

# **DLV Resources Ltd. (formerly DV Resources Ltd.)**

## **Management's Discussion and Analysis of Financial Condition and Results of Operations August 31, 2018**

---

The following discussion is management's assessment and analysis of the results and financial condition of DLV 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 24, 2018.

### **Description of Business**

The Company is listed on the TSX Venture Exchange ("TSX.V") under the symbol "DLV.H". The address of the Company's registered and records office is 25th Floor, 700 West Georgia Street, Vancouver, BC V7Y 1B3. In November 2017, the Company changed its name from DV Resources Ltd. to DLV Resources Ltd.

In February 2018, the Company closed a non-brokered private placement for gross proceeds of \$3,200,000.

### **Overall Performance and Results of Operations**

Total assets increased to \$2,619,596 at August 31, 2018, from \$50,787 at November 30, 2017. The most significant asset at August 31, 2018, was cash of \$2,591,014 (November 30, 2017: \$4,212). The increase in cash during the nine months ended August 31, 2018, was primarily the result of \$3,143,359 received on the issuance of shares, net of share issuance costs.

#### ***Three months ended August 31, 2018 and 2017***

The Company recorded a loss of \$50,158 for the three months ended August 31, 2018 (2017: \$239,463). The decrease in loss for the period was primarily attributable to:

- Professional fees of \$2,500 (2017: \$188,296): A decrease of \$185,796 due to increased legal fees in the prior comparative period.

#### ***Nine months ended August 31, 2018 and 2017***

The Company recorded a loss of \$115,824 for the nine months ended August 31, 2018 (2017: \$302,717). The decrease in loss for the period was primarily attributable to:

- Professional fees of \$8,227 (2017: \$197,000): A decrease of \$188,773 due to increased legal fees in the prior comparative period.
- Regulatory and filing of \$811 (2017: \$20,062): A decrease of \$19,251 consists mainly of recovery of expenses resulting from refunded filing fees as a result of the terminated DeepGreen transaction in fiscal 2017.

The decrease in loss was partially offset by:

- Consulting and management of \$90,000 (2017: \$76,811): An increase of \$13,189 due to a corporate administration and financial advisory services agreement entered into in May 2017.

# DLV Resources Ltd. (formerly DV Resources Ltd.)

## Management's Discussion and Analysis of Financial Condition and Results of Operations August 31, 2018

---

### Liquidity and Capital Resources

As at August 31, 2018, the Company had working capital of \$2,556,448. The Company has sufficient resources to settle outstanding liabilities and fund its operations for the next twelve months. 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 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 2018		Q2 2018		Q1 2018		Q4 2017	
Revenue	\$	-	\$	-	\$	-	\$	-
Loss for the period		(50,158)		(45,213)		(20,453)		(209,774)
Basic and diluted loss per share		(0.00)		(0.00)		(0.00)		(0.01)

	Q3 2017		Q2 2017		Q1 2017		Q4 2016	
Revenue	\$	-	\$	-	\$	-	\$	-
Loss for the period		(239,463)		(55,376)		(7,878)		(6,377)
Basic and diluted loss per share		(0.01)		(0.00)		(0.00)		(0.00)

### British Columbia Property

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

As at August 31, 2018 the carrying value of this property was \$25,113, consisting of deferred exploration and evaluation costs.

### Outstanding Share Data

In February 2018, the Company issued 40,000,000 units at a price of \$0.08 per unit for gross proceeds of \$3,200,000. Each unit consists of one common share of the Company and one warrant, with each warrant being exercisable into one common share of the Company at a price of \$0.11 until February 26, 2019.

During the nine months ended August 31, 2018, 140,000 common shares were issued pursuant to the exercise of warrants for proceeds of \$15,400.

As at August 31, 2018 and the date of this report, there were 74,140,328 common shares and 39,860,000 warrants issued and outstanding.

### Related Party Transactions

During the nine months ended August 31, 2018, the Company paid or accrued \$nil (2017: \$7,663) to related parties as follows:

- \$nil in management consulting fees (2017: \$3,709) to a company controlled by the Company's former CFO.
- \$nil in legal fees (2017: \$3,954) to a law firm where a former Company director and officer is a partner.

# DLV Resources Ltd. (formerly DV Resources Ltd.)

Management's Discussion and Analysis  
of Financial Condition and Results of Operations  
August 31, 2018

---

## Critical Accounting Policies and Estimates

The Company has prepared the accompanying financial statements in accordance with IAS 34, using accounting policies consistent with IFRS. Significant accounting policies, except as described below, are described in Note 3 of the Company's financial statements as at and for the year ended November 30, 2017.

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 Accounting Standards

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC. The Company recently early adopted IFRS 9 starting March 1, 2018. IFRS 9 is the new standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018. The Company has determined that there is no material impact of adoption of IFRS 9 on its financial statements and no prior period amounts were restated.

## 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. 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.

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.

## 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, amounts receivable, and amounts payable. The Company measures its cash, amounts receivable, and amounts payable at amortized cost.

The carrying amounts for cash, amounts receivable, and amounts payable, approximate fair values due to the immediate or short-term maturities of these financial instruments.

### *Financial Instrument Risk Exposure*

The Company is exposed in varying degrees to a variety of financial instrument related risks.

#### 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.

# **DLV Resources Ltd. (formerly DV Resources Ltd.)**

Management's Discussion and Analysis  
of Financial Condition and Results of Operations  
August 31, 2018

---

## Liquidity Risk

The Company's cash is invested in bank accounts which are available on demand. The liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk through careful management of its financial obligations in relation to its cash position. Using budgeting processes, the Company manages its liquidity requirements based on expected cash flow to ensure there are adequate funds to meet the short term obligations during the period.

## 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.

## 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 seeking opportunities in the natural resource industry.

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).