,670,000)	0.17
Balance, July 31, 2019	**3,300,000**	**0.11**

(Expressed in Canadian dollars)

As at July 31, 2019, the following stock options were outstanding and exercisable:

	Outstanding			Exercisable	
Exercise prices	**Number outstanding**	**Weighted average remaining contractual life**	**Weighted average outstanding exercise price**	**Number vested**	**Weighted average vested exercise price**
		(in years)			
$0.05	800,000	1.71	$0.05	800,000	$0.05
$0.13	2,300,000	2.04	$0.13	2,300,000	$0.13
$0.07	200,000	2.57	$0.07	200,000	$0.07
	3,300,000	**1.99**	**0.11**	**3,300,000**	**0.11**

As at October 31, 2018, the following stock options were outstanding and exercisable:

	Outstanding			Exercisable	
Exercise prices	**Number outstanding**	**Weighted average remaining contractual life**	**Weighted average outstanding exercise price**	**Number vested**	**Weighted average vested exercise price**
		(in years)			
$0.20	1,085,000	0.36	$0.20	1,085,000	$0.20
$0.05	925,000	2.45	$0.05	925,000	$0.05
$0.13	2,760,000	2.79	$0.13	2,760,000	$0.13
$0.07	200,000	3.32	$0.07	200,000	$0.07
	4,970,000	**2.22**	**0.13**	**4,970,000**	**0.13**

10. RELATED PARTY TRANSACTIONS

Transactions with key management personnel

Related parties include the Board of Directors and key management personnel, as well as close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Unless otherwise stated, none of these transactions incorporated special terms and conditions and no guarantees were given or received.

Remuneration of directors and key management personnel of the Company was as follows:

	Three months ended July 31,		Nine months ended July 31,	
	2019	2018	**2019**	2018
	$	$	**$**	$
Consulting fees	**30,000**	43,500	**103,000**	130,500
Benefits	**-**	-	**2,016**	972
	30,000	43,500	**105,016**	131,472

As at July 31, 2019, unpaid consulting fees in the amount of $126,050 are owed to Management and have been included in accounts payable and accrued liabilities ($141,250 as at October 31, 2018).

During the period ended July 31, 2019, unpaid consulting fees in the amount of $75,000 were forgiven by the Company's CEO. The amount has been recorded as forgiveness of debt to Management in the consolidated statement of operations and comprehensive income.

Loan Payable

As at July 31, 2019, the Company has a loan payable to the CEO of the Company in the amount of $184,700 ($98,000 as at October 31, 2018). The loan is non-interest bearing and has no specific terms of repayment.

11. COMMITMENTS

Letter of Intent with Molecule Inc.

Molecule Inc. ("Molecule"), incorporated on September 28, 2018 under the Business Corporations Act (Ontario), has applied to Health Canada for a Standard Processing Licence to engage in the production and co-packing of cannabis-infused beverages by providing the infrastructure, knowhow, technology and licence for craft beverage producers to create cannabis beverages.

As a condition to the Proposed Transaction (Note 1), Everton will effect a consolidation (the "Consolidation") of its issued and outstanding common shares on the basis of one new common share (each a "Everton Share") for every ten (10) common shares of Everton issued and outstanding on the effective date of the Consolidation. In addition, prior to the closing, it is expected that Everton will change its corporate name to "Molecule Holdings Inc." or such other name as may be determined by the board of directors (the "Name Change").

Molecule currently has 72,500,000 common shares issued and outstanding. Pursuant to the Proposed Transaction, that number of Everton Shares, at a deemed value of $0.30 per Everton Share, will be issued to the Molecule Shareholders in exchange for all of the issued and outstanding common shares of all classes as at the effective date of the Proposed Transaction (the "Molecule Shares").

Concurrently with, and as a condition of, the closing of the Proposed Transaction, creditors of Everton will convert approximately $267,200 of indebtedness (inclusive of interest) into an aggregate of approximately 890,667 Everton Shares at a deemed issue price of $0.30 per Everton Share. All of the foregoing indebtedness is due to the CEO of Everton, for advances and loans that he has made to Everton in order to satisfy Everton's minimum working capital needs in the absence of any reasonable third party funding alternatives.

Molecule may arrange a private placement ("Private Placement") of a minimum of $2 million and a maximum of $10 million of Molecule Shares concurrently with the closing of the Proposed Transaction, or such higher maximum as Molecule may determine in its sole reasonable discretion. The issue price will be greater than or equal to $0.30, depending on market conditions and subject to the approval of the TSXV or the CSE, as applicable. Assuming an issue price of $0.30, Molecule could issue a minimum of 6,666,666 and a maximum of 33,333,333 additional Molecule Shares. The parties have agreed that the closing of a minimum Private Placement of proceeds of $2 million will be a condition to the closing of the Proposed Transaction. A finders' fee or commission may be payable to eligible registrants in connection with the Private Placement, the final terms of which will be disclosed in a subsequent news release.

Completion of the Proposed Transaction will be subject to the satisfaction of various conditions, including (i) the completion of the Private Placement in the minimum amount of $2 million, (ii) the filing of articles of amendment to give effect to the Name Change and the Consolidation, (iii) the receipt of the approval of the majority of the minority of Everton's shareholders, as well as Molecule's shareholders as may be required, for the Proposed Transaction, (iv) the satisfaction or waiver of all applicable conditions precedent, and (v) the receipt of conditional approval from the TSXV or the CSE for the proposed listing of the shares of the Resulting Issuer on the TSXV or the CSE, as applicable.

12. ENTITY-WIDE REPORTING

The Company has reviewed its activities and determined that it operates in a single reportable operating segment.

The Company's non-current assets are all in Canada.