

Darelle Online Solutions Inc.

Management's Discussion & Analysis

Years Ended August 31, 2023 and 2022

Dated December 18, 2023

December 18, 2023

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 audited consolidated financial statements and related notes therein (“Financial Statements”) for the twelve months ended August 31, 2023, and 2022 that are 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 Financial 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 <https://www.sedarplus.ca/darelle>

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 September 22, 2021. 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.

Business Overview

darelle is a company listed on the TSX Venture Exchange with a registered office at 4610 Sheridan Ridge Road, Nanaimo, British Columbia, V9T 6S6.

The Company has a wholly owned subsidiary (Darelle Media Inc.) which was acquired by the Company on February 6, 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 fiscal year ended August 31, 2023 and 2022, the Company incurred net losses of \$147,511 and \$183,660, respectively and negative cash flow from operating activities of \$22,560 during the fiscal year ended period ended August 31, 2023 compared to negative cash flow from operating activities of \$11,074 for the fiscal year ended August 31, 2022. As at August 31, 2023, the Company had negative working capital of \$1,182,462 and a deficit of \$8,775,881. This is a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Financial Statements Going Concern Assumption

The consolidated financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern under IFRS. The use of these principles under IFRS assumes that the Company will continue in operation for the near future and will be able to realize assets and discharge its liabilities in the normal course of operations. The Company incurs operating losses, which casts significant doubt about the Company's ability to continue as a going concern.

Management's current strategy is careful cost control while pursuing opportunities in new geographical locations. Management recognizes the Company's need to increase its cash reserves in the coming year if it intends to adhere to its plans and has evaluated its potential source of funds. Although management intends to assess and act on these options throughout the course of the year, there can be no assurance that the steps management takes will be successful.

During the year ended August 31, 2023, the Company generated revenue of \$54,010 (2022 – \$145,197) and as of August 31, 2023, had a deficit of \$8,775,881 (2022 - \$8,628,370) and a working capital deficit of \$1,182,462 (2022 - \$996,218). In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of uncertainties related to events or conditions that may cast significant doubt upon its ability to continue as a going concern that these uncertainties are material and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Accordingly, the consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore to realize its assets and discharge its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. These adjustments could be material.

Financial Overview

The financial highlights for the year ended August 31, 2023 are noted below:

- Cash used by operations was \$22,560 for the year compared to cash used by operations of \$11,074 for the same period in fiscal 2022.
- Net loss and comprehensive loss were \$147,511 ((\$0.00) per share) for the year, decreased \$36,149, compared to the same period in fiscal 2022.

Selected Annual Information

	2023	2022	2021
	\$	\$	\$
Revenue	54,010	145,197	258,295
Loss before income taxes	(147,511)	(183,660)	(127,872)
Net loss	(147,511)	(183,660)	(127,872)
EPS - Basic	(0.00)	(0.00)	(0.00)
EPS - Diluted	(0.00)	(0.00)	(0.00)
Total assets	73,864	127,528	199,683
Long-term liabilities	38,733	38,733	34,737
Dividends	Nil	Nil	Nil

Results of Operations

The following table sets forth a comparison of revenues, earnings, major expense category for the quarter and year ended August 31, 2023 and 2022:

	Three Months Ended		Year Ended	
	August 31, 2023	August 31, 2022	August 31, 2023	August 31, 2022
Sales	\$ 9,157	\$ 38,601	\$ 54,010	\$ 145,197
Expenses				
Consulting fees	4,515	-	10,220	-
Accretion	-	1,040	-	3,996
Salary, wages, and benefits	-	25,752	8,000	98,938
General and administrative	4,110	4,895	29,985	34,484
Management fees	30,000	30,000	120,000	150,000
Marketing	1,200	1,750	1,200	1,750
Professional fees	8,000	4,064	27,795	23,905
Transfer agent & filing fees	614	6,453	2,722	14,476
Travel	592	-	1,599	1,314
Total expenses	49,031	72,914	201,521	328,857
Results from operations	(39,874)	(34,313)	(147,511)	(183,660)
Other income (expenses)	-	-	-	-
Accretion	-	(1,040)	-	(3,996)
Net and comprehensive income (loss)	(39,874)	(35,353)	(147,511)	(183,660)
Basic and diluted income				
(loss) per share	\$ 0.00	\$ (0.00)	(0.00)	\$ (0.00)
Weighted average number of shares outstanding	73,708,147	73,708,147	73,708,147	73,708,147

Revenue

Revenue was \$9,157 for the fourth quarter of 2023 compared to revenue of \$51,863 during the same quarter of 2022. Revenue is typically comprised of a set-up fee and a flat administration fee per raffle ticket sold by organizations. The set-up fee is non-refundable and is recognized once an organization enters into a service agreement with the Company. The Company realizes a flat administration fee per

each raffle ticket sold (“processing fees”) once the organization begins to sell raffle tickets. During the fourth quarter of 2023 the Company realized set up fees of \$1,000 and processing fees of \$8,157 compared with set up fees of \$2,000 and processing fees of \$36,601 during the fourth quarter of the 2022 fiscal year.

Revenue was \$54,010 for the year ended August 31, 2023 compared to \$145,197 for the 2022 fiscal year. The Company realized set-up fees of \$8,250 (2022 - \$32,750) and processing fees of \$45,760 (2022 - \$112,447) during the 2022 fiscal year. Processing fees fluctuate with the timing of each raffle program and ticket sales realized by the client organization. In addition, the Company had several clients who elected to not hold a raffle and/or move to a competitor platform during the year. This accounted for the decline in processing fee revenue on a year-over-year basis.

Accretion

Accretion expense was \$Nil for the fourth quarter of 2023 compared to \$1,040 in the fourth quarter of 2022. Due to the global COVID-19 outbreak, the federal government of Canada introduced the CEBA program. CEBA provides an interest-free loan of up to \$60,000 to eligible businesses. The CEBA loan has an initial term that expires on December 31, 2023, throughout which, the CEBA loan remains interest free. The Company anticipates repaying the loan prior to December 31, 2023. The CEBA loan has a carrying value of \$31,583 and a face value of \$40,000. The CEBA loan shall be accreted to the \$40,000 face value over the term of the loan. During the fourth quarter, the Company recorded \$Nil (2022 - \$1,040) of accretion expense on the CEBA loan payable.

Accretion expense was \$Nil for the 2023 fiscal year compared to \$3,996 for the fiscal year ended August 31, 2022.

Salary, Wages and Benefits

Salary, wages, and benefit expenses were \$Nil for the fourth quarter of 2023 compared to \$25,752 for the same three-month period in 2022.

Salary, wages, and benefit expenses were \$8,000 compared to \$98,938 for the fiscal year ended August 31, 2022. During the first quarter of the 2022 fiscal year, the Company laid off one of its software programmers resulting in lower salary, wages, and benefits on a period-over-period basis. During the fiscal year ended August 31, 2023, the Company recognized \$Nil (2022 - \$1,902) received under the Canada Emergency Wage Subsidy (CEWS) program. The amount is recorded as a reduction in salaries, wages and benefits on the consolidated statements of comprehensive loss for the year.

General and Administrative

General and administrative (“G&A”) expenses were \$4,110 for the fourth quarter of 2023 compared to \$4,895 for the same three-month period in 2022. G&A expenses are mainly costs associated with the company’s computer servers, office supplies, travel, entertainment, investor relation programs and administrative costs.

G&A expenses were \$29,985 for the 2023 fiscal year, compared to \$34,484 for the same period in 2022. G&A expenses are mainly costs associated with the company’s computer servers, office supplies, travel, entertainment, investor relation programs and administrative costs and are consistent on a year-over-year basis.

Management Fees

Management Fees were \$30,000 for the fourth quarter of 2023 compared to \$30,000 during the same three-month period in 2022. Management fees include management consulting fees associated with the appointment of an officer of the Company and a President of the wholly owned subsidiary (Darelle Media Inc.). Under the terms of the consulting agreements each officer will receive a monthly consulting fee of \$10,000 per month (“Management Consulting Fees”). 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 until the Company secured additional financial resources.

Management fees were \$120,000 during the fiscal year ended August 31, 2023 compared to \$150,000 for the same twelve-month period in the 2022 fiscal year. Consulting services provided by one of the officers were reduced during the third quarter and effective May 26, 2022 the officer of a wholly owned subsidiary resigned.

Marketing

Marketing expenses were \$1,200 for the fourth quarter of 2023 compared to \$1,750 for the same three-month period in 2022. Marketing costs include organization conferences, and sponsorship promotion for charitable and non-profit client organizations. Marketing expenses were \$1,200 for the year ended August 31, 2023 compared to \$1,750 for the same twelve-month period in 2022.

Professional Fees

Professional fees were \$8,000 during the fourth quarter of 2023 compared to \$4,064 for the fourth quarter of 2022. Professional fees in the fourth quarter of 2023 included an accrual for the annual audit, accounting fees paid to a consultant, and legal costs associated with filing annual returns for the Company.

Professional fees were \$27,795 for the year ended August 31, 2023 compared to \$23,905 for same twelve-month period of fiscal 2022 and are consistent on a year-over-year basis.

Transfer Agent & Filing Fees

Transfer agent and filing fees were \$614 during the fourth quarter of 2023 compared to \$6,453 during the same three-month period of the 2022 fiscal year. Higher costs during the 2022 fiscal year reflect fees paid regarding the company's annual general meeting.

Transfer agent and filing fees were \$2,722 during the fiscal year ended August 31, 2023 compared to \$14,476 for the same twelve-month period in 2022. 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.

Travel

Travel expenses were \$592 for the fourth quarter of 2023 compared to \$Nil for the same three-month period in 2022. Travel expenses were \$1,599 for the year ended August 31, 2023 compared to \$1,314 for the same twelve-month period in 2022. Travel expenses include travel and accommodation, meals, and entertainment and were consistent on a year-over-year basis. Travel expenses were limited due to restricted financial resources.

Federal Wage Subsidy

The Company realized other income of \$Nil during three-month period ended August 31, 2023 compared to \$Nil for the same three-month period in 2022. Federal wage subsidy includes funding received under the Canada Emergency Wage Subsidy (CEWS) program. Under the program, the Company applied for a wage subsidy based upon 75% of salary, wages, and benefits paid up to a weekly maximum. The Company realized other income of \$Nil during fiscal year ended August 31, 2023 compared to \$1,902 for the same twelve-month period in 2022. The program was discontinued during the 2023 fiscal year.

Accretion

Other expenses are comprised of accretion expense which was \$Nil for the fourth quarter of 2023 compared to \$1,040 in the fourth quarter of 2022. Due to the global COVID-19 outbreak, the federal government of Canada introduced the CEBA program. CEBA provides an interest-free loan of up to \$60,000 to eligible businesses. The CEBA loan has an initial term that expires on December 31, 2023, throughout which, the CEBA loan remains interest free. The Company anticipates repaying the loan prior to December 31, 2023. The CEBA loan has a carrying value of \$31,583 and a face value of \$40,000. The CEBA loan shall be accreted to the \$40,000 face value over the term of the loan. During the fourth quarter, the Company recorded \$Nil (2022 - \$1,040) of accretion expense on the CEBA loan payable.

Accretion expense was \$Nil for the 2023 fiscal year compared to \$3,996 for the fiscal year ended August 31, 2022.

Net Loss

The company realized a net loss for the fourth quarter ended August 31, 2023 of \$39,874 (\$0.00 per share) compared to a net loss of \$35,353 for the same period in fiscal 2022. The increase was due primarily to a decrease in revenue on a period over period basis and was partially offset by reduced costs of operations during the fourth quarter of the 2023 fiscal year.

Net loss for the year ended August 31, 2023 was \$147,511 ((\$0.01) per share) compared to a net loss of \$183,660 ((\$0.00) per share) for the same twelve-month period ended August 31, 2022. The lower loss was due primarily to consulting and salary and wages incurred. This was partially offset by lower revenue on a year-over-year basis.

Loss per share for the periods ended August 31, 2023 and 2022 was calculated based on the weighted average number of common shares outstanding through the quarter.

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 Aug. 31, 2023	Three Month Period Ended May 31, 2023	Three Month Period Ended Feb. 28, 2023	Three Month Period Ended Nov. 30, 2022
	\$	\$	\$	\$
Revenue	9,157	24,097	12,062	8,694
Capital Expenses	-	-	-	-
Net Loss	(39,874)	(30,005)	(23,336)	(54,296)
Net Loss Per Share	(0.00)	(0.00)	(0.00)	(0.00)
	Three Month Period Ended Aug 31, 2022	Three Month Period Ended May 31, 2022	Three Month Period Ended Feb. 28, 2022	Three Month Period Ended Nov. 30, 2020
	\$	\$	\$	\$
Revenue	38,601	51,863	27,033	27,700
Capital Expenses	-	-	-	-
Net Loss	(35,353)	(19,455)	(49,389)	(79,463)

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

	August 31, 2023	August 31, 2022
Non-current assets	\$ -	\$ -
Current assets	73,864	127,528
Current liabilities	(1,217,593)	(1,123,746)
Total assets less current liabilities	(1,143,729)	(996,218)
Non-current liabilities	38,733	38,733
Shareholders' equity	(1,182,462)	(1,034,951)
	\$ (1,143,729)	\$ (996,218)

Non-current assets

Non-current assets remained unchanged.

Current assets

Current assets decreased by \$53,664 at August 31, 2023 as compared to August 31, 2022, which is attributed to:

Cash

Cash decreased by \$22,560, which was partially offset by a collection of receivable balances during the year.

	August 31, 2023	August 31, 2022
Trade receivables	\$ 11,717	\$ 42,296
Allowance for doubtful debts	525	-
Net trade receivables	11,192	42,296
Other receivables	3,573	3,573
	\$ 14,765	\$ 45,869

Current liabilities

Current liabilities of \$1,256,326 increased by \$132,580 which is attributed to:

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities decreased by \$16,153.

Due to related party

Due to related party increased by \$110,000. The increase is predominantly due to the accrual of unpaid management fees to related parties as of August 31, 2023.

Loan payable

Loan payable balance of \$38,733 (2022 - \$Nil) include amounts owing on a loan program from the Canada Emergency Business Account ("CEBA") loan program. The balance was included in non-current liabilities in the prior year. The Company intends to repay the loan by the due date of January 18, 2024. If the balance is not paid prior to the due date, the remaining balance will be converted to a 3-year term loan at 5% annual interest, payable monthly.

Non-current liabilities

Non-current liabilities of \$Nil (2022 - \$38,733) include amounts owing on a loan program from the CEBA loan program.

Shareholders' equity

Shareholders' equity at August 31, 2023 decreased by \$147,511 as compared to the balance at August 31, 2022 due to the recognition of a net loss of \$147,511 for the year ended August 31, 2023.

Liquidity and Solvency

The following table summarizes the Company's cash on hand, working capital and cash flow:

	August 31, 2023	August 31, 2022
	\$	\$
Cash	59,099	81,659
Working capital (deficit)	(1,182,462)	(996,218)
Cash used from operating activities	(22,560)	(11,704)
Cash provided in financing activities	-	-
Net change in cash	\$ (22,560)	\$ (11,704)

The Company may have to raise additional funds in the future to continue its operations. There can be no assurance, however, that the Company will be successful in its efforts. If such funds are not available or other sources of financing cannot be obtained, then the Company be forced to curtail its business activities and/or seek strategic opportunities.

Capital Resources

The Company's primary assets as at August 31, 2023, are cash, receivables, prepaid expenses and the darelle.com online raffle platform. There was an impairment of intangible assets representing the darelle.com online raffle platform which were recognized during the 2019 and 2020 fiscal years. The carrying value of intangible assets is \$Nil.

Critical Accounting Policies and Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported on the consolidated financial statements. These critical accounting estimates represent management estimates that are uncertain and any changes in these estimates could materially impact the Company's consolidated financial statements. Management continuously reviews its estimates and assumptions using the most current information available. The Company's critical accounting policies and estimates are described in Note 2 of the accompanied audited consolidated financial statements for the year ended August 31, 2023.

Future Changes in Accounting Standards

There are no other IFRS or International Financial Reporting Interpretations Committee interpretations that are not yet effective that are expected to have a material impact on the Company's consolidated financial statements.

Financial Instruments and Related Risk

The fair value of cash, accounts receivable, and accounts payable and accrued liabilities approximate their carrying amount due to their short-term nature.

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

Credit risk

Credit risk is the risk of that a counterparty 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 varying 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 August 31, 2023, \$1,578 (August 31, 2022 - \$17,933) of trade accounts receivable balance of \$11,192 (August 31, 2022 - \$42,296) was past due. Other receivables as at August 31, 2023 consist primarily of claims under CEWS of \$3,572 (August 31, 2023 - \$3,572). This amount was repaid subsequent to year end.

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	\$ 48,744	-	5,000	-	\$ 53,744
Due to related parties	1,163,849	-	-	-	1,163,849
Balance August 31, 2023	\$ 1,212,593	-	5,000	-	\$ 1,217,593

	<1 year	1 to 3 years	4 to 5 years	>5 years	Total
Accounts payable and accrued liabilities	\$ 64,897	-	5,000	-	\$ 69,897
Due to related parties	1,053,849	-	-	-	1,053,849
Balance August 31, 2022	\$ 1,118,746	-	5,000	-	\$ 1,123,746

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.

Interest rate risk

Interest 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 August 31, 2023, and 2022, 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.

Credit Facilities

The Company does not have a credit facility outstanding as at August 31, 2023.

Contractual Obligations

As of August 31, 2023, the Company has no lease commitments on its premises.

Off Balance Sheet Arrangements

As at August 31, 2023, 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, Chief Financial Officer, and President of wholly owned subsidiary (Darelle Media Inc.). 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. Details of the related party transactions follows:

During the year ended August 31, 2023, the Company incurred and recorded \$120,000 (2022 - \$150,000) 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 effective February 6, 2015, the officer of the company and wholly owned subsidiary will receive a monthly consulting fee of \$10,000. At August 31, 2023, \$1,163,849 (2022 – \$1,053,849) was included in accounts payable to these companies for consulting fees rendered.

Key Management Personnel and Director Remuneration

	August 31, 2023	August 31, 2022
Management fees	\$120,000	\$150,000

Outstanding Share Data

Common shares outstanding

The Company has 73,708,147 (2022 – 73,708,147) common shares outstanding as at August 31, 2023.

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 quarter ended August 31,	
				2023	2022
Weighted average	Common	Shares		73,708,147	73,708,147
Outstanding					
				For the year ended August 31,	
				2023	2022
Weighted average	Common	Shares		73,708,147	73,708,147
Outstanding					

Stock Options and Warrants Outstanding

The following table summarizes activity under the Company's stock option plan as of August 31, 2023:

	Number of options	Weighted average exercise price
Balance outstanding – August 31, 2021	2,925,000	\$0.05
Expired during the year	(375,000)	\$0.05
Balance outstanding – August 31, 2022	2,550,000	\$0.05
Expired during the year	(2,550,000)	\$0.05
Balance outstanding – August 31, 2023	-	

As at August 31, 2023, the following stock options were outstanding and exercisable:

Exercise Price	Number of options outstanding	Expiry date	Number of options exercisable	Remaining contractual life (years)
\$ 0.05	2,550,000	January 14, 2023	2,550,000	0.33
	2,550,000		2,550,000	

The weighted-average remaining contractual life of options outstanding at August 31, 2023 was Nil as all remaining options expired. No options were issued during the fiscal year ended August 31, 2023.

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 September 22, 2021 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:

While risk management cannot eliminate the impact of all potential risks, the Company will strive to manage such risks to the extent possible and practicable. The risks and uncertainties described in this section are considered by management to be the most important in the context of the businesses of the Company. The risks and uncertainties below are not inclusive of all the risks and uncertainties the Company may be subject to, as other risks may apply.

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