

Darelle Online Solutions Inc.

Management's Discussion & Analysis

Years Ended August 31, 2024 and 2023

Dated November 28, 2024

November 28, 2024

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, 2024, and 2023 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 June 5, 2024. 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, 2024 and 2023, the Company incurred net losses of \$160,280 and \$147,511, respectively, and negative cash flow from operating activities of \$15,661 during the fiscal year ended period ended August 31, 2024 compared to negative cash flow from operating activities of \$22,560 for the fiscal year ended August 31, 2023. As at August 31, 2024, the Company had negative working capital of \$1,336,145 and a deficit of \$8,936,161. This is a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern.

On August 13, 2024, the Company completed a share consolidation on the basis of one new common share for every 30 pre-consolidation common shares held (the “**Share Consolidation**”). As a result of the Share Consolidation, the number of issued and outstanding common shares was reduced from 73,708,147 common shares to 2,456,939 common shares as of August 13, 2024. Fractional shares resulting from the Share Consolidation were rounded up to the nearest whole number.

The Share Consolidation was undertaken to improve its corporate flexibility and may also make the Company’s listed security and capital structure more attractive to investors. There was no impact on the total authorized share capital of the Company.

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, 2024, the Company generated revenue of \$68,915 (2023 – \$54,010) and as of August 31, 2024, had a deficit of \$8,936,161 (2023 - \$8,775,881) and a working capital deficit of \$1,336,145 (2023 - \$1,182,462). 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 anything 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

In accordance with IAS 33, all historical per-share data, including basis and diluted earnings per share, have been retrospectively adjusted to reflect the impact of the Share Consolidation.

The financial highlights for the year ended August 31, 2024 are noted below:

- Cash used by operations was \$15,661 for the year compared to cash used by operations of \$22,560 for the same period in fiscal 2023.
- Net loss and comprehensive loss were \$160,280 (\$0.07) per share for the year, increased \$12,769, compared to the same period in fiscal 2023.

Selected Annual Information

	2024	2023	2022
	\$	\$	\$
Revenue	68,915	54,010	145,197
Loss before income taxes	(160,280)	(147,511)	(183,660)
Net loss	(160,280)	(147,511)	(183,660)
EPS - Basic	(0.00)	(0.00)	(0.00)
EPS - Diluted	(0.00)	(0.00)	(0.00)
Total assets	13,297	73,864	127,528
Long-term liabilities	-	38,733	38,733
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, 2024 and 2023:

	Three Months Ended		Year Ended	
	August 31, 2024	August 31, 2023	August 31, 2024	August 31, 2023
Sales	\$ 13,465	\$ 9,157	\$ 68,915	\$ 54,010
Expenses				
Consulting fees	6,650	4,515	15,360	10,220
Salary, wages, and benefits	-	-	-	8,000
General and administrative	4,374	4,110	24,803	29,985
Management fees	41,000	30,000	149,000	120,000
Marketing	-	1,200	-	1,200
Professional fees	\$16,552	8,000	38,578	27,795
Transfer agent & filing fees	10,077	614	19,251	2,722
Travel	297	592	1,686	1,599
Total expenses	78,950	49,031	248,678	201,521
Results from operations	(65,485)	(39,874)	(179,763)	(147,511)
Other income (expenses)				
Gain on debt write off	5,000	-	20,750	-
Accretion	-	-	(1,267)	-
	5,000	-	19,483	-

Net loss and comprehensive income (loss)	(60,485)	(39,874)	(160,280)	(147,511)
Basic and diluted income (loss) per share	\$ (0.02)	\$ (0.02)	(0.07)	\$ (0.06)
Weighted average number of shares outstanding	2,456,939	2,456,939	2,456,939	2,456,939

Revenue

Revenue was \$13,465 for the fourth quarter of 2024 compared to revenue of \$9,157 during the same quarter of 2023. 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 2024 the Company realized set up fees of \$Nil and processing fees of \$13,465 compared with set up fees of \$1,000 and processing fees of \$8,157 during the fourth quarter of the 2023 fiscal year.

Revenue was \$68,915 for the year ended August 31, 2024 compared to \$54,010 for the 2023 fiscal year. The Company realized set-up fees of \$8,000 (2023 - \$8,250) and processing fees of \$60,915 (2023 - \$45,760) during the 2023 fiscal year. Processing fees fluctuate with the timing of each raffle program and ticket sales realized by the client organization.

Accretion

Accretion expense was \$Nil for the fourth quarter of 2024 compared to \$Nil in the fourth quarter of 2023. Accretion expense was \$1,267 for the 2024 fiscal year compared to \$Nil for the fiscal year ended August 31, 2023. 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 was to be accreted to the \$40,000 face value over the term of the loan.

Salary, Wages and Benefits

Salary, wages, and benefit expenses were \$Nil for the fourth quarter of 2024 compared to \$Nil for the same three-month period in 2023.

Salary, wages, and benefit expenses were \$Nil for the 2024 fiscal year compared to \$8,000 for the fiscal year ended August 31, 2023. During the first quarter of the 2023 fiscal year, the Company laid off one of its software programmers resulting in lower salary, wages, and benefits on a year-over-year basis.

General and Administrative

General and administrative ("G&A") expenses were \$4,374 for the fourth quarter of 2024 compared to \$4,110 for the same three-month period in 2023. 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 \$24,803 for the 2024 fiscal year, compared to \$29,985 for the same period in 2023. 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 \$41,000 for the fourth quarter of 2024 compared to \$30,000 during the same three-month period in 2023. Management fees include management consulting fees incurred and

recorded by an officer of the Company and the accrual of director fees. Under the terms of a consulting agreement with an officer, the officer will receive a monthly consulting fee of \$10,000 per month ("Management Consulting Fees"). Directors are paid a meeting fee of \$2,000 per meeting and the chair of a committee receives a meeting fee of \$2,500.

Management fees were \$149,000 during the fiscal year ended August 31, 2024 compared to \$120,000 for the same twelve-month period in the 2023 fiscal year. Management fees included \$120,000 in consulting fees and director fees of \$29,000. During the 2023 fiscal year, no director fees were paid to directors of the Company.

Marketing

Marketing expenses were \$Nil for the fourth quarter of 2024 compared to \$1,200 for the same three-month period in 2023. Marketing costs include organization conferences, and sponsorship promotion for charitable and non-profit client organizations.

Marketing expenses were \$Nil for the year ended August 31, 2024 compared to an expense of \$1,200 for the same twelve-month period in 2023.

Professional Fees

Professional fees were \$16,552 during the fourth quarter of 2024 compared to \$8,000 for the fourth quarter of 2023. Professional fees in the fourth quarter of 2024 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 \$38,578 for the year ended August 31, 2024 compared to \$27,795 for same twelve-month period of fiscal 2023. Professional fees include legal costs of \$3,032 for costs associated with the completion of a share consolidation during the 2024 fiscal year. The balance of costs is attributed to the annual financial audit (\$31,030) and the balance paid to a consultant for bookkeeping services.

Transfer Agent & Filing Fees

Transfer agent and filing fees were \$10,077 during the fourth quarter of 2024 compared to \$614 during the same three-month period of the 2023 fiscal year. Higher costs during the 2023 fiscal year reflect fees paid regarding the company's annual general meeting and share consolidation which was completed during the year.

Transfer agent and filing fees were \$19,251 during the fiscal year ended August 31, 2024 compared to \$2,722 for the same twelve-month period in 2023. Transfer agent and filing fees include fees paid to the Company's transfer agent (Computershare/Endeavor) as well as regulatory fees paid to the TSX Venture Exchange, filing fees associated with interim filings on Sedar and costs associated with the Company's annual general meeting and share consolidation completed during the year.

Travel

Travel expenses were \$297 for the fourth quarter of 2024 compared to \$592 for the same three-month period in 2023. Travel expenses were \$1,686 for the year ended August 31, 2024 compared to \$1,599 for the same twelve-month period in 2023. 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.

Other Income

Accretion

Other expenses are comprised of accretion expense which was \$Nil for the fourth quarter of 2024 compared to \$Nil in the fourth quarter of 2023. Accretion expense was \$1,267 for the 2024 fiscal year compared to \$Nil for the fiscal year ended August 31, 2023. 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 CEBA loan had a carrying value of \$31,583 and a face value of \$40,000. The CEBA loan was to be accreted to the \$40,000 face value over the term of the loan. The CEBA loan was repaid on January 17, 2024.

Debt Write-Off and Recognition of Other Income

During the fiscal year ended August 31, 2024, the Company recognized a gain on the write-off of debts totaling \$20,750, owed to multiple non-related party creditors. These debts, which had been outstanding for extended periods, were written off as management determined that there was no realistic expectation of settlement or repayment based upon the following considerations:

- Prolonged inactivity: The debts have been outstanding since 2019 and 2013, with no collection activity, demands for repayment, or communication from the creditors.
- Assessment of Recoverability: After a thorough review of the aging of these liabilities and in accordance with IFRS requirements, the Company concluded that the derecognition of these debts was appropriate.

The write-off of the debt was recognized as a gain of \$20,750 under “Other income – gain on write-off of debt” in the Statements of Comprehensive Loss. This non-cash gain reflects the derecognition of the outstanding liabilities.

For additional details regarding the accounting treatment of this gain and its impact on the Company's financial statements, refer to Note 12 to the Financial Statements.

Net Loss

The company realized a net loss for the fourth quarter ended August 31, 2024 of \$60,485 (\$0.02) per share compared to a net loss of \$39,874 for the same period in fiscal 2023. The increase was due primarily to costs associated with director fees and transfer agent fees associated with the Company's annual general meeting and share consolidation.

Net loss for the year ended August 31, 2024 was \$160,280 (\$0.07) per share compared to a net loss of \$147,511 (\$0.06) per share for the same twelve-month period ended August 31, 2023. The higher loss was due primarily to additional costs (transfer agent and legal) costs associated with the Company's AGM and share consolidation. These were partially offset by a gain on the write-off of debt of \$20,750.

Loss per share for the periods ending August 31, 2024 and 2023 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, 2024	Three Month Period Ended May 31, 2024	Three Month Period Ended Feb. 29, 2024	Three Month Period Ended Nov. 30, 2023
	\$	\$	\$	\$
Revenue	13,465	17,618	10,189	27,643
Capital Expenses	-	-	-	-
Net Loss	(60,485)	(6,551)	(71,464)	(21,780)
Loss Per Share	(0.02)	(0.00)	(0.03)	(0.01)
	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)
Loss Per Share	(0.02)	(0.01)	(0.01)	(0.02)

In accordance with IAS 33, all historical per-share data, including Net Loss Per Share, have been retrospectively adjusted to reflect the impact of the Share Consolidation.

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.

Material Judgments in Applying Accounting Policies and Key Sources of Estimation Uncertainty

The critical judgments and estimates that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements for the year ended August 31, 2024 are as follows:

Significant accounting judgments

The critical judgments, apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

- i) 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 business for the foreseeable future. If the going concern assumption were not appropriate for these consolidated financial statements, adjustments would be necessary in the carrying value of the assets and liabilities, the reported expenses and the statement of financial position classifications used.
- ii) consolidated financial statements, adjustments would be necessary in the carrying value of the assets and liabilities, the reported expenses and the statement of financial position classifications used.
- iii) Accounting for income taxes is a complex process requiring management to interpret frequently changing laws and regulations and make judgements relating to the application of tax law, the estimated timing of temporary difference reversals, and the estimated realization of tax assets. All tax fillings are subject to subsequent government audits and potential reassessment. These interpretations, judgements and changes related to them impact current and deferred tax provisions, deferred tax assets and liabilities and results of operations.
- iv) ies and results of operations.
- v) The determination on whether certain financial liabilities can be derecognized requires the Company to apply judgement in evaluating the circumstance and terms of an existing financial liability as well as the consideration paid or payable towards such liability.

Key sources of estimation uncertainty

The key assumptions management has made about the future and other major sources of estimation uncertainty at the date of the consolidated statement of financial position that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- i) The calculation of share-based compensation requires estimates of volatility, forfeiture rates and market prices surrounding the issuance of share options. These estimates impact share-based compensation expense and the corresponding equity reserve.
- ii) The determination of the allowance for expected credit loss on the financial assets such as account and other receivable.

New Accounting Standards and Accounting Standards Not Yet Effective

The Company adopted amendments to IAS 1 *Presentation of financial statements* and IFRS Practice Statement 2 *Making materiality judgements* effective September 1, 2023 which change the requirements with regard to disclosure of accounting policies. The amendment did not have a material impact on the Company's consolidated financial statements.

The Company adopted amendments to IAS 8 *Accounting policies, changes in accounting estimates and errors* effective September 1, 2023 which clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Company's consolidated financial statements

The Company adopted amendments to IAS 12 *Income Taxes* effective September 1, 2023 which narrows the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendment had no impact on the Company's financial statements.

The Company has not early adopted any other new accounting standard, interpretation or amendment that have been issued but is not yet effective.

Internal Controls

Disclosure controls and procedures

Management of the Company is responsible for establishing and maintaining disclosure controls and procedures for the Company as defined under National Instrument 52-109 issued by the Canadian Securities Administrators. The Company as a venture issuer is not required to certify the design and evaluation of the issuer's controls and procedures.

Internal controls over financial reporting

Management of the Company is responsible for designing internal controls over financial reporting for the Company as defined under National Instrument 52-109 issue by the Securities Administrators. The Company as a venture issuer is not required to certify the design and evaluation of the issuer's disclosure controls and procedures.

International Financial Reporting Standards

The Company's consolidated financial statements for the fiscal years August 31, 2024 and 2023 have been prepared in accordance with IFRS applicable to the presentation of the consolidated financial statements.

Liquidity and Capital Resources

	August 31, 2024	August 31, 2023
Non-current assets	\$ -	\$ -
Current assets	13,297	73,864
Current liabilities	(1,349,442)	(1,256,326)
Total assets less current liabilities	(1,336,145)	(1,182,462)
Non-current liabilities	-	-
Shareholders' equity	(1,336,145)	(1,182,462)
	\$ (1,336,145)	\$ (1,182,462)

Non-current assets

Non-current assets remained unchanged.

Current assets

Current assets decreased by \$60,567 at August 31, 2024 as compared to August 31, 2023, which is attributed to:

Cash

Cash decreased by \$55,661, which was partially offset by a collection of receivable balances during the year.

	August 31, 2024	August 31, 2023
Trade receivables	\$ 7,846	\$ 11,717
Allowance for doubtful debts	-	525
Net trade receivables	7,846	11,192
Other receivables	2,013	3,573
	\$ 9,859	\$ 14,765

Current liabilities

Current liabilities of \$1,349,442 increased by \$93,116 which is attributed to:

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities increased by \$502,514. During the fiscal year ended August 31, 2024, the Company reclassified \$490,165 due to related party debt to accounts payable and accrued liabilities.

Due to related party

Due to related party decreased by \$370,665. The decrease is predominantly due to a reclass of related party debt to accounts payable and accrued liabilities (\$490,165) and was partially offset by the accrual of management fees and director fees to related parties as of August 31, 2024.

Loan payable

Loan payable balance of \$Nil (2023 - \$38,733) include the repayment of 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 repaid the loan on January 17, 2024.

Shareholders' deficiency

Shareholders' equity at August 31, 2024 decreased by \$160,280 as compared to the balance at August 31, 2023 due to the recognition of a net loss of \$160,280 for the year ended August 31, 2024.

Liquidity and Solvency

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

	August 31, 2024	August 31, 2023
	\$	\$
Cash	3,438	59,099
Working capital deficit	(1,336,145)	(1,182,462)
Cash used from operating activities	(15,661)	(22,560)
Cash provided in financing activities	-	-
Net change in cash	\$ (15,661)	\$ (22,560)

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.

Subsequent Event

On October 29, 2024, subsequent to the reporting period ending August 31, 2024, the Company issued four promissory notes to one related party and three arm's length parties, each with a principal amount of \$10,000, totaling \$40,000. The notes bear interest at an annual rate of 10% and are repayable 90 days from the date of issuance.

The issuance of these promissory notes provides short-term financing to the Company and will be recognized in the financial statements for the period in which they were issued.

Capital Resources

The Company's primary assets as at August 31, 2024 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 was 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, 2024.

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, 2024, \$527 (August 31, 2023 - \$1,578) of trade accounts receivable balance of \$7,846 (August 31, 2023 - \$11,192) was past due. Other receivables as at August 31, 2024 consist primarily of GST receivable \$2,013 (August 31, 2024 - \$3,572 CEWS receivable).

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	\$ 556,258	-	-	-	\$ 556,258
Due to related parties	793,184	-	-	-	793,184
Balance August 31, 2024	\$ 1,349,442	-	-	-	\$ 1,349,442

	<1 year	1 to 3 years	4 to 5 years	>5 years	Total
Accounts payable and accrued liabilities	\$ 48,744	-	5,000	-	\$ 53,744
Loan payable	40,000	-	-	-	40,000
Due to related parties	1,163,849	-	-	-	1,163,849
Balance August 31, 2023	\$ 1,252,593	-	5,000	-	\$ 1,257,593

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, 2024, and 2023, 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, 2024.

Contractual Obligations

As of August 31, 2024, the Company has no lease commitments on its premises.

Off Balance Sheet Arrangements

As at August 31, 2024, 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, and the Chief Financial Officer. 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 are as follows:

- During the year ended August 31, 2024, the Company incurred and recorded \$120,000 (2023 - \$120,000) as management fees pursuant to a contract with a company owned by an officer of the Company. The Company entered into agreements dated February 6, 2015, with the officer and a former officer of the Company. Under the terms of the agreements, through their companies, each would receive a monthly consulting fee of \$10,000. On August 31, 2024, \$793,184 (2023 - \$1,163,849) was included in accounts payable for consulting fees rendered.
- During the year ended August 31, 2024, the Company incurred and recorded \$29,000 (2023 - \$Nil) as director fees. Directors will receive a meeting fee of \$2,000 and a chair of a committee will receive a meeting fee of \$2,500 per meeting. On August 31, 2024 \$29,000 (2023 - \$Nil) was due and payable to directors for meeting fees rendered.

Key Management Personnel and Director Remuneration

	August 31, 2024	August 31, 2023
Management fees	\$120,000	\$120,000
Director Fees	\$29,000	-

Outstanding Share Data

Capital Structure

Share Consolidation

During the fiscal year ended August 31, 2024, the Company completed a share consolidation on a 30:1 basis, whereby every thirty (30) pre-consolidation common shares were converted into one post-consolidation common share, effective August 13, 2024. This corporate action was undertaken to improve the Company's corporate flexibility and may also make the Company's listed security and capital structure more attractive to investors.

The share consolidation resulted in a reduction in the number of issued and outstanding common shares from 73,708,147 common shares to 2,436,939 as of August 13, 2024. No fractional shares were issued, and any fractional entitlements were rounded up to the nearest whole number.

The share consolidation had no impact on the Company's overall market capitalization or shareholders proportional ownership in the Company. Financial statement disclosures, including earnings per share, were adjusted retroactively for all periods presented in accordance with IFRS.

Debt Write-Off Credited to Contributed Surplus

During the fiscal year ended August 31, 2024, the Company wrote off a debt of \$6,597 owed to a non-related party shareholder, which was credited directly to contributed surplus. The write-off was due to the extended period of non-collection and the lack of demand for repayment by the creditor. The transaction was recognized as a non-cash adjustment, with no impact on the Company's net income or cash flows.

Further details regarding this transaction, including the accounting treatment and its impact on the Statement of Changes in Shareholders' Deficit, can be found in Note 11 to the Financial Statements.

Common shares outstanding

The Company has 2,436,939 (2023 – 2,436,939) common shares outstanding as at August 31, 2024.

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,	
	2024	2023
Weighted average Common Shares Outstanding	2,436,939	2,436,939

	For the year ended August 31,	
	2024	2023
Weighted average Common Shares Outstanding	2,436,939	2,436,939

Stock Options and Warrants Outstanding

The following table summarizes activity under the Company's stock option plan as of August 31, 2024:

	Number of options	Weighted average exercise price
Balance outstanding – August 31, 2022	2,550,000	\$0.05
Expired during the year	(2,550,000)	\$0.05
Balance outstanding – August 31, 2023 & 2024	-	

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 June 5, 2024 at <https://www.sedarplus.ca/darelle> . 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.