

Condensed Interim Financial Statements of

**DLV Resources Ltd.**

Three and Nine Months Ended August 31, 2022 and 2021  
(Expressed in Canadian dollars)  
(Unaudited)

# DLV Resources Ltd.

## Condensed Interim Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

	August 31, 2022	November 30, 2021
<b>Assets</b>		
Current assets		
Cash	\$ 1,894,914	\$ 2,017,332
Amounts receivable	2,636	2,499
<b>Total assets</b>	<b>\$ 1,897,550</b>	<b>\$ 2,019,831</b>
<b>Liabilities</b>		
Current liabilities		
Amounts payable	\$ 38,535	\$ 39,498
<b>Total liabilities</b>	<b>38,535</b>	<b>39,498</b>
<b>Equity</b>		
Share capital (Note 3)	20,705,484	20,705,484
Reserves	198,059	198,059
Deficit	(19,044,528)	(18,923,210)
<b>Total equity</b>	<b>1,859,015</b>	<b>1,980,333</b>
<b>Total liabilities and equity</b>	<b>\$ 1,897,550</b>	<b>\$ 2,019,831</b>

Nature of operations (Note 1)

Subsequent event (Notes 1,6)

Approved by the Board of Directors and authorized for issue on September 30, 2022:

\_\_\_\_\_  
"Geir Liland" Director

\_\_\_\_\_  
"Larry Copeland" Director

*The accompanying notes are an integral part of these unaudited condensed interim financial statements*

# DLV Resources Ltd.

## Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited)

	Three months ended August 31,		Nine months ended August 31,	
	2022	2021	2022	2021
<b>Expenses</b>				
Consulting and management	\$ 30,000	\$ 30,000	\$ 90,000	\$ 90,000
Office and administration	6,219	15,076	23,782	42,391
Professional fees	7,080	2,500	11,480	6,517
Regulatory and filing	8,343	3,310	15,157	10,528
	<b>(51,642)</b>	<b>(50,886)</b>	<b>(140,419)</b>	<b>(149,436)</b>
Gain on sale of property	-	-	-	15,000
Interest income	11,215	2,891	19,101	8,799
<b>Loss and comprehensive loss</b>	<b>\$ (40,427)</b>	<b>\$ (47,995)</b>	<b>\$ (121,318)</b>	<b>\$ (125,637)</b>
Basic and diluted loss per share	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
Weighted average number of common shares outstanding - basic and diluted	<b>14,868,066</b>	14,868,066	<b>14,868,066</b>	14,868,066

*The accompanying notes are an integral part of these unaudited condensed interim financial statements*

# DLV Resources Ltd.

## Condensed Interim Statements of Changes in Equity

(Expressed in Canadian dollars)

(Unaudited)

	Share capital		Reserves	Deficit	Total equity
	Shares issued	Amount			
<b>At November 30, 2020</b>	14,868,066	\$ 20,705,484	\$ 198,059	\$ (18,745,931)	\$ 2,157,612
Loss and comprehensive loss	-	-	-	(125,637)	(125,637)
<b>At August 31, 2021</b>	14,868,066	20,705,484	198,059	(18,871,568)	2,031,975
Loss and comprehensive loss	-	-	-	(51,642)	(51,642)
<b>At November 30, 2021</b>	14,868,066	20,705,484	198,059	(18,923,210)	1,980,333
Loss and comprehensive loss	-	-	-	(121,318)	(121,318)
<b>At August 31, 2022</b>	14,868,066	\$ 20,705,484	\$ 198,059	\$ (19,044,528)	\$ 1,859,015

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# DLV Resources Ltd.

## Condensed Interim Statements of Cash Flows

(Expressed in Canadian dollars)

(Unaudited)

	Nine months ended August 31,	
	2022	2021
<b>Operating activities</b>		
Loss for the period	\$ (121,318)	\$ (125,637)
Item not involving cash:		
Gain on sale of property	-	(15,000)
Changes in non-cash working capital items:		
Amounts receivable	(137)	379
Amounts payable	(963)	(8,035)
	<b>(122,418)</b>	<b>(148,293)</b>
<b>Investing activities</b>		
Proceeds from sale of property	-	15,000
	-	15,000
Net decrease in cash	<b>(122,418)</b>	<b>(133,293)</b>
Cash, beginning of the period	<b>2,017,332</b>	<b>2,198,526</b>
<b>Cash, end of the period</b>	<b>\$ 1,894,914</b>	<b>\$ 2,065,233</b>

*The accompanying notes are an integral part of these unaudited condensed interim financial statements*

# DLV Resources Ltd.

## Notes to the Condensed Interim Financial Statements

August 31, 2022

(Expressed in Canadian dollars)

(Unaudited)

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### 1. NATURE OF OPERATIONS

DLV Resources Ltd. ("DLV Resources" or 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 August 31, 2022, the Company had working capital of \$1,859,015. The Company recorded a loss of \$121,318 for the nine months ended August 31, 2022, and had an accumulated deficit of \$19,044,528 at August 31, 2022. 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.

On July 15, 2022, the Company completed a consolidation of its issued and outstanding share capital on the basis of one new common share for every five outstanding common shares (the "Consolidation"). Immediately prior to the Consolidation, there were 74,340,328 common shares issued and outstanding. After giving effect to the Consolidation, the Company had 14,868,066 common shares issued and outstanding. These unaudited condensed interim financial statements reflect the Consolidation retroactively.

The Company entered into an arm's-length binding agreement on August 16, 2022, with West Red Lake Gold Mines Inc. ("RLG"), and entered into an amalgamation agreement on September 15, 2022 (Note 6).

These unaudited condensed interim financial statements were approved and authorized for issuance by the Board of Directors on September 30, 2022.

### 2. BASIS OF PRESENTATION

#### *Statement of compliance*

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

### 3. SHARE CAPITAL

#### *(a) Authorized*

Unlimited number of common shares without par value.

#### *(b) Issued and fully paid*

There were no common shares issued during the nine months ended August 31, 2022 and 2021.

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

# DLV Resources Ltd.

## Notes to the Condensed Interim Financial Statements

August 31, 2022

(Expressed in Canadian dollars)

(Unaudited)

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### ***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 its cash and amounts receivable. The Company reduces credit risk on its cash by maintaining its bank account with a large international financial institution. The Company's amounts receivable is primarily comprised of amounts owing from the Government of Canada for input tax credits receivable. Accordingly, the Company does not believe it is subject to significant credit risk. The carrying value of these financial assets represents the maximum credit exposure.

#### *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 its short-term obligations.

#### *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:

*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 risk 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.

## **5. 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 periods presented.

# DLV Resources Ltd.

## Notes to the Condensed Interim Financial Statements

August 31, 2022

(Expressed in Canadian dollars)

(Unaudited)

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### 6. AMALGAMATION AGREEMENT

The Company entered into an arm's-length binding agreement on August 16, 2022, with RLG, a Toronto-based mineral exploration company focused on gold exploration and development in the Red Lake gold district of Northwestern Ontario, Canada, pursuant to which the Company agreed to acquire all of the issued and outstanding common shares of RLG in consideration of the issuance of 0.1215 of a DLV Resources common share for each RLG common share acquired (the "Transaction"). Upon closing of the Transaction, it is intended that the Company will be listed on Tier 2 of the TSX-V as a mining issuer and that the RLG common shares will be delisted from the Canadian Securities Exchange.

RLG completed a non-brokered private placement of flow-through shares on August 26, 2022, for aggregate gross proceeds of \$4,100,000 (the "Financing").

Pursuant to the Transaction, the RLG shareholders will receive 0.1215 (the "Exchange Ratio") of a DLV Resources common share for each RLG common share held. Holders of convertible securities of RLG will receive convertible securities of the Company as adjusted by the Exchange Ratio. It is expected that on completion of the Transaction, the Company will have approximately 51,986,723 common shares outstanding, of which 23,652,342, or 45.5%, will be held by current RLG shareholders, 16,568,066, or 31.87%, will be held by existing DLV Resources shareholders (including 1,700,000 finders shares to be issued by the Company in connection with the Transaction), and 11,766,315, or 22.63%, will be held by subscribers to the Financing.

Subsequent to August 31, 2022, on September 15, 2022, the Company entered into an amalgamation agreement in connection with the Transaction. RLG currently intends to hold a shareholder meeting on November 10, 2022, in connection with obtaining its requisite shareholder approvals for the Transaction. The Transaction is subject to customary closing conditions, including regulatory approvals, and receipt of required approvals from the shareholders of RLG. The parties have agreed that upon closing of the Transaction, the Board of Directors of the Company will be reconstituted to consist of two nominees of the Company, two nominees of RLG, and one nominee to be jointly agreed upon.

For accounting and regulatory purposes, the amalgamation is expected to constitute a reverse acquisition, with RLG considered to be the acquiring and continuing entity, and DLV Resources the entity being acquired.

Trading in the common shares of the Company will remain halted pending receipt and review of acceptable documentation pursuant to TSX-V Policy 5.2 in respect to reverse acquisitions.