

Condensed interim financial statements of

DV Resources Ltd.

Three and nine months ended August 31, 2017 and 2016
(Expressed in Canadian dollars)
(Unaudited)

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim financial statements of DV Resources Ltd. ("the "Company") have been prepared by and are the responsibility of the Company's management.

In accordance with National Instrument 51-102, the Company discloses that its independent auditor has not performed a review of these condensed interim financial statements.

DV Resources Ltd.

Condensed Interim Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

	August 31, 2017	November 30, 2016
Assets		
Current assets		
Cash	\$ 4,535	\$ 61,895
Amounts receivable	13,393	1,065
	<u>17,928</u>	<u>62,960</u>
Exploration and evaluation assets (Note 3)	25,113	25,113
Total assets	\$ 43,041	\$ 88,073
Liabilities		
Current liabilities		
Trade and other payables	\$ 294,641	\$ 36,956
Equity (deficiency)		
Share capital (Note 4)	17,524,725	17,524,725
Equity reserve (Note 4)	198,059	198,059
Deficit	(17,974,384)	(17,671,667)
Total equity (deficiency)	<u>(251,600)</u>	<u>51,117</u>
Total liabilities and equity	\$ 43,041	\$ 88,073

Nature and continuance of operations (Note 1)

Subsequent event (Note 1)

Approved by the Board of Directors and authorized for issue on October 27, 2017:

"Geir Liland" Director

"Peter Leitch" Director

The accompanying notes are an integral part of these unaudited condensed interim financial statements

DV Resources Ltd.

Condensed Interim Statements of Loss and Comprehensive Loss

For the three and nine months ended August 31, 2017 and 2016

(Expressed in Canadian dollars)

(Unaudited)

	Three months ended		Nine months ended	
	August 31,		August 31,	
	2017	2016	2017	2016
Expenses				
Consulting and management	\$ 30,624	\$ 1,460	\$ 76,811	\$ 16,105
Office and administration	6,672	251	8,844	850
Professional fees	188,296	7,886	197,000	23,638
Regulatory and filing	13,871	1,516	20,062	9,192
	(239,463)	(11,113)	(302,717)	(49,785)
Loss and comprehensive loss for the period	\$ (239,463)	\$ (11,113)	\$ (302,717)	\$ (49,785)
Basic and diluted loss per share for the period	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding - basic and diluted	34,000,328	34,000,000	34,000,328	34,000,000

The accompanying notes are an integral part of these unaudited condensed interim financial statements

DV Resources Ltd.

Condensed Interim Statements of Equity

(Expressed in Canadian dollars)

(Unaudited)

	Share Capital		Reserves	Deficit	Total equity (deficiency)
	Shares issued	Amount			
At November 30, 2015	34,000,000	\$ 17,524,725	\$ 198,059	\$(17,615,505)	\$ 107,279
Loss for the period	-	-	-	(49,785)	(49,785)
At August 31, 2016	34,000,000	17,524,725	198,059	(17,665,290)	57,494
Loss for the period	-	-	-	(6,377)	(6,377)
At November 30, 2016	34,000,000	17,524,725	198,059	(17,671,667)	51,117
Adjustment to true up outstanding shares	328	-	-	-	-
Loss for the period	-	-	-	(302,717)	(302,717)
At August 31, 2017	34,000,328	\$ 17,524,725	\$ 198,059	\$(17,974,384)	\$ (251,600)

The accompanying notes are an integral part of these unaudited condensed interim financial statements

DV Resources Ltd.

Condensed Interim Statements of Cash Flows

For the nine months ended August 31, 2017 and 2016

(Expressed in Canadian dollars)

(Unaudited)

	Nine months ended August 31, 2017	Nine months ended August 31, 2016
Operating activities		
Loss for the period	\$ (302,717)	\$ (49,785)
Changes in non-cash working capital items:		
Amounts receivable	(12,328)	94
Trade and other payables	257,685	(5,802)
Cash used in operating activities	(57,360)	(55,493)
Decrease in cash	(57,360)	(55,493)
Cash, beginning of period	61,895	137,641
Cash, end of period	\$ 4,535	\$ 82,148

The accompanying notes are an integral part of these unaudited condensed interim financial statements

DV Resources Ltd.

Notes to the Condensed Interim Financial Statements

August 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company is a publicly listed company incorporated under the Business Corporations Act of Ontario on December 21, 1979. The Company is listed on the TSX Venture Exchange ("TSX.V") under the symbol "DLV.H". The head office, principal address and records office of the Company are located at 1 King Street West, Toronto, Ontario, M5H 1A1.

These unaudited condensed interim financial statements have been prepared on the basis of a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. As at August 31, 2017, the Company had a working capital deficit of \$276,713 representing the excess of liabilities over available current assets. The Company has incurred negative cash flows from operations, recorded a loss of \$302,717 for the nine months ended August 31, 2017, and has an accumulated deficit of \$17,974,384 as at August 31, 2017. The Company does not currently have a recurring source of revenue and does not currently have sufficient financial resources to cover its operating costs. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms that are acceptable to the Company. The uncertainty of the Company's success in raising additional capital funding may cast significant doubt on the Company's ability to continue as a going concern.

The Company entered into an arms-length agreement, dated June 8, 2017, and amended August 25, 2017, with DeepGreen Resources Inc. ("DeepGreen") providing for the acquisition by the Company of all the shares of DeepGreen pursuant to a three cornered amalgamation (the "Amalgamation Agreement").

On October 30, 2017, the Company and DeepGreen terminated the previously announced Amalgamation Agreement.

2. BASIS OF PRESENTATION

(a) *Statement of compliance*

The unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting on a basis consistent with the accounting policies disclosed in the audited financial statements for the fiscal year ended November 30, 2016.

These unaudited condensed interim financial statements should be read in conjunction with the most recently issued annual financial statements of the Company, which include information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's significant accounting policies were presented as Note 3 to the financial statements for the year ended November 30, 2016, and have been consistently applied in the preparation of these unaudited condensed interim financial statements, except as noted below.

(b) *New standards and interpretations not yet adopted*

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC. The following have not yet been adopted by the Company and are being evaluated to determine their impact:

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.

DV Resources Ltd.

Notes to the Condensed Interim Financial Statements

August 31, 2017

(Expressed in Canadian dollars)

(Unaudited)

3. EXPLORATION AND EVALUATION ASSETS

British Columbia Property

The Company owns a mineral property located in the Skeena Mining Division in North Western British Columbia.

As at August 31, 2017, and November 30, 2016, the carrying value of this property was \$25,113, consisting of deferred exploration and evaluation costs.

4. EQUITY

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and fully paid

There were no common shares issued during the nine months ended August 31, 2017 or 2016.

In prior periods, the Company disclosed it had 19,534 outstanding Class A Shares. Upon investigation, it was concluded that the Class A Shares outstanding had been converted into common shares on a one-for-one basis in a prior year. As such, there are currently no Class A Shares outstanding. There is no impact on the total shares outstanding nor on the balance of share capital, as the historical amounts were presented on a consolidated basis, therefore there has been no adjustment or restatement to the statements of shareholders' equity.

As at August 31, 2017, 34,000,328 common shares were issued and outstanding (November 30, 2016: 34,000,000).

5. RELATED PARTY TRANSACTIONS

During the nine months ended August 31, 2017, the Company paid or accrued \$7,663 (2016: \$22,805) to related parties as follows:

- \$3,709 in management consulting fees (2016: \$2,610) to a company controlled by the Company's former CFO.
- \$3,954 in legal fees (2016: \$13,195) to a law firm where a former Company director and officer is a partner.
- \$nil in management consulting fees (2016: \$7,000) to a company controlled by the Company's former CEO.

6. FINANCIAL INSTRUMENTS

Financial Risk Management and Fair Value Measurement

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash and trade and other payables. Cash and trade and other payables are held at carrying value which approximates fair value due to the short-term nature of these instruments.

DV Resources Ltd.

Notes to the Condensed Interim Financial Statements

August 31, 2017

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6. FINANCIAL INSTRUMENTS (continued)

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit Risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company is exposed to credit risk on cash and amounts receivable. The Company reduces its credit risk on cash by maintaining its bank account with a large international financial institution. The maximum exposure to credit risk is equal to the carrying value of its cash and amounts receivable.

Liquidity Risk

The Company's cash is invested in bank accounts which are available on demand. Management has concluded that the Company does not have adequate financial resources to settle obligations as at August 31, 2017, and will require additional funding to continue operations for the next twelve months and proceed with its intended acquisition program (Note 1).

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign currency and price risk.

a) *Interest Rate Risk*

The Company is nominally exposed to interest rate risk. The Company's cash earns interest at variable rates. The Company's future earned interest is exposed to short-term rate fluctuations. Interest rate exposure is considered to be insignificant.

b) *Foreign Currency Risk*

The Company is not exposed to currency risk as all transactions are denominated in Canadian dollars.

c) *Price Risk*

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

DV Resources Ltd.

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August 31, 2017

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7. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions, business opportunity and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares or return capital to its shareholders. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis. During the nine months ended August 31, 2017, there has been no change in the Company's management of capital policies.

8. COMPARATIVE FIGURES

Certain comparative data have been reclassified to conform with the presentation of the current year. The Company has grouped together the comparative balances for certain expenses on the statement of net loss and comprehensive loss. There is no net impact on the financial position, loss and comprehensive loss, cash flows or loss per share in fiscal 2016 as a result of these reclassifications.