

DARELLE ONLINE SOLUTIONS INC.

Management's Discussion & Analysis – Form 51-102F1

Periods ended May 31, 2025 and May 31, 2024

Dated July 9, 2025

July 9, 2025

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, 2025 and May 31, 2024, as well as the audited consolidated financial statements with accompanying notes for the year ended August 31, 2024 and 2023, 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 <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. 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 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 nine months ended May 31, 2025 and May 31, 2024, the Company incurred net losses of \$132,944 and \$99,795 and negative cash flow from operating activities of \$34,114 during the first nine months of 2025 compared to negative cash flow from operating activities of \$8,820 for the nine month period ended May 31, 2024. As at May 31, 2025, the Company had negative working capital of \$1,426,790, prior to the reclassification of certain liabilities, and a deficit of \$9,069,105 (as at August 31, 2024: negative working capital of \$1,336,145 and a deficit of \$8,936,161). On February 19, 2025 and February 28, 2025, the Company entered into forbearance agreements with a related party and an arm's length creditor, respectively, in respect of outstanding payables totaling \$1,284,349. Under the terms of the agreements, each creditor agreed to forbear from demanding or enforcing repayment for a period of two years, subject to certain conditions. As a result, the Company reclassified these obligations from current to non-current liabilities as at May 31, 2025. After the reclassification, the Company's adjusted working capital deficit was \$142,441.

Despite the short-term relief provided by the forbearance agreements, the Company continues to face uncertainty in meeting its ongoing obligations and planned expenditures through August 31, 2025. There remains 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.

On July 7, 2025, the Company closed a non-brokered private placement financing (the "Offering") following receipt of conditional approval from the TSX Venture Exchange. Under the Offering, the Company issued 4,786,000 units at a price of \$0.10 per unit for aggregate gross proceeds of \$478,600. Each unit consists of one common share and one transferable share purchase warrant, with each warrant exercisable into one additional common share at a price of \$0.13 until July 7, 2027.

In connection with the Offering, the Company paid finders fees totaling \$59,825 and issued 598,250 common shares to arm's length parties who introduced subscribers to the Offering. All securities issued in connection with the Offering are subject to a four-month hold period expiring on November 8, 2025.

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 period ended May 31, 2025, the Company generated revenue of \$36,947 (2024 – 55,450) and as of May 31, 2025, had a deficit of \$9,069,105 (August 31, 2024 - \$8,936,161) and a working capital deficit of \$1,426,790 (August 31, 2024 - \$1,336,145) prior to the reclassification of certain liabilities. In assessing whether the going concern assumption is appropriate, management considers 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.

Selected Annual Information

For Fiscal Years Ended August 31

	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, and major expense category for the three and nine month periods ended May 31, 2025 and May 31, 2024:

	Three Months Ended May 31, 2025	Three Months Ended May 31, 2024	Nine Months Ended May 31, 2025	Nine Months Ended May 31, 2024
Revenue	8,998	17,618	36,947	55,450
Expenses				
Consulting fees	3,150	-	5,600	8,710
General and administrative	3,990	8,185	17,727	20,429
Management fees	38,500	31,000	98,500	108,000
Marketing fees	-	(15,750)	-	(15,750)

Professional fees	8,696	344	32,259	22,026
Transfer agent & filing fees	-	390	12,858	9,174
Travel	179	718	648	1,389
Total operating expense	54,515	24,169	167,592	153,978
Loss from operations	(45,517)	(6,551)	(130,645)	(91,977)
Other income/(loss)				
Interest on promissory notes	(1,662)	-	(2,299)	-
Accretion	-	-	-	(1,267)
Other income(loss)	(1,662)	-	(2,299)	(1,267)
Net loss and comprehensive loss	(47,179)	(6,551)	(132,944)	(99,795)
Basic and diluted loss per share	(0.02)	(0.00)	(0.05)	(0.04)
Weighted average # of shares outstanding	2,456,939	2,456,939	2,456,939	2,456,939

Revenue

Revenue for the nine-month period ended May 31, 2025 was \$36,947 compared with revenue of \$55,450 for the same nine-month period of the 2024 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 \$4,500 and processing fees of \$32,447 during the first nine months of 2025. This compares to set up fee revenue of \$8,000 and processing fees of \$47,450 during the same nine months of the 2024 fiscal year. Processing fees realized on each raffle will fluctuate depending upon the timing of each raffle program. The Company realized revenue of \$8,998 during the third quarter of the 2025 fiscal year compared with revenue of \$17,618 during the same three-month period of the 2024 fiscal year. Processing fees fluctuate with the timing of each raffle program and ticket sales realized by the client organization.

Consulting Fees

Consulting fees were \$5,600 for the nine-month period ended May 31, 2025 compared to \$8,710 for the same nine-month period in 2024. The Company utilized a consultant to monitor and update the darelle.com platform. The Company has no employees and relies on consultants to monitor and update the platform. Consulting fees were \$3,150 for the third quarter of 2025 compared to \$Nil for the third quarter of the 2024 fiscal year. Software consulting fees vary depending upon activity required on the platform.

General and Administrative

General and administrative (“G&A”) expenses were \$17,727 for the nine months ended May 31, 2025, compared to \$20,429 for the same nine-month period in 2024. 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. General and administrative (“G&A”) expenses were \$3,990 for the third quarter of 2025, compared to \$8,185 for the same period in 2024. These are mainly costs associated with the company’s computer servers, office supplies, travel and entertainment and administrative costs and were consistent on a period over period basis.

Management Fees

Management fees were \$98,500 for the nine-month period ended May 31, 2025 compared to \$108,000 for the same period of 2024 fiscal year. Management fees include management consulting fees associated with an officer of the Company and the accrual of director fees. Under the terms of the consulting agreement 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 \$38,500 for the three-month period ended May 31, 2025 compared to \$31,000 for the same period of 2024 fiscal year. During the third quarter of 2025, director fees were \$8,500.

Marketing Fees

Marketing fees included a recovery of \$15,750 for the nine-month period ending May 31, 2024 compared to \$Nil for the same period of 2025 fiscal year. Marketing fees were offset by the write off of a payable of marketing fees (\$15,750) from the 2019 fiscal year and an ensuing credit to the expense creating the initial payable.

Marketing fees included a recovery of \$15,750 for the three-month period ended May 31, 2024 compared to \$Nil for the same period of 2025 fiscal year. Marketing fees were offset by the write off of a payable of marketing fees from the 2019 fiscal year and an ensuing credit to the expense creating the initial payable.

Professional Fees

Professional fees were \$32,259 for the nine-month period ended May 31, 2025 compared to \$22,026 for same period of 2024. Professional fees include quarterly accrual of audit fees (\$8,000) for the 2025 fiscal year, legal costs, and bookkeeping fees paid to a third party. Professional fees were \$8,696 for the three-month period ending May 31, 2025 compared to \$344 for same period of 2024. The difference in fees represents a reversal of prior year accruals, payment of audit fees, and accrual of audit fees for the third quarter of the 2024 fiscal year.

Transfer Agent and Filing Fees

Transfer agent and filing fees were \$12,858 during the nine months ended May 31, 2025 compared to \$9,174 during the same nine-month period of the 2024 fiscal year. Transfer agent and filing fees include fees paid to the Company's transfer agent (Endeavor Trust) as well as regulatory fees paid to the TSX Venture Exchange and filing fees associated with interim filings on SEDAR. During the third quarter of the 2025 fiscal year the Company paid additional filing fees to the Exchange in conjunction with the approval of the company's stock option plan and filings associated with a promissory note issued to a related party. Transfer agent and filing fees expense for the third quarter of 2025 was \$Nil compared with expense of \$390 during the third quarter of the 2024 fiscal year. Expenses are consistent on a period-over-period basis.

Travel

The Company had travel expenses of \$648 during the nine-month period ended May 31, 2025 compared to \$1,389 for the same nine-month period in 2024. Travel expenses include travel and accommodation, meals, and entertainment. Travel was limited to diligence on strategic opportunities the company is evaluating. The Company had travel expenses of \$179 during the third quarter of 2024 compared to \$Nil for the same three-month period in 2024. Travel expenses include travel and accommodation, meals, and entertainment.

Other Income

Accretion

Accretion expense was \$Nil during the nine-month period ended May 31, 2025 compared to \$1,267 for the same nine-month period in 2024. Due to the global COVID-19 outbreak, the federal government of Canada introduced the CEBA program. CEBA provided an interest-free loan of up to \$60,000 to eligible businesses. The CEBA loan had an initial term that expired on December 31, 2023 (subsequently extended to January 18, 2024), throughout which, the CEBA loan remained interest free. The CEBA loan had a carrying value of

\$31,583 and a face value of \$40,000. The CEBA 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.

Accretion expense was \$Nil during the third quarter of the 2025 fiscal year compared to \$Nil during the same three-month period in 2024. The loan given rise to the accretion expense was repaid on January 17, 2024.

Interest on Promissory Notes

Interest expense was \$2,299 for the first nine months of 2025 compared to \$Nil for the nine months ended May 31, 2024. On October 29, 2024, the Company received loan proceeds four promissory notes. The notes originally bore interest at an annual rate of 10%, calculated on a simple interest basis, with the principal and accrued interest payable due in full within 90 days from the date of issuance. On February 12, 2025, the maturity term was extended (see “Capital Resources – Liquidity and Capital Resources”). Accordingly, the notes continue to be measured at amortized cost using the effective interest rate (EIR) method. The effective interest rate based on the updated maturity profile is approximately 9.54%, compounded daily.

Interest expense was \$1,662 for the three month period ended May 31, 2025 compared to \$Nil for the third quarter of the 2024 fiscal year. Interest on the obligation is amortized using the EIR method.

Net Loss

Net loss for the nine months ended May 31, 2025 was \$132,944 ((\$0.05) per share) compared to \$99,795 (\$0.04) for the same nine-month period of the 2024 fiscal year. The Company realized revenue of \$36,947 during the first nine months of the 2025 fiscal year, compared with revenue of \$55,450 during the same nine-month period of the 2024 fiscal year. The increase in net loss, relative to higher revenue, was attributed to the timing of professional and regulatory fees for the Company.

Net loss for the third quarter ended May 31, 2025 was \$47,179 ((\$0.02) per share) compared to a net loss of \$6,551 (\$0.00) per share) for the same period in fiscal 2024. The increase in net loss for the period is primarily due to timing of filing and compliance fees realized during the quarter.

Loss per share for the nine-month periods ended May 31, 2025 and May 31, 2024 was calculated based on the weighted average number of common shares outstanding through the period.

Additional Disclosure for Venture Issuers Without Significant Revenue

	2025	2024
Material Expenses:		
Management fees	\$ 98,500	\$ 108,000
General and administrative	17,727	20,429
Professional fees	32,259	22,026
Transfer agent & filing fees	12,858	9,174

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, 2025	Three Month Period Ended Feb.28, 2025	Three Month Period Ended Nov. 30, 2024	Three Month Period Ended Aug 31, 2024
	\$	\$	\$	\$
Revenue	8,998	7,885	20,064	13,465
Capital Expenditures	-	-	-	-
Net Loss	(47,179)	(51,732)	(34,032)	(60,485)
Net Loss Per Share	(0.02)	(0.02)	(0.02)	0.02
	Three Month Period Ended May 31, 2024	Three Month Period Ended Feb. 29, 2024	Three Month Period Ended Nov. 30, 2023	Three Month Period Ended Aug 31, 2023
	\$	\$	\$	\$
Revenue	17,618	10,189	27,643	9,157
Capital Expenditures	-	-	-	-
Net Loss	(6,551)	(71,464)	(21,780)	(39,874)
Net Loss Per Share	(0.00)	(0.03)	(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 period ended May 31, 2025 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). 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.

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 periods ended May 31, 2025 and May 31, 2024 have been prepared in accordance with IFRS applicable to the presentation of the consolidated financial statements.

Subsequent Event

On July 7, 2025, the Company closed a non-brokered private placement financing (the “Offering”) following receipt of conditional approval from the TSX Venture Exchange. Under the Offering, the Company issued 4,786,000 units at a price of \$0.10 per unit for aggregate gross proceeds of \$478,600. Each unit consists of one common share and one transferable share purchase warrant, with each warrant exercisable into one additional common share at a price of \$0.13 until July 7, 2027.

In connection with the Offering, the Company paid finders fees totaling \$59,825 and issued 598,250 common shares to arm’s length parties who introduced subscribers to the Offering. All securities issued in connection with the Offering are subject to a four-month hold period expiring on November 8, 2025.

Liquidity and Capital Resources

Forbearance Agreements and Reclassification of Liabilities

During the quarter ended May 31, 2025, the Company entered into two forbearance agreements related to outstanding payables, which improved the Company’s short-term liquidity position.

- On February 28, 2025, the Company entered into a forbearance agreement with 1047356 B.C. Ltd. (“1047356”), an arm’s length trade creditor, pursuant to which 1047356 agreed to forbear from demanding or enforcing payment of a payable in the amount of \$490,176 for a period of 24 months.
- On February 19, 2025, the Company entered into a separate forbearance agreement with Wes Capital Inc. (“Wescap Capital), a related party, covering an amount owing of \$391,008 under similar terms.

Under IFRS, these agreements provided the Company with an unconditional right to defer repayment of these amounts for at least twelve months beyond the reporting date. As such, the liabilities were reclassified from current to non-current liabilities on the Statement of Financial Position as at May 31, 2025. This reclassification reduced current liabilities and improved the Company’s working capital position.

These forbearance agreements form part of the Company’s broader efforts to manage liquidity while continuing to advance its operational and financing objectives.

Capital Employed

	May 31, 2025	August 31, 2024
Non-current assets	\$ -	\$ -
Current assets	16,622	13,297
Current liabilities	(159,063)	(1,349,442)
Total assets less current liabilities	(142,441)	(1,336,145)
Non-current liabilities	1,326,648	-
Shareholders’ equity	(1,469,089)	(1,336,145)
	\$ (1,469,089)	\$ (1,336,145)

Non-current assets

Non-current assets remained unchanged.

Current assets

Current assets increased by \$3,325 at May 31, 2025 as compared to August 31, 2024, which is attributed to:

Cash

Cash increased by \$5,886 primarily due to proceeds received on promissory notes (\$40,000) which was partially offset against negative cashflow from operations.

Receivables

	May 31, 2025	August 31, 2024
Trade receivables	\$ 7,298	\$ 7,846
Allowance for doubtful debts	-	-
Net trade receivables	7,298	7,846
GST recoverable	-	2,013
	\$ 7,298	\$ 9,859

Current liabilities

Current liabilities of \$159,063 decreased by \$1,190,379 which is attributed to:

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities decreased by \$484,195. The decrease is predominantly due to the reclassification of current to long-term liabilities as result of an agreement with an arm's length creditor (1047356) to forbear payment of an outstanding balance of \$490,165 for a period of twenty-four months and was partially offset by additional payables.

Due to related party

Due to related party decreased by \$706,184. The decrease is predominantly due to the reclassification of current to long-term liabilities as result of an agreement with related party creditor (Wescap Capital) to forbear payment of an outstanding balance of \$794,184 for a period of twenty-four months and was partially offset by the accrual of unpaid management fees and director fees to related parties as of May 31, 2025.

Non-current Liabilities

Non-current liabilities increased by 1,326,648. The increase was due primarily to the above noted forbearance agreements entered into with an arm's length and related party creditor and the issuance of four promissory notes (\$10,000 each) and the accrual of interest of \$2,299 which is payable upon maturity in two years.

Shareholders' equity

Shareholders' equity at May 31, 2025 decreased by \$132,944 as compared to the balance at August 31, 2024 and was attributed to the recognition of a net loss of \$132,944 for the period ended May 31, 2025. There were no other changes to shareholders' equity during the period ended May 31, 2025.

Liquidity and Solvency

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

	Period Ended May 31, 2025	August 31, 2024
	\$	\$
Cash	9,324	3,438
Working capital (deficit)	(142,441)	(1,336,145)
Cash provided (used) from operating activities	(34,114)	(15,661)
Cash provided in financing activities	40,000	-
Net change in cash	(34,114)	(15,661)

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 will be forced to curtail its business activities and/or seek strategic opportunities.

Capital Resources

The Company's primary assets as at May 31, 2025, are cash, receivables, and the darelle.com online raffle platform.

Promissory Notes

On October 29, 2024, the Company received loan proceeds of \$40,000 pursuant to an unsecured promissory note issued to third-party lenders as well as a promissory note of \$10,000 issued to a related party (director of the Company). The notes originally bore interest at 10% per annum, calculated on a simple interest basis, with the principal and accrued interest payable in full within 90 days of the date of issuance.

On February 12, 2025, the Company and the lender executed an amendment to the note extending the maturity date to October 29, 2026, with no change to the applicable interest rate or terms of repayment. As a result of this amendment, the note is now classified as a long-term liability and will accrue interest over the remaining term, with the full amount due on maturity.

The Company has assessed the amendment under IFRS 9 – Financial Instruments and determined that the modification does not constitute a substantial change in the terms of the instrument. Accordingly, the note continues to be measured at amortized cost using the effective interest rate method. The effective interest rate reflects the original yield adjusted for the extended maturity period.

Management believes that the extension of the maturity date enhances the Company's near-term liquidity by deferring the obligation without incurring additional borrowing costs. The Company intends to satisfy the outstanding principal and accrued interest in full on or before the maturity date through existing working capital or other available financing sources.

Related Party Transactions

The Company's related parties are its Board of Directors and key management personnel (President and Chief Executive Officer (CEO), and Chief Financial Officer (CFO) 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:

Key Management Personnel and Director Remuneration	May 31, 2025	May 31, 2024
Consulting fees	\$ 60,000	\$ 77,000
	\$ 60,000	\$ 77,000

- During the period ended May 31, 2025, the Company incurred and recorded \$90,000 (2024 - \$90,000) as management fees pursuant to a contract with a company owned by an officer. 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 February 19, 2025, the Company entered into a forbearance agreement with the Company controlled by the officer in respect of \$794,184 of the total amount owing as at that date. Under the terms of the agreement, the related party agreed to forbear from demanding or enforcing repayment of this amount for a period of twenty-four (24) months. This portion of the payable has been reclassified from current to non-current liabilities as at May 31, 2025. Management believes that the agreement was entered into on commercially reasonable terms, and demonstrates the ongoing financial support of key related parties as the Company advances its strategic and capital initiatives.
- At May 31, 2025, the total amount owing to the company controlled by the officer was \$843,684 (August 31, 2024 – \$793,184), of which
 - \$794,184 is classified as a non-current liability, and
 - \$49,500 is classified as a current liability
- During the period ended May 31, 2025, the Company incurred and recorded \$8,500 (2024 - \$17,000) as director fees. Directors will receive a meeting fee of \$2,000 and a chair of a committee receive a meeting fee of \$2,500 per meeting. At May 31, 2025 \$37,500 (August 31, 2024 - \$29,000) was due and payable to directors for meeting fees rendered.
- During the period ended May 31, 2025, the Company received loan proceeds of \$40,000 pursuant to third party-lenders as well as a promissory note of \$10,000 issued to a related party (director of the Company). At May 31, 2025, \$10,159 (August 31, 2024 - \$Nil) was due to the related party and is payable on October 29, 2026.
- On October 29, 2024, the Company received loan proceeds of \$30,000 pursuant to third party-lenders as well as a promissory note of \$10,000 issued to a related party (director of the Company). During the period ended May 31, 2025, the Company incurred and recorded \$575 (2024 - \$Nil) as interest on the promissory note to the related party. At May 31, 2025, \$10,575 (August 31, 2024 - \$Nil) was due and is payable on October 29, 2026.

Outstanding Share Data

Common shares outstanding

Authorized share capital consists of an unlimited number of common shares of which 2,456,939 (August 31, 2024 – 2,456,939) were issued and outstanding as at May 31, 2025.

Capital Structure

Share Consolidation

Effective August 13, 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. 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.

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 nine months ending:	
	May 31, 2025	May 31, 2024
Weighted average Common Shares Outstanding	2,456,939	2,456,939

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 May 31, 2025, \$525 (August 31, 2024 - \$527) of trade accounts receivable balance of \$7,298 (August 31, 2024 - \$7,846) was past due. Other receivables as at May 31, 2025 consist primarily of GST receivable \$325 (August 31, 2024 - \$2,013).

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	\$ 72,063	-	-	-	\$ 72,063
Due to related parties	87,000	-	-	-	87,000
Promissory notes	42,299	-	-	-	42,299
Forborne accounts payable	490,165				490,165
Forborne amount due to related party	794,184				794,184
Balance May 31, 2025	\$ 1,485,711	-	-	-	\$ 1,485,711

	<1 year	1 to 3 years	4 to 5 years	>5 years	Total
Accounts payable and accrued liabilities	\$ 56,258	-	-	-	\$ 533,955
Due to related party	793,184	-	-	-	793,184
Balance August 31, 2024	\$ 1,349,442	-	-	-	\$ 1 349,442

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 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, 2025, and August 31, 2024, 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 Including Initial Adoption

No new significant standards were adopted during the 2025 fiscal year.

Credit Facilities

The Company does not have a credit facility outstanding as at May 31, 2025.

Contractual Obligations

As of May 31, 2025, the Company has no lease commitments on its premises.

Off Balance Sheet Arrangements

As at May 31, 2025, the Company had no off-balance sheet arrangements.

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:

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.

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 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 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 <https://www.sedarplus.ca/darelle>.