

DV RESOURCES LTD.

Financial Statements

For the three months ended February 28, 2017 and February 28, 2016

Unaudited – Prepared by Management

(Stated in Canadian Funds Unless Noted Otherwise)

The accompanying unaudited condensed interim financial statements have been prepared by management and approved by the Board of Directors. The Company's independent auditors have not performed a review of these condensed interim financial statements in accordance with the standards established for a review of interim financial statements by an entity's auditor.

DV RESOURCES LTD.
STATEMENTS OF FINANCIAL POSITION

As at

	February 28, 2017	November 30, 2016
	\$	\$
ASSETS		
Current Assets		
Cash	57,823	61,895
GST/HST receivable	1,082	1,065
	<u>58,905</u>	<u>62,960</u>
Exploration and evaluation assets (Note 4)	25,113	25,113
	<u>84,018</u>	<u>88,073</u>
LIABILITIES		
Current Liabilities		
Trade and other accounts payable	40,779	36,956
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	17,524,725	17,524,725
Reserves	198,059	198,059
Deficit	(17,679,545)	(17,671,667)
	<u>43,239</u>	<u>51,117</u>
	<u>84,018</u>	<u>88,073</u>

See accompanying notes to the financial statements.

Nature and Continuance of Operations (Note 1)

Approved by the Board of Directors on April 28, 2017:

Tom Wharton (signed)
 Director

Carl Jonsson (signed)
 Director

DV RESOURCES LTD.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the three months ended February 28,

	2017	2016
	\$	\$
Revenue		
Interest and sundry	-	39
Expenses		
Legal and audit (Note 5)	2,375	6,480
General and administration (Note 5)	5,503	2,859
Management fees (Note 5)	-	3,000
	7,878	12,339
Net loss and comprehensive loss for the year	(7,878)	(12,300)
Basic loss per share	(0.00)	(0.00)
Fully diluted loss per share	(0.00)	(0.00)
Weighted average number of shares outstanding	34,000,000	34,000,000

See accompanying notes to the financial statements.

DV RESOURCES LTD.
STATEMENTS OF CASH FLOWS
For the three months ended February 28,

	2017	2016
	\$	\$
Net cash flows provided by (used in):		
Operating activities		
Net loss for the period	(7,878)	(12,300)
Net changes in non-cash working capital:		
GST receivable	(17)	172
Trade and other accounts payable	3,823	(10,573)
	<u>(4,072)</u>	<u>(22,701)</u>
Investing activities		
Exploration and evaluation expenditures	-	-
	<u>-</u>	<u>-</u>
Financing activities		
	-	-
	<u>-</u>	<u>-</u>
Net change in cash during the period	(4,072)	(22,701)
Cash, beginning of the period	61,895	137,641
Cash, end of the period	<u>57,823</u>	<u>114,940</u>

See accompanying notes to the financial statements.

DV RESOURCES LTD.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital (Note 6)		Reserves			TOTAL
	Number #	Amount \$	Options (Note 7) \$	Other \$	Deficit \$	
Balance as at December 1, 2016	34,000,000	17,524,725	170,559	27,500	(17,671,667)	51,117
Net loss and comprehensive loss	-	-	-	-	(7,878)	(7,878)
Balance as at February 28, 2017	34,000,000	17,524,725	170,559	27,500	(17,679,545)	43,239
	Number #	Amount \$	Options (Note 7) \$	Other \$	Deficit \$	TOTAL \$
Balance as at December 1, 2015	34,000,000	17,524,725	170,559	27,500	(17,615,505)	107,279
Net loss and comprehensive loss	-	-	-	-	(12,300)	(12,300)
Balance as at February 28, 2016	34,000,000	17,524,725	170,559	27,500	(17,627,805)	94,979

See accompanying notes to the financial statements.

DV RESOURCES LTD.
NOTES TO FINANCIAL STATEMENTS
February 28, 2017 and November 30, 2016

1. NATURE AND CONTINUANCE OF OPERATIONS

DV Resources Ltd. (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".

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has incurred ongoing losses, and management has been following a policy of divesting the Company of its assets. If the going concern assumption was not appropriate for these financial statements, then adjustments would be necessary in the carrying values of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used.

The head office, principal address and records office of the Company are located at Suite 1710, 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2L3.

2. BASIS OF PRESENTATION

Statements of compliance

The Company prepares its unaudited interim financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), including IAS34 Interim Financial Reporting, and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These interim financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended November 30, 2016 which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies and application adopted are consistent with those disclosed in Note 3 to the Company's consolidated financial statements for the year ended November 30, 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

Use of judgment and estimates

The preparation of financial statements requires management to make estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Significant areas requiring the use of estimates and assumptions relate to the review of carrying values and determination of impairment charges of non-current assets. Actual results could differ from those estimates. The effect on the financial statements of such changes in estimates in future periods could be material.

Exploration and evaluation assets

The Company defers property-specific acquisition, exploration and development costs. Deferred costs relating to properties that are relinquished, or where continued exploration is deemed inappropriate, are written off in the year such assessment is made. These deferred costs will be amortized on the unit-of-production basis over the estimated useful lives of the properties following the commencement of production.

The cost of exploration and evaluation assets includes any cash consideration paid, and the fair market value of shares issued on the acquisition of property interests, if any. The recorded amounts represent actual expenditures incurred and are not intended to reflect present or future values.

DV RESOURCES LTD.
NOTES TO FINANCIAL STATEMENTS
February 28, 2017 and November 30, 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company reviews capitalized costs on its property interests on a periodic, or at least annual, basis and will recognize impairment in value based upon current exploration and development results and upon management's assessment of the future probability of profitable revenues from the property or from the sale of the property.

Asset retirement obligations

The Company recognizes as a liability the estimated fair value of the future retirement obligations associated with its mineral and oil properties in the period in which they are incurred or the event occurs giving rise to such an obligation. The liability is increased (accreted) over time through periodic charges to losses. The corresponding asset retirement cost is capitalized as part of the asset's carrying value, and is amortized over the asset's estimated useful life. The amount of the liability will be subject to re-measurement at each reporting period. The Company has not incurred, nor is it aware of, any obligations or environmental problems related to any of its current or former properties that may result in material liability to the Company.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Loss per share

Basic loss per share is computed using the weighted-average number of common shares outstanding. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive stock options were exercised or converted to common stock. The dilutive effect of stock options is computed using the treasury stock method and the dilutive effect of convertible debentures is computed using the "if converted" method.

Share-based payment transactions

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, the share-based payments are measured at the fair value of goods or services received.

Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are determined based on the differences between the carrying amount of assets and liabilities on the statement of financial position and their corresponding tax values, using the substantively enacted tax rates expected to be applicable in the period that these differences are expected to reverse. Deferred income tax assets are recorded to recognize tax benefits only to the extent that, based on available evidence, it is more likely than not that they will be realized.

DV RESOURCES LTD.
NOTES TO FINANCIAL STATEMENTS
February 28, 2017 and November 30, 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments recognition, measurement, disclosure and presentation

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired, as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing such financial assets in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the statements of loss and comprehensive loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statements of loss and comprehensive loss.

Available-for-sale – Marketable securities and other non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statements of loss and comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired, as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing such financial liabilities in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the statements of loss and comprehensive loss.

Other financial liabilities - This category includes trade and other accounts payable, all of which are recognized at amortized cost.

The Company has classified its cash as fair value through profit and loss and trade and other accounts payable as other financial liabilities.

Changes in accounting standards

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

DV RESOURCES LTD.
NOTES TO FINANCIAL STATEMENTS
February 28, 2017 and November 30, 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting standards issued but not yet applied

The following new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Company have been set out below.

- IFRS 15 Revenue from Contracts with Customers (“IFRS 15”) was issued to clarify the principles for recognizing revenue. IFRS 15 establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.
- IFRS 9 Financial Instruments replaces the current standard IAS 39 Financial Instruments: Recognition and measurement, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value. IFRS 9 is effective for annual periods commencing on or after January 1, 2018 with early adoption permitted.

The Company anticipates that the application of these new standards will have no material impact on its results and financial position.

4. EXPLORATION AND EVALUATION ASSETS

The Company owns a mineral property located in the Skeena Mining Division in North Western British Columbia which covers an area of 439.07 hectares (approximately 1,058 acres). The property, known as the Maple Bay property, consists of 22 Crown granted claims located on the eastern shore of the Portland Canal approximately 30 kilometres west of Kitsault and 50 kilometres south of Stewart, British Columbia. During 2009, the Maple Bay property was written down by \$136,860 to \$1 in light of a delay in development activity.

At November 30, 2016 the book value of this property was \$25,113.

Exploration and evaluation costs on the Maple Bay property for the period ended February 28, 2017 and November 30, 2016 are detailed as follows:

	February 28, 2017	November 30, 2016
	\$	\$
Deferred exploration and evaluation costs:		
Balance, beginning of the period	25,113	25,113
Exploration costs incurred during the period:		
Geological consulting	-	-
Total expenditures for the period	-	-
Balance, end of the period	25,113	25,113

DV RESOURCES LTD.
NOTES TO FINANCIAL STATEMENTS
February 28, 2017 and November 30, 2016

5. KEY MANAGEMENT, DIRECTORS COMPENSATION AND RELATED PARTY TRANSACTIONS

During the period ended February 28, 2017, the Company paid or accrued \$2,550 (2016 - \$28,291) to related parties as follows:

- \$2,550 in management consulting fees (2016 – \$3,210) to a company controlled by the Company's CFO;
- \$nil in legal fees (2016 – \$13,940) to a law firm where a 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;

These transactions occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

As at February 28, 2017, the Company owed or had accrued as payable \$2,514 (2016 - \$1,715) to related parties as follows:

- \$nil (2016 - \$nil) to a company controlled by the Company's former CEO;
- \$873 (2016 - \$74) to a company controlled by the Company's CFO;
- \$1,641 (2016 - \$1,641) to a firm where a Company director is a partner; and

6. SHARE CAPITAL

Authorized

314,478 Class A convertible special shares without par value, the holders of which are at any time entitled to convert any or all of their shares into common shares on a one-for-one basis. The special shares are not entitled to receive dividends prior to conversion.

Unlimited number of common shares without par value.

Issued and fully paid

	2017	2016
	\$	\$
Common shares		
Balance – November 30, 2016 (33,980,466 shares)	17,471,088	17,471,088
Balance – February 28, 2017 (33,980,466 shares)	17,471,088	17,471,088
Class A convertible special shares		
Balance, beginning and end of period (19,534 shares)	53,637	53,637
	<u>17,524,725</u>	<u>17,524,725</u>

7. OPTIONS AND WARRANTS

There were no outstanding options or warrants during the current period or during the year ended November 30, 2016.

8. FINANCIAL INSTRUMENTS

Fair value

IFRS requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurement. The accounting standard establishes a fair value hierarchy based on the level of independent objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS standards prioritize the inputs into three levels that may be used to measure fair value:

DV RESOURCES LTD.
NOTES TO FINANCIAL STATEMENTS
February 28, 2017 and November 30, 2016

8. FINANCIAL INSTRUMENTS (continued)

Level 1 – Unadjusted 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 or indirectly; and
 Level 3 – inputs that are not based on observable market data.

The Company's financial instruments consist of cash and trade and other accounts payable. The Company believes that the recorded values approximate their current fair values because of their nature and maturity dates or duration.

The following provides a comparison of carrying values of financial instruments measured at fair value as at February 28, 2017 and November 30, 2016:

	As at February 28, 2017		
	Level 1	Level 2	Level 3
Cash	\$ 57,823	\$ -	\$ -

	As at November 30, 2016		
	Level 1	Level 2	Level 3
Cash	\$ 61,895	\$ -	\$ -

Financial risk management

Credit risk

The Company has no significant concentration of credit risk. As the Company's policy is to limit cash holdings to instruments issued by major Canadian banks, the credit risk is considered by management to be negligible.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure it will have sufficient liquidity to meet liabilities when due. As at February 28, 2017, the Company had working capital of \$18,126.

Interest rate risk

The Company's interest rate risk mainly arises from the interest rate impact on cash. Cash earns interest based on market interest rates.

Foreign currency risk

The Company is not exposed to foreign currency risk on fluctuations in exchange rates.

9. CAPITAL MANAGEMENT

The Company's capital consists of its share capital and reserves. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The acquisition, exploration, financing and development of natural resources require the expenditure of significant funds before production commences. Historically, the Company has financed these activities through the issuance of common shares, the exercise of options and common share purchase warrants, promissory notes and debentures, bank debt and extended terms from creditors.

Any decision to pay dividends on its shares is made by the Board of Directors on the basis of the Company's earnings, financial requirements and other conditions existing at such future time.

There were no changes in the Company's approach to capital management during the period ended February 28, 2017. The Company is not subject to externally-imposed capital requirements.