

DV Resources Ltd.

Management's Discussion and Analysis of Financial Condition and Results of Operations Third Quarter Report – August 31, 2017

The following discussion is management's assessment and analysis of the results and financial condition of DV Resources Ltd. (the "Company"), and should be read in conjunction with the accompanying unaudited condensed interim financial statements and related notes. The preparation of financial data is in accordance with International Accounting Standard 34 - *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") and all figures are reported in Canadian dollars unless otherwise indicated.

Certain information included in this discussion may constitute forward looking statements. Forward looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different from those expressed or implied. The effective date of this report is October 27, 2017.

Description of Business

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.

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.

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.

Overall Performance and Results of Operations

Total assets decreased to \$43,041 at August 31, 2017, from \$88,073 at November 30, 2016. The most significant assets at August 31, 2017, were cash of \$4,535 (November 30, 2016: \$61,895) and amounts receivable of \$13,393 (November 30, 2016: \$1,065). The decrease in cash during the nine months ended August 31, 2017, was the result of \$57,360 used in operating activities.

Three months ended August 31, 2017 and 2016

The Company recorded a loss of \$239,463 for the three months ended August 31, 2017 (2016: \$11,113).

Expenses incurred during the three months ended August 31, 2017, were as follows:

- Consulting and management of \$30,624 (2016: \$1,460): Consisted mainly of corporate administration fees and management compensation, which increased when compared to prior year as a result of higher activity in the current period.
- Office and administration of \$6,672 (2016: \$251): Consisted almost entirely of general office expenses, which increased when compared to prior year as a result of higher activity in the current period.
- Professional fees of \$188,296 (2016: \$7,886): Consisted of audit and legal fees. The increase is due to increased legal fees related to the Amalgamation Agreement.
- Regulatory and filing of \$13,871 (2016: \$1,516): Consisted of transfer agent and listing fees, which increased when compared to prior year as a result of higher activity in the current period.

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Nine months ended August 31, 2017 and 2016

The Company recorded a loss of \$302,717 for the nine months ended August 31, 2017 (2016: \$49,785).

Expenses incurred during the nine months ended August 31, 2017, were as follows:

- Consulting and management of \$76,811 (2016: \$16,105): Consisted mainly of corporate administration fees and management compensation, which increased when compared to prior year as a result of higher activity in the current period.
- Office and administration of \$8,844 (2016: \$850): Consisted almost entirely of general office expenses, which increased when compared to prior year as a result of higher activity in the current period.
- Professional fees of \$197,000 (2016: \$23,638): Consisted of audit and legal fees. The increase is due to increased legal fees related to the Amalgamation Agreement.
- Regulatory and filing of \$20,062 (2016: \$9,912): Consisted of transfer agent and listing fees, which increased when compared to prior year as a result of higher activity in the current period.

Liquidity and Capital Resources

As at August 31, 2017, the Company had a working capital deficit of \$276,713. The Company does not currently have a recurring source of revenue and does not currently have sufficient financial resources to cover its operating costs. In order to proceed with its intended acquisition program the Company will need to secure the necessary financing. 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 has no bank debt or banking credit facilities in place.

Summary of Quarterly Results

The following tables summarize the Company's financial information for the last eight quarters in accordance with IFRS:

	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Revenue	\$ -	\$ -	\$ -	\$ -
Loss for the period	(239,463)	(55,376)	(7,878)	(6,376)
Basic and diluted loss per share	(0.01)	(0.00)	(0.00)	(0.00)

	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Revenue	\$ -	\$ -	\$ -	\$ -
Loss for the period	(11,113)	(26,373)	(12,300)	(10,932)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

Operating expenses increased in Q3 2017 and Q2 2017 as a result of increased consulting and management and professional fees in the periods.

Outstanding Share Data

As at the date of this report, there were 34,000,328 common shares issued and outstanding.

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In prior periods, the Company disclosed it had 19,534 outstanding Class A Shares outstanding. Upon investigation, it was concluded that the Class A Shares 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.

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.

Critical Accounting Policies and Estimates

The Company prepares its annual financial statements in accordance with IFRS as issued by the International Accounting Standards Board. The accompanying unaudited condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting and follow the same accounting policies and methods of application as our most recent annual financial statements. Accordingly, they should be read in conjunction with the Company's most recent annual financial statements.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

New standards adopted during the year

Effective December 1, 2016, the following standards were adopted but have had no material impact on the financial statements:

- IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9.

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. 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.

Risks and Uncertainties

The Company currently has no revenues from operations. If the Company does acquire a mineral property, substantial capital would be required to put the property into commercial production. The Company does not presently have sufficient financial resources to undertake its currently planned acquisition program. 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 acceptable to the Company.

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The Company is engaged in the acquisition of mineral properties, an inherently risky business, and there is no assurance that an economic mineral deposit will ever be discovered and subsequently put into production. Most exploration projects do not result in the discovery of commercially mineable ore deposits. The Company will seek to counter these risks to the extent possible by selecting exploration areas on the basis of their recognized geological potential to host economic deposits.

The Company depends on the business and technical expertise of its management team and there is little possibility that this dependence will decrease in the near term.

Financial Instruments and Other 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 is classified as loans and receivables. Trade and other payables are classified as other financial liabilities.

The Company classifies the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

- Level 1 – quoted prices in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e.: as prices) or indirectly (i.e.: derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data.

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.

Market Risk

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

The only significant market risk to which the Company is exposed is interest rate risk. The Company's cash earns interest at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates as a result of the short-term nature of these instruments. The Company's future earned interest is exposed to short-term rates.

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Foreign Currency Risk

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

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.

Management's Report on Internal Control over Financial Reporting

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited condensed interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Outlook

The Company is currently pursuing the completion of the Acquisition and related Financing.

Additional information relating to the Company is available on SEDAR at www.sedar.com.