EVERTON RESOURCES INC.

Consolidated Financial Statements

For the years ended October 31, 2019 and 2018

(Expressed in Canadian Dollars)

DeVISSERGRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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Independent Auditor's Report

To the Shareholders of Everton Resources Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Everton Resources Inc. (the "Company"), which comprise the consolidated statements of financial position as at October 31, 2019 and 2018, and the consolidated statements of operations and comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has not earned revenue, has a working capital deficiency as at October 31, 2019 and is dependent upon the future receipt of equity financing to maintain its operations. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner on the audit resulting in this independent auditor's report is G. Cameron Dong.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
February 4, 2020

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

As at	**October 31, 2019**	October 31, 2018
	$	$
ASSETS		
Current assets		
Cash	**4,775**	11,414
Marketable securities (Note 3)	**-**	7,500
Sales taxes receivable	**9,108**	7,595
Prepaid expenses	**-**	1,400
	13,883	27,909
Long-term investment (Note 4)	**964,250**	-
Mineral exploration properties (Note 5)	**1**	260,451
Exploration and evaluation assets (Note 5)	**-**	3,470,192
Total assets	**978,134**	3,758,552
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	**280,767**	235,532
Loan payable (Note 10)	**192,700**	98,000
Total liabilities	**473,467**	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	**(52,504,188)**	(49,583,835)
Total equity	**504,667**	3,425,020
Total liabilities and equity	**978,134**	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 consolidated financial statements.

Everton Resources Inc.
Consolidated Statements of Operations and Comprehensive Income
(Expressed in Canadian dollars)

For the year ended October 31	**2019**	2018
	$	$
Operating expenses		
Management and consulting fees	**143,900**	174,000
Salaries and benefits	**3,950**	2,688
Travel and promotion (recovery)	**420**	(19,120)
Professional fees	**67,188**	43,014
General and administrative	**69,812**	91,576
Loss before other items	**(285,270)**	(292,158)
Other income		
Interest and other income	**44**	144
Unrealized gain (loss) on financial assets at fair value through profit and loss (Notes 3 & 4)	**228,750**	(5,000)
Realized loss on expiration of financial assets at fair value through profit and loss (Note 3)	**-**	(4,325)
Writedown of mineral exploration properties and exploration and evaluation assets (Note 5)	**(3,245,518)**	(260,582)
Gain on sale of mineral exploration properties (Note 5)	**279,876**	-
Gain on sale of investments (Notes 3 & 4)	**26,765**	-
Forgiveness of debt to Management (Note 10)	**75,000**	-
Other income related to flow-through shares	**-**	15,904
Write off of accounts payable and accrued liabilities	**-**	150,000
Gain on termination of option agreement (Note 5)	**-**	50,000
Net loss and total comprehensive loss	**(2,920,353)**	(346,017)
Basic and diluted loss per common share	**(0.031)**	(0.004)
Basic and diluted weighted average number of common shares outstanding	**93,134,470**	93,134,470

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

Everton Resources Inc.
Consolidated Statements of Changes in Equity
(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	-	-	-	(26,350)	26,350	-	-
Net loss and total comprehensive loss	-	-	-	-	-	(346,017)	(346,017)
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	-	-	-	-	-	(2,920,353)	(2,920,353)
Balance, October 31, 2019	**93,134,470**	**42,152,701**	**-**	**358,669**	**10,497,485**	**(52,504,188)**	**504,667**

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

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

For the year ended October 31	**2019**	2018
	$	$
OPERATING ACTIVITIES		
Net loss	**(2,920,353)**	(346,017)
Adjustments for:		
Other income related to flow-through shares	**-**	(15,904)
Unrealized (gain) loss on financial assets at fair value through profit or loss	**(228,750)**	5,000
Realized loss on expiration of financial assets at fair value through profit or loss	**-**	4,325
Writedown of mineral exploration properties and exploration and evaluation assets	**3,245,518**	260,582
Write off of accounts payable and accrued liabilities	**-**	(150,000)
Gain on sale of mineral exploration properties	**(279,876)**	-
Gain on sale of investments	**(26,765)**	-
Forgiveness of debt to Management	**(75,000)**	-
Changes in non-cash working capital items	**132,483**	142,869
Net cash flows from operating activities	**(152,743)**	(99,145)
INVESTING ACTIVITIES		
Proceeds from sale of mineral exploration properties	**25,000**	-
Proceeds from sale of marketable securities	**25,365**	-
Proceeds from sale of long-term investment	**43,400**	-
Tax credits received	**-**	8,891
Mineral exploration properties and exploration and evaluation assets	**(42,361)**	(178,429)
Net cash flows from investing activities	**51,404**	(169,538)
FINANCING ACTIVITIES		
Share subscriptions received	**-**	10,000
Loan payable	**94,700**	98,000
Net cash flows from financing activities	**94,700**	108,000
Decrease in cash	**(6,639)**	(160,683)
Cash, beginning of the year	**11,414**	172,097
Cash, end of the year	**4,775**	11,414
Changes in non-cash working capital items consists of the following:		
Sales taxes receivable	**(11,263)**	334
Prepaid expenses	**1,400**	27,445
Accounts payable and accrued liabilities	**142,346**	115,090
	132,483	142,869
Exploration and evaluation costs included in accounts payable and accrued liabilities	**45,153**	57,514

The accompanying notes are an integral part of these consolidated 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".

Arrangement Agreement with Molecule Inc.

On November 27, 2019, the Company entered into a definitive arrangement agreement with Molecule Inc. ("Molecule") pursuant to which Everton will acquire (the "Proposed Transaction") all of the issued and outstanding securities of Molecule, by way of plan of arrangement (the "Plan of Arrangement"), 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").

Molecule, a private Ontario corporation, is a beverage formulation, manufacturing and distribution company in the late stages of the application review process to obtain a Cannabis Processing License (the "License") under the Cannabis Act and Regulations. Molecule will provide the capacity, knowledge and licensing required to produce and co-package craft cannabis-infused beverages.

Prior to the closing of the Proposed Transaction, it is anticipated that the Company will apply to list its common shares on the Canadian Securities Exchange ("CSE") and voluntarily delist its common shares from the TSX Venture Exchange (the "TSXV"). It is expected that the Company will delist from the TSXV concurrently with the listing on the CSE immediately following the completion of the Proposed Transaction (Note 13).

Going concern

These consolidated 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 October 31, 2019, the Company has a working capital deficiency of $459,584 and a deficit of $52,504,188. 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 consolidated 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation and compliance with IFRS

These consolidated 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 and all of its subsidiaries. These financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

(Expressed in Canadian dollars)

These financial statements were authorized for issue by the Board of Directors on February 4, 2020.

(b) Basis of consolidation

These consolidated financial statements consolidate those of the parent company and all of its subsidiaries as at and for the year ended October 31, 2019. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of October 31.

All intercompany transactions and balances between the companies are eliminated on consolidation, including unrealized gains and losses on transactions. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Composition of the Company:

The subsidiaries of the Company and their principal activities as at October 31, 2019 and 2018 were as follows:

		Ownership interest as at October 31,		
Name of subsidiary	Place of incorporation	2019	2018	Principal activity
Everton Minera Dominicana S.A.	Dominican Republic	100%	100%	Exploration Company (Inactive)
Pan Caribbean Metals Inc.	British Virgin Islands	100%	100%	Holding Company
Dominican Metals Inc.	British Virgin Islands	100%	100%	Holding Company
Everton Dominicana (2014) Inc.	Canada	100%	100%	Exploration Company (Inactive)
Linear Gold Caribe S.A.	Dominican Republic	100%	100%	Exploration Company (Inactive)
Hays Lake Gold Inc.	Canada	100%	100%	Exploration Company (Inactive)

(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 year ended October 31, 2019. For the year 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 and long-term investments

Marketable securities and long-term investments are carried in the statements of financial position at fair value with changes in fair value recognized in profit or loss. Marketable securities and long-term investments 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) Mineral exploration properties and exploration and evaluation assets

Mineral exploration properties include the cost of acquiring mining rights. Exploration and evaluation assets include expenses directly related to the exploration and evaluation activities. These costs are capitalized as intangible assets and are carried at cost less any impairment loss recognized.

Costs incurred before the legal right to undertake exploration and evaluation activities on a project was acquired, are expensed in the consolidated statements of operations and comprehensive income.

Mining rights and expenses related to exploration and evaluation activities are capitalized on a property by property basis pending determination of the technical feasibility and commercial viability of the project. No amortization is recognized during the exploration and evaluation phase. Costs capitalized include drilling, project consulting, geophysical, geological and geochemical studies, as well as other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource.

Whenever a project is considered no longer viable or is abandoned, the capitalized amounts are written down to fair value less cost of disposal.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, mining rights and expenses related to exploration and evaluation activities of the related mining property are transferred to mining assets under construction. Before the reclassification, mineral exploration properties and exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit or loss before reclassification.

Upon transfer of exploration and evaluation assets into mining assets under construction, all subsequent expenditures on the construction, installation or completion of infrastructure facilities are capitalized with mining assets under construction. After the development stage, all assets included in mining assets under construction are transferred to mining assets and amortized over the expected productive lives of the assets.

Farm-outs in the exploration and evaluation phase

The Company does not record any expenditures made by the farmee on its account. It does not recognize any gain or loss on its exploration and evaluation farm-out arrangements, but redesignates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained. Any cash considerations received directly from the farmee is credited against costs previously capitalized in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.

(e) Impairment of non-financial assets

Impairment assessment and testing is done at the level of a cash generating unit ("CGU"). The Company considers each mineral property to be a separate CGU, and therefore assesses for indicators of impairment individually for each mineral property.

The Company assesses non-financial assets including mineral property assets and exploration equipment for impairment when facts and circumstances suggest that the carrying amount of the asset may not exceed its recoverable amount, being the higher of the value in use and the fair value less costs to sell. In assessing value in use, the estimated future cash flows associated with the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount with the impairment recognized immediately in net income (loss).

Where an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, subject to the amount not exceeding the carrying amount that would have been determined had impairment not been recognized for the asset in prior periods. Any reversal of impairment is recognized immediately in net income (loss).

(f) Provisions, contingent liabilities and contingent assets

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed — for example, under an insurance contract — the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as part of finance costs in the statement of loss.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Rehabilitation and environmental provision

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized in the carrying amount of the asset at the start of each project as soon as the obligation to incur such costs arises.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. The Company had no material provisions as at October 31, 2019, and October 31, 2018.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination. In a business combination, contingent liabilities are recognized in the course of the allocation of the purchase price to the assets and liabilities acquired in the business combination. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognized, less any amortization.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

Any contingent liabilities or assets will be recorded by management in the period in which management has been able to reasonably quantify the asset or liability and the amount of cash inflow or outflow resulting from the contingent asset or liabilities can be reasonably assured.

(g) Equity-settled share-based payment transactions

The Company operates an equity-settled share-based remuneration plan (stock option plan) for directors, officers, employees and certain consultants. The Company's plan does not feature any options for a cash settlement. Occasionally, the Company may issue warrants to brokers. The Company also issues shares for goods or services.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values. Where employees, or consultants providing similar services, are rewarded using share-based payments, the fair values of the services rendered are determined indirectly by reference to the fair value of the equity instruments granted. The fair value is measured at the grant date and if applicable, recognized over the vesting period. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting. Share-based payment expense incorporates an expected forfeiture rate.

Share-based payment arrangements in which the Company receives properties, goods or services as consideration for its own equity instruments are measured at the fair value of the properties, goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted.

All share-based payments under the plan are ultimately recognized as an expense in net loss or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to contributed surplus, in equity. Upon exercise of a stock option, the original value of the options plus any proceeds received net of any directly attributable transaction costs are recorded as share capital. The accumulated charges related to the share options recorded in contributed surplus are then transferred to share capital. Warrants issued to brokers are recognized as an issuance cost of equity instruments with a corresponding credit to warrants, in equity.

(h) Equity

Share capital represents the amount received on the issue of shares. Transaction costs directly attributable to the issuance of common shares are recognized as a reduction of share capital.

Proceeds from unit placements are allocated between shares and warrants issued according to their fair value using the proportional method.

Flow-through placements

Issuance of flow-through units represents in substance an issue of common shares, warrants and the sale of the right to tax deductions to the investors. When the flow-through shares are issued, the sale of the right to tax deductions is deferred and presented as other liabilities in the consolidated statement of financial position. The proceeds received from flow-through units are allocated between share capital, warrants, and the liability using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and then to warrants according to the estimated fair value of the warrants at the time of issuance and any residual in the proceeds is allocated to other liability. The fair value of the warrants is estimated using the Black-Scholes valuation model. When eligible expenses are incurred and the Company has the intention to renounce its right to tax deductions to the investors, the amount recognized in other liabilities is reversed and is recognized in profit or loss in reduction of deferred income tax expense. A deferred tax liability is also recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset and its tax basis.

Warrants include charges related to the issuance of warrants until such equity instruments are exercised or expire.

Contributed surplus includes charges related to stock-based compensation until such equity instruments are exercised. Contributed surplus also includes all expired options and warrants previously issued.

(i) Income taxes

Tax expense recognized in net loss comprises the sum of deferred and current tax.

Current income taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income taxes

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are recognized for all temporary differences except:

- Where the temporary difference arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, that affects neither the accounting profit nor taxable profit (loss).
- In respect of temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or venture and it is probable that the temporary differences will not be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax relating to items recognized in other comprehensive income or equity is recognized in other comprehensive loss or equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(j) Basic and diluted earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net income (loss) for the period by the weighted average number of common shares outstanding during the period. The computation of diluted earnings (loss) per share assumes the conversion or exercise of securities only when such conversion or exercise would have a dilutive effect on earnings (loss) per share. The diluted loss per share is equal to the basic loss per share where the effect of warrants and/or stock options is antidilutive, as it would decrease the loss per share.

(k) Segmented reporting

The Company is organized into business units based on mineral properties and has one business segment, being the acquisition, exploration and evaluation of mineral properties.

(l) 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:

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

(1) During the year ended October 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).
(2) During the year ended October 31, 2018, 250,000 warrants in Albert Mining Inc. expired unexercised. The Company recognized a loss on their expiration of $4,325.

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.

	October 31, 2019	October 31, 2018
	$	$
Precipitate Gold Corp. - 6,650,000 common shares (1)	**964,250**	-

(1) During the year ended October 31, 2019, the Company sold 350,000 shares in Precipitate Gold Corp. for proceeds of $43,400, resulting in a realized gain of $10,150.

As at October 31, 2019, with the exception of 350,000 common shares, the Company's common shares in Precipitate were subject to resale legend restrictions for up to 3 years, expiring as follows:

-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

Subsequent to year end, in January 2020, the Company sold 4,500,000 shares in Precipitate Gold Corp. ("Precipitate") for gross proceeds of $225,000, to purchasers arranged by Precipitate. As additional consideration for the sale of these shares, Precipitate agreed to remove any remaining resale restrictions that were still applicable to Precipitate shares held by Everton.

(Expressed in Canadian dollars)

5. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS

	October 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	**1**	**-**	260,450	2,835,187
e) Detour Lake	**-**	**-**	-	-
f) Chapais	**-**	**-**	-	119,882
	1	**-**	260,450	2,955,069
TOTAL	**1**	**-**	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 October 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.

During the year ended October 31, 2019, the Company wrote down the carrying value of the property to $1 and recorded a write-down of mineral exploration properties and exploration and evaluation assets in the amount of $3,095,636 ($260,449 of mineral exploration property costs and $2,835,187 of exploration and evaluation costs).

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 year ended October 31, 2019, the Company terminated the option agreement with Albert Mining, 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. This was based on 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 October 31, 2019:

	Year ended October 31, 2019	Year ended October 31, 2018
	$	$
Balance, beginning of the year	**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	**(3,245,518)**	(260,582)
Quebec resource tax credits	**-**	(8,891)
Balance, end of the year	**1**	3,730,643
Mineral exploration properties	**1**	260,451
Exploration and evaluation assets	**-**	3,470,192
	1	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:

	October 31, 2019	October 31, 2018
	$	$
Financial assets		
Amortized cost		
Cash	**4,775**	11,414
Fair value through profit or loss		
Marketable securities	**-**	7,500
Long-term investment	**964,250**	-
Total financial assets	**969,025**	18,914
Financial liabilities		
Amortized cost		
Accounts payable and accrued liabilities	**(280,767)**	(235,532)
Loan payable	**(192,700)**	(98,000)
Total financial liabilities	**(473,467)**	(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 October 31, 2019. As at October 31, 2019, the value of these listed shares was $964,250. At October 31, 2019, had the price for these publicly listed shares been 10% lower, the comprehensive loss for the period would have been $96,425 larger. Conversely, had the price been 10% higher, the comprehensive loss would have been $96,425 smaller.

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.

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.

There were no significant changes to capital management policies of the Company during the year ended October 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 October 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 October 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, October 31, 2019	**16,267,500**	**0.07**

As at October 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, October 31, 2019	**3,300,000**	**0.11**

(Expressed in Canadian dollars)

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

	Outstanding			Exercisable	
Exercise prices	Number outstanding	Weighted average remaining contractual life (in years)	Weighted average outstanding exercise price	Number vested	Weighted average vested exercise price
$0.05	800,000	1.45	$0.05	800,000	$0.05
$0.13	2,300,000	1.79	$0.13	2,300,000	$0.13
$0.07	200,000	2.32	$0.07	200,000	$0.07
	3,300,000	**1.74**	**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 (in years)	Weighted average outstanding exercise price	Number vested	Weighted average vested exercise price
$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:

For the year ended October 31	**2019**	2018
	$	$
Management and consulting fees	**133,000**	175,283
Benefits	**2,016**	2,688
	135,016	177,971

(Expressed in Canadian dollars)

As at October 31, 2019, unpaid management and consulting fees in the amount of $135,400 are owed to Management and have been included in accounts payable and accrued liabilities ($141,250 as at October 31, 2018).

During the year ended October 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 October 31, 2019, the Company has a loan payable to the CEO of the Company in the amount of $192,700 ($98,000 as at October 31, 2018). The loan is non-interest bearing and has no specific terms of repayment.

11. 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.

12. INCOME TAXES

Provision for income taxes

A reconciliation of the combined federal and provincial statutory rate of 27% (2018 – 27%) with the Company's effective income tax rate is as follows:

For the year ended October 31	**2019**	2018
	$	$
Net loss before income taxes	**(2,920,353)**	(346,017)
Expected income tax recovery based on statutory rate	**(788,000)**	(92,847)
Adjustment to expected income tax benefit:		
Non-deductible expenses	**726,000**	72,425
Changes in temporary differences not recorded	**62,000**	24,690
Other	**-**	(4,268)
Income tax provision (recovery)	**-**	-

Deferred income tax

As at October 31, 2019 and 2018, the Company had the following temporary differences. No deferred tax assets were record for these temporary differences.

(Expressed in Canadian dollars)

As at October 31	**2019**	2018
	$	$
Non-capital loss carry-forwards	**18,438,000**	20,824,000
Mineral exploration properties and exploration and evaluation assets	**16,750,723**	13,772,081
Other	**(130,426)**	142,478
	35,058,297	34,738,559

Tax loss carry-forwards

As at October 31, 2019, the Company has the following non-capital losses for which no deferred tax asset was set up. The carry-forward balances expire as follows:

Year of Expiry	Canada	Dominican Republic
	$	$
2020	-	5,851,000
2026	1,022,000	-
2027	1,504,000	-
2028	1,308,000	-
2029	1,476,000	-
2030	1,678,000	-
2031	1,049,000	-
2032	1,162,000	-
2033	830,000	-
2034	686,000	-
2035	517,000	-
2036	441,000	-
2037	560,000	-
2038	124,000	-
2039	230,000	-
	12,587,000	**5,851,000**

13. SUBSEQUENT EVENTS

Arrangement Agreement with Molecule Inc.

Subsequent to year-end, on December 3, 2019, Everton announced that it has entered into a Definitive Arrangement Agreement with Molecule Inc. ("Molecule"), dated November 27, 2019, pursuant to which Everton will acquire (the "Proposed Transaction") all of the issued and outstanding securities of Molecule (Note 1).

The Proposed Transaction may be considered a "related party transaction" as such term is defined by Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions and Policy 5.9 of the TSXV, since the CEO and director of Everton is also the CEO, director and shareholder of Molecule, and the CFO of Everton, is also the CFO of Molecule. As a result, Everton will need to obtain the approval of the majority of the minority of shareholders in respect of the Proposed Transaction. The Proposed Transaction is exempt from the formal valuation requirements set out in the foregoing regulatory instruments due to the fact that the shares of Everton are listed on the TSXV.

The board of directors of Everton constituted an independent committee of three independent board members (the “Independent Committee”) to analyze the Proposed Transaction. The Independent Committee concluded that the Proposed Transaction is in the best interest of Everton and will provide a recommendation to shareholders in the Company’s circular, to be mailed out to Everton shareholders in connection with the approval of the Proposed Transaction.

As a condition of the Proposed Transaction, 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”).

As a condition to the closing of the Proposed Transaction, Molecule intends to complete a private placement offering (“Private Placement”) of units (the “Molecule Units”), for a minimum of $2 million, each Molecule Unit consisting of one common share of Molecule and a minimum of one-half of one share purchase warrant, with final terms to be determined by the parties in the context of the market.

Concurrently with, and as a condition of, the closing of the Proposed Transaction, creditors of Everton will convert $323,100 of indebtedness into an aggregate of 1,077,000 Everton Shares at a deemed issue price of $0.30 per share. All 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 alternatives.