

# DLV Resources Ltd.

## Management's Discussion and Analysis of Financial Condition and Results of Operations November 30, 2020 and 2019

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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 audited financial statements and related notes. The preparation of financial data is in accordance 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 March 23, 2021.

### 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.

### Overall Performance and Results of Operations

Total assets decreased to \$2,201,101 at November 30, 2020, from \$2,425,696 at November 30, 2019. The most significant asset at November 30, 2020, was cash \$2,198,526 (November 30, 2019: \$2,422,927). The change in cash during the year ended November 30, 2020, was the result of \$224,401 used in operating activities.

#### *Three months ended November 30, 2020 and 2019*

The Company recorded a loss of \$55,457 for the three months ended November 30, 2020 (November 30, 2019: \$40,601). Loss remained relatively consistent during the three months ended November 30, 2020 and 2019.

#### *Years ended November 30, 2020 and 2019*

The Company recorded a loss of \$226,701 for the year ended November 30, 2020 (November 30, 2019: \$153,007). The change in loss during the year ended November 30, 2020, was primarily the result of fees paid to directors of \$45,000 (\$nil).

### Liquidity and Capital Resources

As at November 30, 2020, the Company had working capital of \$2,157,612. 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.

### Selected Annual Information

|                                  | <b>November 30,<br/>2020</b> | November 30,<br>2019 | November 30,<br>2018 |
|----------------------------------|------------------------------|----------------------|----------------------|
| Total assets                     | <b>\$ 2,201,101</b>          | <b>\$ 2,425,696</b>  | \$ 2,554,620         |
| Loss for the year                | <b>\$ (226,701)</b>          | <b>\$ (153,007)</b>  | \$ (182,065)         |
| Basic and diluted loss per share | <b>\$ (0.00)</b>             | <b>\$ (0.00)</b>     | \$ (0.00)            |

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### Summary of Quarterly Results

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

|                                  | Q4<br>2020 | Q3<br>2020 | Q2<br>2020 | Q1<br>2020 |
|----------------------------------|------------|------------|------------|------------|
| Revenue                          | \$ -       | \$ -       | \$ -       | \$ -       |
| Loss                             | (55,457)   | (90,370)   | (44,159)   | (36,715)   |
| Basic and diluted loss per share | (0.00)     | (0.00)     | (0.00)     | (0.00)     |

|                                  | Q4<br>2019 | Q3<br>2019 | Q2<br>2019 | Q1<br>2019 |
|----------------------------------|------------|------------|------------|------------|
| Revenue                          | \$ -       | \$ -       | \$ -       | \$ -       |
| Loss                             | (40,601)   | (36,853)   | (39,669)   | (35,884)   |
| Basic and diluted loss per share | (0.00)     | (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 November 30, 2020, the carrying value of this property was \$nil.

On November 9, 2020, the Company entered into an agreement for the sale of this mineral property for \$15,000. The sale transaction completed in February 2021.

### Outstanding Share Data

As at November 30, 2020, and the date of this report, there were 74,340,328 common shares and nil warrants issued and outstanding.

### Related Party Transactions

As at November 30, 2020, \$954 (November 30, 2019: \$954) was included in amounts payable in the statements of financial position and due to a law firm where a former Company director and officer is a partner.

### Key Management Compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. For the year ended November 30, 2020, key management compensation includes fees paid to directors of \$45,000 (2019: \$nil)

### 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, 2020.

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.

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## Recently Adopted Accounting Standards

Effective December 1, 2019, the Company adopted IFRS 16 – Leases (“IFRS 16”). IFRS 16 replaces IAS 17 – Leases. The new standard eliminates the classification of leases as either operating or finance leases for a lessee. Instead, leases are capitalized by recognizing the present value of lease payments and recognizing an asset and a financial liability representing an obligation to make future lease payments. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less and leases of low-value assets

## 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, and are held at amortized cost which approximates fair value due to the short-term nature of these financial instruments.

### *Financial Instrument Risk Exposure*

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

#### 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 year.

#### Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk:

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### *i) 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.

### *ii) Foreign Currency Risk*

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

### *iii) 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).