

Financial Statements of

DLV Resources Ltd.

Years ended November 30, 2019 and 2018
(Expressed in Canadian dollars)

Independent Auditor's Report

To the Shareholders of DLV Resources Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of DLV Resources Ltd., which comprise the statements of financial position as at November 30, 2019 and 2018, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at November 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is James D. Gray.



CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
March 27, 2020

DLV Resources Ltd.
Statements of Financial Position
(Expressed in Canadian dollars)

	November 30, 2019	November 30, 2018
Assets		
Current assets		
Cash	\$ 2,422,927	\$ 2,552,577
Amounts receivable	2,769	2,043
	2,425,696	2,554,620
Total assets	\$ 2,425,696	\$ 2,554,620
Liabilities		
Current liabilities		
Amounts payable	\$ 41,383	\$ 39,300
Total liabilities	41,383	39,300
Equity		
Share capital (Note 5)	20,705,484	20,683,484
Equity reserve	198,059	198,059
Deficit	(18,519,230)	(18,366,223)
Total equity	2,384,313	2,515,320
Total liabilities and equity	\$ 2,425,696	\$ 2,554,620

Nature of operations (Note 1)

Approved by the Board of Directors and authorized for issue on March 27, 2020:

"Geir Liland"	Director
"Larry Copeland"	Director

The accompanying notes are an integral part of these financial statements

DLV Resources Ltd.

Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Years ended November 30,	
	2019	2018
Expenses		
Consulting and management	\$ 120,000	\$ 120,000
Office and administration	52,713	22,894
Professional fees	13,808	9,977
Regulatory and filing	17,511	5,119
	(204,032)	(157,990)
Interest income	51,025	1,038
Impairment loss on exploration and evaluation assets (Note 4)	-	(25,113)
Loss and comprehensive loss for the year	\$ (153,007)	\$ (182,065)
Basic and diluted loss per share for the year	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding - basic and diluted	74,292,109	64,407,999

The accompanying notes are an integral part of these financial statements

DLV Resources Ltd.

Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	Share Capital		Reserves	Deficit	Total equity (deficiency)
	Shares issued	Amount			
At November 30, 2017	34,000,328	\$ 17,524,725	\$ 198,059	\$ (18,184,158)	\$ (461,374)
Private placement	40,000,000	3,200,000	-	-	3,200,000
Share issue costs	-	(56,641)	-	-	(56,641)
Exercise of warrants	140,000	15,400	-	-	15,400
Loss and comprehensive loss	-	-	-	(182,065)	(182,065)
At November 30, 2018	74,140,328	20,683,484	198,059	(18,366,223)	2,515,320
Exercise of warrants	200,000	22,000	-	-	22,000
Loss and comprehensive loss	-	-	-	(153,007)	(153,007)
At November 30, 2019	74,340,328	\$ 20,705,484	\$ 198,059	\$ (18,519,230)	\$ 2,384,313

The accompanying notes are an integral part of these financial statements

DLV Resources Ltd.
Statements of Cash Flows
(Expressed in Canadian dollars)

	Years ended November 30,	
	2019	2018
Operating activities		
Loss for the year	\$ (153,007)	\$ (182,065)
Item not involving cash:		
Impairment loss on exploration and evaluation assets	-	25,113
Changes in non-cash working capital items:		
Amounts receivable	(726)	19,419
Amounts payable	2,083	(472,861)
	(151,650)	(610,394)
Financing activities		
Proceeds on shares issued, net of share issuance costs	-	3,143,359
Exercise of warrants	22,000	15,400
	22,000	3,158,759
Change in cash	(129,650)	2,548,365
Cash, beginning of year	2,552,577	4,212
Cash, end of year	\$ 2,422,927	\$ 2,552,577

The accompanying notes are an integral part of these financial statements

DLV Resources Ltd.

Notes to the Financial Statements

November 30, 2019
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

DLV Resources Ltd. (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.

The Company has not generated significant revenues from operations. As at November 30, 2019, the Company had working capital of \$2,384,313. The Company recorded a loss of \$153,007 for the year ended November 30, 2019, and had an accumulated deficit of \$18,519,230 as at November 30, 2019. The Company does not currently have a recurring source of revenue. 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.

2. BASIS OF PRESENTATION

(a) *Statement of compliance*

These financial statements as at and for the year ended November 30, 2019, including comparatives, are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

(b) *Basis of measurement*

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) *Significant accounting judgments and estimates*

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. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences.

Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

Critical Judgments

The preparation of these financial statements requires the Company to make judgments regarding the going concern of the Company as discussed in Note 1.

Because a precise determination of many assets and liabilities is dependent upon future events, 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 the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant. Significant estimates made by management affecting our financial statements include:

2. BASIS OF PRESENTATION (Continued)

(c) Significant accounting judgments and estimates (Continued)

Critical Judgments (Continued)

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of the Company's exploration and evaluation assets properties does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Cash

Cash includes deposits held with banks that are available on demand.

(b) Exploration and evaluation assets

Exploration and evaluation expenditures are capitalized to a property once the legal right to explore a property has been acquired, and future economic benefits are more likely than not to be realized. These include the costs of acquiring, maintaining its interest in, and exploring and evaluating mineral properties until such time as the lease expires, it is abandoned, sold, or considered impaired in value. Costs incurred before the Company has obtained the legal right to explore, as well as indirect administrative costs, are expensed as incurred.

At each reporting date the carrying amounts of the Company's exploration and evaluation assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

(c) Loss per share

Basic loss per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, in the weighted average number of common shares outstanding during the period. For this purpose, it is assumed that proceeds upon the exercise of share options and warrants are used to purchase common shares at the average market price during the period. Share options and warrants outstanding as at November 30, 2019, as disclosed in Note 5, are anti-dilutive and, therefore, have not been taken into account in the diluted per share calculations.

DLV Resources Ltd.
Notes to the Financial Statements
November 30, 2019
(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Share-based payments

The Company's share option plan allows Company employees, directors, officers, consultants and charitable organizations to acquire shares of the Company. The fair value of options granted is recognized as share-based compensation expense with a corresponding increase in equity reserve.

Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. 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, share-based payments are measured at the fair value of goods or services received.

(e) Unit valuation

Proceeds from unit placements are allocated between common shares and warrants using the residual value method, which allocates value first to the fair value of the common shares and the balance, if any, is allocated to the attached warrants.

(f) Income taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income or loss. Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized.

At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

(g) Financial instruments

Financial assets are classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. The Company's financial assets which consist primarily of cash, and amounts receivable are classified at amortized cost.

DLV Resources Ltd.
Notes to the Financial Statements
November 30, 2019
(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial instruments (Continued)

All financial assets except those measured 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 objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial liabilities are initially recognized on the date they are originated and are derecognized when the contractual obligations are discharged or cancelled or expire. These financial liabilities are recognized initially at fair value and subsequently are measured at amortized costs using the effective interest method, when materially different from the initial amount. Fair value is determined based on the present value of future cash flows, discounted at the market rate of interest.

The Company's financial liabilities which consist primarily of amounts payable and notes payable are classified as other financial liabilities. Refer to Note 7 for further disclosures.

(h) Significant accounting policies

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC. The standards listed below include only those which the Company reasonably expects are applicable to the Company.

The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 16 – Leases

New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The Company is currently assessing the impact of the adoption of this proposed new standard. The Company expects adoption of this standard will not have a significant measurement or disclosure impact on the Company's financial statements.

4. 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 November 30, 2019, the carrying value of this property was \$nil.

DLV Resources Ltd.
Notes to the Financial Statements
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5. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and fully paid

During the year ended November 30, 2019, 200,000 common shares were issued pursuant to the exercise of warrants for proceeds of \$22,000.

During the year ended November 30, 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. The Company allocated \$nil value to the warrants. The Company incurred share issue costs of \$56,641 during the year ended November 30, 2018, related to this unit financing. In February 2019, 39,660,000 of these warrants expired.

During the year ended November 30, 2018, 140,000 common shares were issued pursuant to the exercise of warrants for proceeds of \$15,400.

(c) Warrants

Following is a summary of changes in warrants outstanding:

	Warrants outstanding	Weighted average exercise price
Balance, November 30, 2017	-	\$ -
Issued	40,000,000	0.11
Exercised	(140,000)	0.11
Balance, November 30, 2018	39,860,000	0.11
Exercised	(200,000)	0.11
Expired	(39,660,000)	0.11
Balance, November 30, 2019	-	\$ -

6. RELATED PARTY TRANSACTIONS

As at November 30, 2019, \$954 (August 31, 2018: \$954) is included in amounts payable in the statement of financial position and due to a law firm where a former Company director and officer is a partner.

7. 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, amounts receivable, and amounts payable. Cash, amounts receivable and amounts payable are held at carrying value which approximates fair value due to the short-term nature of these instruments.

DLV Resources Ltd.

Notes to the Financial Statements

November 30, 2019

(Expressed in Canadian dollars)

7. FINANCIAL INSTRUMENTS (Continued)

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.

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 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.

DLV Resources Ltd.
Notes to the Financial Statements
November 30, 2019
(Expressed in Canadian dollars)

8. 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. There was no change in the Company's management of capital policies during the year ended November 30, 2019.

9. INCOME TAX

The provision for income taxes reported differs from the amounts computed by applying the cumulative Canadian federal and provincial income tax rates to the loss before income taxes due to the following:

	2019	2018
Loss before income taxes	\$ (153,000)	\$ (182,100)
Canadian federal and provincial income tax rates	27.00%	26.92%
Income tax recovery based on the above rates	(41,300)	(49,000)
Increase (decrease) due to:		
Deductible and non-deductible amounts	(3,100)	3,700
Change in tax rates	-	(1,700)
Valuation allowance	44,400	47,000
Income tax recovery	\$ -	\$ -

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets (liabilities) have been recognized are attributable to the following:

	2019	2018
Deferred income tax assets:		
Exploration and evaluation assets	\$ 2,391,402	\$ 2,550,672
Non-capital loss carryforwards	1,516,000	1,352,000
Share issue costs	33,984	45,312
	\$ 3,941,386	\$ 3,947,984

10. COMPARATIVE FIGURES

Certain comparative data have been reclassified to conform with the presentation of the current period. The Company has separately presented interest income on the statements of loss and comprehensive loss. There is no net impact on the financial position, net loss, cash flows or loss per share in fiscal 2018 as a result of these reclassifications.