

DARELLE ONLINE SOLUTIONS INC.

Management's Discussion & Analysis

Quarter ended May 31, 2021

Dated July 30, 2021

July 30, 2021

The following management discussion and analysis (“MD&A”) for Darelle Online Solutions Inc. (the “Company” and/or “darelle”) should be read in conjunction with the Company’s unaudited interim condensed consolidated financial statements and related notes therein (“interim Financial Statements”) for the nine months ended May 31, 2021 and 2020, as well as the audited consolidated financial statements with accompanying notes for the year ended August 31, 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (“IASB”). All financial information is stated in Canadian dollars, unless otherwise stated.

The objective of this MD&A is to help the reader understand the factors affecting the Company’s past and future performance. All amounts are reported in Canadian dollars, unless otherwise stated. The statements and additional information regarding the Company can be found in filings with Canadian security commissions on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements. Forward looking statements generally can be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “intend”, “anticipate”, “plan”, “foresee”, “believe” or “continue” or the negatives of these terms or variations of them or similar terminology. These forward-looking statements include references to the future success of our business, technology, and market opportunities. By their nature, forward looking statements require the Company to make assumptions and are subject to important known and unknown risks and uncertainties, which may cause the Company’s actual results in future periods to differ materially from forecasted results. While the Company considers its assumptions to be reasonable and appropriate based on current information available, there is a risk that they may not be accurate. These forward-looking statements are neither promises nor guarantees but involve known and unknown risks and uncertainties that may cause our actual results, level of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed in or implied by these forward-looking statements. These risks include risks related to general economic conditions, risks associated with revenue growth, operating results, industry factors and the Company’s general business environment, risks associated with doing business with joint venture partners, risks involved with the development of new products and technology, financing risks, such as risks relating to liquidity and access to capital markets, and risks relating to competition, among other factors. For a more detailed description of the risks that affect the Company’s future growth, results and performance, readers are referred to the section on ‘Risks and Uncertainties’ in this MD&A and the Company’s Information Circular dated December 2, 2019. Readers are cautioned that the foregoing list of factors that may affect future growth, results and performance is not exhaustive and undue reliance should not be placed on such forward-looking statements which speak only to the date they were made. We disclaim any obligation to publicly update or revise any such statements to reflect any change in our expectations or in events, conditions, or circumstances on which any such statements may be based, or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements. The Company undertakes no obligation to update or revise any forward-looking statements or information made in this MD&A, except as required under applicable securities legislation.

Business Overview

darelle is a company listed on the TSX Venture Exchange is located at Suite 527, 2818 Main Street, Vancouver, B.C. V5T 0C1 with a registered office at 4610 Sheridan Ridge, Nanaimo, British Columbia, V9T 6S6

The Company has a wholly owned subsidiary (Darelle Media Inc.) which was acquired by the Company on February 5, 2015.

Company Activity

darelle is a company listed on the TSX Venture Exchange under the symbol "DAR". The Company provides an online raffle lottery system to charities and nonprofit organizations. The online raffle platform enables organizations to create, sell, deliver, and manage their raffle ticket and 50/50 draws, completely online.

During the nine months ended May 31, 2021 and 2020, the Company incurred net losses of \$160,326 and \$279,579 and negative cash flow from operating activities of \$58,489 and \$50,785, respectively. As at May 31, 2021, the Company had negative working capital of \$823,745 and a deficit of \$8,477,164 (as at August 31, 2020: negative working capital of \$723,499 and a deficit of \$8,316,838). This are material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern.

Management estimates that results from operation and working capital are not sufficient to meet the Company's obligations and commitments and budgeted expenditures through August 31, 2021. These circumstances lend a significant doubt as to the ability of the Company to ensure its continuity of operation and, according, the appropriateness of the use of accounting principles of a going concern. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

Any funding shortfall may be met in the future in a number of ways including but not limited to, the issuance of new debt or debt financing. While management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future or that these sources of funding or initiatives will be available to the Company or that they will be available on terms which are acceptable to the Company. If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in the Financial Statements.

The outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on the global economic conditions as well as on the Company's business activities. The extent to which the coronavirus may impact the Company's business activities will depend upon future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time. While certain restrictions are presently in the process of being relaxed, it is unclear when the world will return to the previous normal, if ever. This may adversely impact the expected implementation of the Company's business plans.

On June 26, 2019, the Company announced it had entered into an arm's length binding letter of intent ("LOI") with North Star Holdings ("North Star") in which the securityholders of North Star would acquire control of the Company ("Proposed Transaction").

The reverse-takeover of the Company would result in North Star shareholders receiving 167,410,516 post-consolidation shares representing 98.8% of the outstanding shares of the Company once a consolidation is completed. The existing Company shareholders will continue to hold shares representing a 1.2% interest on a post-consolidation basis.

The transaction also involves the spin-out of the Company's wholly owned subsidiary, Darelle Media Inc. ("darelle"). The darelle business currently constitutes all or all substantially all of the business of the Company. Current shareholders of the Company will receive an interest in the spin-out entity equal to their existing equity interest based upon a record date to be determined.

On or before closing of the Proposed Transaction, North Star has agreed to make a cash payment of \$250,000 to darelle in consideration of the issuance of such number of common shares as will constitute 17.5% of the issued and outstanding shares of darelle (on a fully diluted basis) on closing.

Immediately prior to closing of the Proposed Transaction, the Company shall have no outstanding indebtedness, liabilities or obligations except for \$150,000 which shall be settled on closing date of the Proposed Transaction through the issuance of shares of the resulting issuer at a price per share equal to the concurrent offering price of any financing completed on closing.

Upon execution of the LOI North Star was to make two (2) non-refundable payments of \$25,000 to the Company. These payments have been made. In addition, North Star will pay the Company an amount equal to the reasonable out-of-pocket expenses including listing fees, expenses associated with shareholder meeting, reasonable fees of legal counsel, accountants and other advisors incurred by the Company in connection with the Proposed Transaction. Under the terms of the LOI, the Transaction was to be consummated on or before December 31, 2019. The Company signed a number of extensions to the LOI with North Star and on April 28, 2021 the Company signed an agreement extending the terms of the LOI until June 15, 2021.

North Star has not communicated its intentions and the Company has been unable to determine whether North Star intends to proceed or terminate the Proposed Transaction. On July 16, 2021, the Company provided notice to North Star that unless North Star provides clear intent to proceed with the Proposed Transaction by August 6, 2021, the Proposed Transaction is considered terminated by North Star.

Selected Annual Information

For Fiscal Years Ended August 31

	2020	2019	2018
	\$	\$	\$
Revenue	145,390	130,631	124,468
Loss before income taxes	(395,711)	(529,066)	(450,477)
Net loss	(395,711)	(529,066)	(450,477)
EPS - Basic	(0.01)	(0.01)	(0.01)
EPS - Diluted	(0.01)	(0.01)	(0.01)
Total assets	84,880	278,274	519,353
Long-term liabilities	-	-	-
Dividends	Nil	Nil	Nil
	2019	2018	2017
	\$	\$	\$
Revenue	130,631	124,468	70,817
Loss before income taxes	(529,066)	(450,477)	(577,371)
Net loss	(529,066)	(450,477)	(577,371)
EPS - Basic	(0.01)	(0.01)	(0.01)
EPS - Diluted	(0.01)	(0.01)	(0.01)
Total assets	278,274	519,353	544,104
Long-term liabilities	-	-	-
Dividends	Nil	Nil	Nil

Financial Overview

Management considers the Company to be in the development stage. Annual revenues and expenditures are not reflective of future activity.

The financial highlights for the period ended May 31, 2021 are noted below:

- Cash used by operations and capital requirements was \$58,489 for the period compared to cash used by operations of \$50,785 for the same period in fiscal 2020.
- Net loss was \$160,326 ((\$0.00) per share) for the period, decreased by \$119,253, or 43% compared to the same period in fiscal 2020.

Results of Operations

The following table sets forth a comparison of revenues, earnings, major expense category for the three and nine-month periods ended May 31, 2021 and 2020:

	Three Months Ended May 31, 2021	Three Months Ended May 31, 2020	Nine months Ended May31, 2021	Nine months Ended May 31, 2020
Revenue	62,370	30,537	160,816	72,132
Expenses				
Consulting fees	-	9,275	-	51,275
Amortization	-	24,097	-	72,291
Salary, wages and benefits	25,235	25,730	107,058	25,730
General and administrative	7,963	5,198	25,777	15,155
Management fees	55,600	60,000	164,200	169,900
Professional fees	8,525	5,125	20,472	18,045
Transfer agent & filing fees	2,001	5,702	10,194	14,367
Travel	-	-	161	309
	99,324	135,127	327,862	367,072
Results from operations	(36,954)	(104,590)	(167,046)	(294,940)
Other income (expenses)				
Federal wage subsidy	-	15,361	6,720	15,361
Net loss and comprehensive loss	(36,954)	(89,229)	(160,326)	(279,579)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average # of shares outstanding	73,708,147	73,708,147	73,708,147	73,708,147

Revenue

Revenue for the nine-month period ended May 31, 2021 were \$160,816 compared with revenue of \$72,132 for the same nine-month period of the 2020 fiscal year. Revenue is typically comprised of a set-up fee and a flat administration fee per ticket sold by organizations. The set-up fee is non-refundable and is payable once an organization enters into a service agreement with the Company. The Company realizes a flat administration fee per each raffle ticket ("processing fees") once the organization begins to sell raffle tickets. The Company realized set-up fee revenue of \$38,500 and processing fees of \$122,316 during the first nine month of the 2021 fiscal year. This compares to set up fee revenue of \$20,708 and processing fees of \$51,424 during the same nine months of the 2020 fiscal year. Processing fees realized on each raffle will fluctuate depending upon the timing of each raffle program. The Company has taken the position that revenue from processing fees is recognized once a raffle has closed. The Company realized revenue of \$62,370 during the third quarter of the 2021 fiscal year compared with revenue of \$30,537 during the same three-month period of the 2020 fiscal year. The Company closed thirteen raffles during the third quarter of the 2021 fiscal year. Processing fees are recognized once an individual raffle has closed or sells out. The Company realized set-up fee revenue of \$12,250 and processing fees of \$50,120 during the third quarter of the 2020 fiscal year. This compares to set up fee revenue of \$3,500 and processing fees of \$27,037 during the same three-month period of the 2020 fiscal year.

Consulting Fees

Consulting fees were \$Nil for the nine-month period ended May 31, 2021 compared to \$51,275 during the same nine-month period in 2020. Consulting fees include fees paid to software programmers. During the third quarter of 2020 the Company elected to offer employment to two consultants providing services to the Company. Both employment positions are full-time in nature. The Company will continue to monitor its position based upon financial resources available to the Company.

Consulting fees were \$Nil for the third quarter of 2021 fiscal year compared with \$9,275 during the same quarter of the 2020 fiscal year.

Amortization

Amortization expense was \$Nil for the nine-month period ended May 31, 2021 compared to \$72,291 for the same nine-month period in 2020. The Company has a policy of capitalizing development expenditures based upon a number of factors including commercial feasibility, future economic benefits and the ability to use or sell the assets. Intangible assets are amortized on a straight-line basis over five years. During the 2020 fiscal year the Company realized an impairment of intangible assets resulting in a carrying value of intangible assets of Nil as at August 31, 2020.

Amortization expense was \$Nil for the third quarter of 2021 compared to \$24,097 during the same three-month period in 2020.

Salary, Wages, and Benefits

Amortization expense was \$107,058 for the nine-month period ended May 31, 2021 compared to \$25,730 for the same nine-month period in 2020. During the third quarter of 2020 the Company elected to offer employment to two consultants providing services to the Company. The Company has applied and received funding under the Canada Emergency Wage Subsidy (CEWS) program. The Company continues to review its revenue relative to historic levels on a period-over-period basis to determine if the Company can apply and receive future funding under the CEWS program. Salary, wages and benefits were \$25,235 for the third quarter of 2021, compared to \$25,730 during the same period in 2020.

General and Administrative

General and administrative ("G&A") expenses were \$25,777 for the nine months ended May 31, 2021, compared to \$15,155 for the same nine-month period in 2020. G&A expenses are mainly costs associated with the company's computer servers, software certification and filing costs, office supplies, travel, entertainment, and administrative costs. During the third quarter of 2021 fiscal year, the Company incurred legal costs of approximately \$4,000 in conjunction with the North Star Transaction. General and

administrative (“G&A”) expenses were \$7,963 for the third quarter of 2020, compared to \$5,198 for the same period in 2020. These are mainly costs associated with the company’s computer servers, office supplies, travel and entertainment and administrative costs.

Management Fees

Management fees were \$164,200 for the nine-month period ended May 31, 2021 compared to \$169,900 for the same period of 2020 fiscal year. Management fees include management consulting fees associated with an officer of the Company and a President of the wholly owned subsidiary (Darelle Media Inc.) (collectively referred to as “Officers”). Under the terms of the consulting agreements each officer will receive a monthly consulting fee of \$10,000 per month. Effective January 1, 2020, the Officers agreed to bill the Company consulting fees based upon an hourly rate for services provided up to the monthly maximum of \$10,000 per month.

Management fees were \$55,600 for the three-month period ended May 31, 2021 compared to \$60,000 for the same period of 2020 fiscal year.

Professional Fees

Professional fees were \$20,472 for the nine-month period ended May 31, 2021 compared to \$18,045 for same period of 2020. Professional fees include quarterly accrual of audit fees (\$5,125) for the 2021 fiscal year, and bookkeeping fees paid to a third party. Professional fees were \$8,525 for the three-month period ended May 31, 2021 compared to \$5,125 for same period of 2020.

Transfer Agent and Filing Fees

Transfer agent and filing fees were \$10,194 during the nine months ended May 31, 2021 compared to \$14,367 during the same nine-month period of the 2020 fiscal year. Transfer agent and filing fees include fees paid to the Company’s transfer agent (Computershare) as well as regulatory fees paid to the TSX Venture Exchange and filing fees associated with interim filings on SEDAR. Transfer agent and filing fees expense for the third quarter of 2021 was \$2,001 compared with expense of \$5,702 during the same three-month period in 2020.

Travel

The Company had travel expenses of \$161 during nine-month period ended May 31, 2021 compared to \$309 for the same nine-month period in 2020. Travel expenses include travel and accommodation, meals and entertainment. The Company had travel expenses of \$Nil during the third quarter of 2020 compared to \$Nil for the same three-month period in 2020. Travel expenses include travel and accommodation, meals, and entertainment.

Net Loss

Net loss for the nine months ended May 31, 2021 was \$160,326 ((\$0.00) per share) compared to \$279,579 ((\$0.00) for the same nine-month period of the 2020 fiscal year. The Company realized revenue of \$160,816 during the first nine months of the 2021 fiscal year, compared with revenue of \$72,132 during the same nine-month period of the 2020 fiscal year.

Net loss for the third quarter ended May 31, 2021 was \$36,954 ((\$0.00) per share) compared to a net loss of \$89,229 (\$0.00) per share) for the same period in fiscal 2020. The decrease in net loss for the period is primarily due to higher revenue realized during the quarter. Loss per share for the nine-month periods ended May 31, 2021 and 2020 was calculated based on the weighted average number of common shares outstanding through the quarter.

Additional Disclosure for Venture Issuers Without Significant Revenue

	2021	2020
Material Expenses:		
Management fees	\$164,200	\$169,900
Consulting fees	-	\$72,291
Salary, wages, and benefits	\$107,058	\$25,730
General and administrative	\$25,777	\$15,155
Professional fees	\$20,472	\$18,045

Summary of Quarterly Results

The following financial summary of quarterly operations has been presented on the basis of the unconsolidated financial statements of the Company.

Summary of Quarterly Operations

	Three Month Period Ended May 31, 2021	Three Month Period Ended Feb. 28, 2021	Three Month Period Ended Nov. 30, 2020	Three Month Period Ended Aug 31, 2020
	\$	\$	\$	\$
Revenue	62,370	71,845	26,602	74,508
Capital Expenses	-	-	-	-
Net Loss	(36,954)	(36,195)	(87,177)	(160,413)
Net Loss Per Share	(0.00)	(0.00)	(0.00)	(0.00)
	Three Month Period Ended May 31, 2020	Three Month Period Ended Feb. 29, 2020	Three Month Period Ended Nov. 30, 2019	Three Month Period Ended Aug 31, 2019
	\$	\$	\$	\$
Revenue	30,537	19,106	22,489	28,927
Capital Expenses	-	-	-	-
Net Loss	(89,229)	(89,270)	(101,081)	(125,236)

Net Loss has fluctuated from quarter to quarter and this trend is expected to continue in the near term with its magnitude governed by the amount of available cash, approved business development and capital budgets, and future gross margins generated from sales.

Liquidity and Capital Resources

Capital Employed

	May 31, 2021	August 31, 2020
Non-current assets	\$ -	\$ -
Current assets	131,843	84,880
Current liabilities	(955,588)	(808,299)
Total assets less current liabilities	(823,745)	(723,419)
Non-current liabilities	60,000	-
Shareholders' equity	(883,745)	(723,419)
	\$ (883,745)	\$ (723,419)

Non-current assets

Non-current assets remained the same at May 31, 2021 as compared to August 31, 2020.

Current assets

Current assets increased by \$47,043 at May 31, 2021 as compared to August 31, 2020, which is attributed to:

Cash

Cash increased by \$1,511 primarily due to higher revenue from operating activities.

Receivables

	May 31, 2021	August 31, 2020
Trade receivables	\$ 77,312	\$ 37,186
Allowance for doubtful debts	-	1,838
Net trade receivables	77,312	35,348
Other receivables	-	(790)
	\$ 77,312	\$ 34,558

Current liabilities

Current liabilities of \$955,588 increased by \$147,289 which is attributed to:

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities decreased by \$20,621. The decrease is predominantly due the repayment of accounts payable balances of approximately \$48,000 to the Company's external auditor. The balance is amounts owing to third party suppliers. Amounts owing to related parties increased by \$167,910 as management fees were not paid and have been accrued.

Due to related party

Amounts owing to related parties increased by \$167,910 as management fees were not paid and have been accrued.

Non-current liabilities

Non-current liabilities increased by \$60,000 which is attributed to the receipt of loan proceeds under the Canada Emergency Business Account ("CEBA") Program.

Shareholders' equity

Shareholders' equity at May 31, 2021 decreased by \$160,326 as compared to the balance at August 31, 2020 and was attributed to the recognition of a net loss of \$160,326 for the period ended May 31, 2021.

Credit Facilities

The Company incurred a loan of \$60,000 under the CEBA Program. The loan is non-interest bearing. An amount of \$20,000 is forgiven if the entire amount (\$60,000) is repaid on or before December 31, 2022. In the event the loan is not repaid by December 31, 2022, the loan converts to an interest charging debt instrument. The loan will bear an interest rate of 5% on January 1, 2023 if unpaid.

Contractual Obligations

As of May 31, 2021, the Company has no lease commitments on its premises.

Off Balance Sheet Arrangements

As at May 31, 2021, the Company had no off-balance sheet arrangements.

Related Party Transactions

The Company's related parties are its Board of Directors and key management personnel (President and Chief Executive Officer (CEO), Chief Financial Officer (CFO) and President of a wholly owned subsidiary (Darelle Media Inc.) as well as any companies controlled by key management personnel or directors. Transactions conducted with related parties took place in the normal course of operations and are measured at the amount of consideration established and agreed to by the related parties.

Balances and transactions between the Company and its subsidiary, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Details of the related party transactions follow:

During the period ended May 31, 2021, the Company incurred and recorded \$164,200 (2020 - \$169,900) as management fees pursuant to contracts with two companies owned by an officer of the Company and an officer of a wholly owned subsidiary of the Company. Under the terms of the agreements dated February 6, 2015, the officer of the Company and the wholly owned subsidiary will receive a monthly consulting fee of \$10,000. At May 31, 2021, \$880,539 (August 31, 2020 - \$712,629) was included in accounts payable to these companies for consulting fees rendered.

Key Management Personnel	Three month period		Nine Month Periods	
	May 31, 2021	May 31, 2020	May 31, 2021	May 31, 2020
Consulting fees	\$ 55,600	\$ 60,000	\$ 164,200	\$ 169,900
	\$ 55,000	\$ 60,000	\$ 164,200	\$ 169,900

Outstanding Share Data

Common shares outstanding

Authorized share capital consists of an unlimited number of common shares of which 73,708,147 (August 31, 2020 – 73,708,147) were issued and outstanding as at May 31, 2021.

The following table provides the weighted average number of common shares outstanding for purposes of computing loss per share for the relevant periods:

	For the three-month periods ended	
	May 31, 2021	May 31, 2020
Weighted average Common Shares Outstanding	73,708,147	73,708,147

	For the periods ended	
	May 31, 2021	May 31, 2020
Weighted average Common Shares Outstanding	73,708,147	73,708,147

Financial Instruments and Related Risk

Cash and accounts receivable are classified as receivables. Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Accounts payable and accrued liabilities approximate their carrying amount due to their short-term nature. The fair value of any loans and borrowings would be classified as other financial liabilities for valuation purposes under IFRS 9. Other financial liabilities would be measured initially at fair value and subsequently at amortized cost using the effective interest method.

The Company has exposure to credit, liquidity, and interest rate risk as follows:

Credit risk

Credit risk is the risk of that a counter-party to a financial asset will default, resulting in the Company incurring a financial loss. The Company is exposed to credit risk on its cash and accounts receivable to a maximum of the carrying value of the items at the reporting date.

The Company mitigates its exposure to credit risk by maintaining its bank accounts with major Canadian financial institutions with strong investment-grade ratings by a primary ratings agency.

The Company's trade receivables are monitored on an ongoing basis for impairment.

As at May 31, 2021, \$30,363 (August 31, 2020 - \$15,357) of the trade accounts receivable balance of \$77,312 (August 31, 2020 - \$37,186) was past due. Other receivables at May 31, 2021 consist primarily of GST \$Nil (August 31, 2020 – (\$790)).

Foreign exchange risk

The Company incurs certain operating expenses and capital expenditures in U.S. dollars. Accordingly, the fluctuations in the exchange rate between the U.S. and Canadian dollar can impact the Company's reported results.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial obligations.

The Company's monitors its ability to meet its short-term operating expenditures by raising additional funds through share issuances when required. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market or other alternative forms of financing is hindered, whether as a result of a downturn in stock market conditions generated or related to matters specific to the Company.

The Company's contractual liabilities and obligations are as follows:

	<1 year	1 to 3 years	4 to 5 years	>5 years	Total
Accounts payable and accrued liabilities	\$ 70,049	-	5,000	-	\$ 75,049
Due to related party	880,539	-	-	-	880,539
Loan	-	60,000	-	-	60,000
Balance May 31, 2021	\$ 950,588	60,000	5,000	-	\$ 1,015,588

	<1 year	1 to 3 years	4 to 5 years	>5 years	Total
Accounts payable and accrued liabilities	\$ 90,670	-	5,000	-	\$ 95,670
Due to related party	712,629	-	-	-	712,629
Balance August 31, 2020	\$ 803,299	-	-	-	\$ 808,299

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. When the Company has cash balances, the Company's current policy is to invest excess cash in certificates of deposit or high interest savings accounts of major Canadian chartered banks. As of May 31, 2021, and August 31, 2020, the Company had no investment. The other financial assets and liabilities of the Company do not bear interest. The Company does not use financial derivatives to decrease its exposure to interest risk. Management believes that the Company is not subject to significant interest rate risk.

Changes in Accounting Policies and Initial Adoption

Newly adopted accounting standards

IFRS 3 – Business Combination (“IFRS 3”) was amended by the International Accounting Standards Board in October 2018, seeking to clarify whether an acquisition transaction results in the acquisition of an asset or the acquisition of a business. The amendments are effective for acquisition transactions on or after January 1, 2020, although earlier application is permitted. The amended standard has a narrower definition of a business, which could result in the recognition of fewer business combinations than under the current

standard; the implication of this is that amounts which may have been recognized as goodwill in a business combination under the current standard may now be recognized as allocations to net identifiable assets acquired under the amended standard (with an associated effect in an entity's results of operations that would differ from the effect of goodwill having been recognized).

The Company has evaluated the impacts from the adoption of IFRS 3 on its interim consolidated condensed financial statements and concluded that there is no material impact.

Risks & Uncertainties

The Company, being a "Venture" issuer is exempted from filing an Annual Information Form. However, a detailed explanation of the risk factors which the Company is faced with is provided in the Company's Management Information Circular dated December 2, 2019 at www.sedar.com. A number of the key risks, as well as the strategies that management employs to manage these risks, are discussed briefly below:

An investment in the securities of the Company must be considered highly speculative due to the nature of the Company's business. Prospective investors should carefully consider the information presented in this MD&A before acquiring any securities in the Company. And in particular should give special consideration to the risk factors below and in the section entitled "Forward-Looking Statements" above.

In addition to the usual risks associated with an investment in a business at an early stage of development, management and the directors of the Company believe that, in particular, the following risk factors should be considered by prospective investors. It should be noted that this list is not exhaustive and that other risk factors may apply. An investment in the Company may not be suitable for all investors. If any of the following risks actually occur, the business of the Company may be harmed and its financial condition and results of operations may suffer significantly.

COVID 19

The recent outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on the global economic conditions as well as on the Company's business activities. The extent to which the coronavirus may impact the Company's business activities will depend upon future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time. While certain restrictions are presently in the process of being relaxed, it is unclear when the world will return to the previous normal, if ever. This may adversely impact the expected implementation of the Company's business plans.

Risks Related to the Business of the Company

The Company does not have an operating history

The Company has no history of earnings; it has not paid any dividends and it is unlikely to pay any dividends in the immediate or foreseeable future. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other, and lack of revenues. The success of the Company will depend entirely on the expertise, ability, judgment, discretion, integrity and good faith of its senior management.

Lack of Access to Future Financing

The Company intends to continue to make investments to support the development and business growth and may require additional funds to respond to business challenges, including the need to develop new products or enhance existing products under development. Accordingly, the Company may need to engage in equity or debt financings to secure additional funds. If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and new equity securities issued could have rights, preferences and privileges superior to those of holders of The Company's common shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. In addition, additional financing may not be available on favourable terms, if at all. If the Company is unable to obtain adequate financing or financing on terms satisfactory to them, when they require it, their ability to continue to support business development and growth and to respond to business challenges could be significantly limited.

Quarterly Results May Fluctuate

The Company may experience significant fluctuations in future quarterly operating results that may be caused by many factors, including the following:

Limited operating history;

Changes in pricing policies by the Company or its competitors;

Changes in level of marketing and other operating expenses to support future growth;

Competitive factors; and General economic conditions.

In addition, the Company's expenses will be largely based on anticipated revenue. As a result, a delay in generating or recognizing revenues could cause significant variations in operating results from quarter to quarter and could result in substantial operating losses.

Economic Risk

There is no guarantee that the Company will be able to generate sufficient cash flow from operations or through the incurrence of short or long-term debt. Additionally, the incurrence of future debt will increase the Company's interest expense.

No Anticipation of Paying Dividends

No dividends have been paid to date on the Company's Shares. Management of the Company anticipates that for the foreseeable future earnings, if any, will be retained for use in the business and that no cash dividends will be paid.

There is no U.S. public market for Company Shares

At the present time, there is no U.S. public market for the Company's securities. It is possible that a regular trading market will not develop, or if developed, that a market will not be sustained. Any market for the Company's securities that may develop will very likely be a limited one. In any event, due to the low price of the stock, many brokerage firms may choose not to engage in market making activities or effect transactions in such securities. Purchasers of the Company's securities may have difficulties in reselling them and many banks may not grant loans utilizing the Company's securities as collateral. The securities

are not eligible for listing on the NASDAQ Stock Market and may never be eligible or listed on a U.S. exchange.

Limited Operating History and Evolving Business Model

darelle has a limited operating history and its business model is continually evolving. *darelle* has not earned operating profits and the company has incurred losses since inception. *darelle* may not be able to achieve or maintain profitability and *darelle* may continue to incur significant losses in the future. If *darelle*'s revenues do not materialize to offset costs and operating expenses, *darelle* will not be profitable.

Key Management Personnel

The business and future operating results of *darelle* depend in part upon its ability to attract, groom and retain qualified management, technical, sales and support personnel for its operations. The loss of key personnel could negatively impact *darelle*'s operations. *darelle* plans to hire additional personnel as needed, in all areas of its business, particularly for its sales, marketing and technology development areas. Competition for qualified personnel is intense and *darelle* cannot guarantee that it will be able to attract, train and then retain qualified personnel.

Intense Competition

The online e-commerce marketing industry has seen many new competitors in the past twenty-four months, and the industry is quickly becoming highly competitive and *darelle* may face additional competition from small-to-medium size competitors and from competitors that are better funded than *darelle*. Specific factors upon which *darelle* will compete will include, but are not limited to, functionality of its platform, technological sophistication, ease of use, timing for implementation, hosting of its offering, quality of support and services, and fees. Some of *darelle*'s current and potential competitors have longer operating histories, greater name recognition, access to larger customers' bases and substantially greater resources, including sales and marketing, financial and other resources. As a result, these competitors may be able to:

- absorb costs associated with providing their products at a lower price;
- devote more resources to new customer acquisitions;
- respond to evolving market needs more quickly than *darelle* can;
- and finance more research and development activities to develop better services.

Rapidly Changing Technological Development

The market for *darelle*'s services will be characterized by rapid technological advances, changes in customer requirements, changes in protocols and evolving industry standards. If *darelle* is unable to develop enhancements to, and new features, for its intended services that keep pace with rapid technological developments, its services may become obsolete, less marketable and less competitive and *darelle*'s business will be harmed.

Network Expansion and Systems

In the future, *darelle* may need to expand its network and systems at a rapid pace. *darelle*'s network or systems may not be capable of meeting the demand for increased capacity, or *darelle* may incur additional unanticipated expenses to accommodate these capacity demands.

Development of Intellectual Property

darelle does not have any patents or patent applications pending with respect to its social communication and e-commerce platform ("Platform"). Even if *darelle* applied for patents in the future, there is no certainty that any patent will be granted, that any future patent will not be challenged, invalidated or circumvented, or that rights granted under any patent issued to it will afford a competitive advantage. *darelle* will rely on a combination of copyright, trademark and trade secret laws and restrictions on disclosure to protect its intellectual property rights. The foregoing affords only limited protection.

Protection of Intellectual Property

darelle depends on its ability to develop and maintain proprietary aspects of its technology. It seeks to protect its software, documentation and other written material under trade secret and copyright law, as well as with confidentiality provisions in contracts with its customers, suppliers, contractors and employees all of which afford limited protection. Despite the measures *darelle* will take to protect its intellectual property, there can be no assurance that these steps will be adequate or that third parties will not breach the confidentiality provisions in *darelle*'s contracts or infringe or misappropriate its intellectual property.

Privacy Concerns

Although *darelle* intends to comply with all relevant privacy legislation, there is the possibility that a lawsuit could be brought against *darelle* with respect to the proper handling and use of confidential information obtained by *darelle* through proposed transaction in its Platform and the collection of personal information.

Technological and Network Problems

darelle's services will be entirely dependent on specific technologies and networks. Despite redundancy built into the hosting operations, there is a risk of a disaster at the hosting facility, the penetration of the host system by a hacker, the failure of internal systems or infrastructure.

Changes in Internet-related and Other Laws

Laws and regulations that apply to communications and commerce over the Internet are becoming more prevalent. In particular, the growth and development of the market for online commerce has prompted calls for more stringent tax, consumer protection and privacy laws, both in Canada and abroad, that may impose additional burdens on companies conducting business online. This could negatively affect the business development of *darelle* and reduce demand for its services. Internet-related laws, however, remain unsettled, even in areas where there has been some legislative action. The adoption or modification of laws or regulations relating to the Internet or *darelle*'s intended operations, or interpretations of existing law, could adversely affect *darelle*.

Approval

The audit committee has approved the disclosure contained in this MD&A. Additional information relating to the Company is available on SEDAR at www.sedar.com.