

MG Capital Corporation

Condensed Interim Consolidated Financial Statements

**For the six months ended October 31, 2020 and 2019
(Unaudited)**

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NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, these unaudited condensed interim consolidated financial statements of DLP Resources Ltd. for the six months ended October 31, 2020 and from incorporation on June 7, 2019 to October 31, 2019 have been prepared by management and approved by the Board of Directors. These unaudited condensed interim consolidated financial statements have not been reviewed by the Company's external auditors in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements.

Robin Sudo

Chief Financial Officer

Carol Li

Audit Committee

December 22, 2020

MG Capital Corporation
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	Notes	October 31 2020	April 30 2020
ASSETS			
Current			
Cash		\$ 1,317,490	\$ 414,728
Receivables		53,778	1,124
Prepaid expenses		68,516	18,054
Total Current Assets		1,439,784	433,906
Mineral properties	4	103,539	59,871
Property, plant and equipment	5	15,445	-
Reclamation deposits		38,100	38,100
Total Non-Current Assets		157,084	97,971
Total Assets		\$ 1,596,868	\$ 531,877
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Trade and other payables		\$ 148,368	\$ 26,568
Total Current Liabilities		148,368	26,568
Total Liabilities		148,368	26,568
Shareholders' Equity			
Share capital	7	3,871,806	1,579,751
Share-based payment reserves	8	229,477	188,314
Accumulated deficit		(2,652,782)	(1,262,756)
Total Shareholders' Equity		1,448,501	505,309
Total Liabilities and Shareholders' Equity		\$ 1,596,868	\$ 531,877

Refer Note 1 for nature of basis and going concern, and Note 13 for subsequent events

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Board:

"James Stypula"

CEO/Director

"Carol Li"

Director

MG Capital Corporation
Condensed Interim Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Notes	Three months ended October 31, 2020	Three months ended October 31, 2019	Six months ended October 31, 2020	From incorporation on June 7, 2019 to October 31, 2019
General and administrative					
Salaries and benefits		\$ 41,339	\$ -	\$ 122,913	\$ -
Stock-based compensation	8	30,025	-	101,064	-
Consulting fee		3,500	59,250	15,174	59,250
Exploration costs	4	865,979	85,877	1,036,423	116,854
Office and administrative		15,641	14,801	29,433	14,851
Transfer agent and filing fees		7,622	-	19,374	-
Professional fees		20,983	116,742	51,349	143,625
Travel		3,704	833	14,296	1,180
Net loss and comprehensive loss for the period		\$ 988,794	\$ 269,246	\$ 1,390,026	\$ 327,503
Loss per share					
Weighted average shares outstanding					
- basic and diluted		60,005,506	34,418,072	55,432,813	33,304,538
Basic and diluted		\$ 0.02	\$ 0.01	\$ 0.03	\$ 0.01

The accompanying notes are an integral part of these consolidated financial statements.

MG Capital Corporation
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Number of shares issued and outstanding	Share capital	Share- based payment - reserve	Deficit	Total share- holders' equity
Balance, June 7, 2019	-	\$ -	\$ -	\$ -	\$ -
Shares issued for cash					
Finder shares	17,777,780	50,000	-	-	50,000
Private placement, net of issue costs	11,123,131	991,906	80,116		1,072,022
Issued for other consideration					-
In exchange for properties	14,334,720	40,000	-	-	40,000
Flow through share premium		(39,694)			(39,694)
Net loss for the period	-	-	-	(327,503)	(327,503)
Balance, October 31, 2019	43,235,631	\$ 1,042,212	\$ 80,116	\$ (327,503)	\$ 794,825
Balance, April 30, 2020	50,670,631	\$ 1,579,751	\$ 188,314	\$ (1,262,756)	\$ 505,309
Shares issued for cash					
Private placement, net of issue costs (Note 7)	7,779,005	1,523,404	-	-	1,523,404
Share issued on warrants exercised (Note 8)	4,600,000	840,422	(150,422)	-	690,000
Issued for other consideration					
Finder's warrants (Note 7, 8)		(100,332)	100,332		-
Share issued per option agreement (Note 7)	75,000	18,750	-	-	18,750
Stock-based compensation (Note 8)	-	-	101,064	-	101,064
Expired warrants (Note 8)		9,810	(9,810)		-
Net loss for the period				(1,390,026)	(1,390,026)
Balance, October 31, 2020	63,124,636	\$ 3,871,806	\$ 229,477	\$ (2,652,782)	\$ 1,448,501

The accompanying notes are an integral part of these consolidated financial statements.

MG Capital Corporation
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Notes	Six months ended October 31, 2020	From Jun 7, 2019 to October 31, 2019
Cash flows from operating activities			
Loss for the period		\$ (1,390,026)	\$ (327,503)
Adjustment to reconcile loss to net cash used in operating activities:			
Share-based payments	8	101,064	-
Flow through share premium recovery	8	-	(8,258)
Changes in non-cash working capital balances:			
Increase in receivables		(52,654)	-
Increased in prepaid expenses		(50,462)	(106,811)
Increased in trade and other payables		121,800	298,539
Total cash outflows from operating activities		(1,270,278)	(144,033)
Cash flows from investing activities			
Acquisition of property, plant and equipment	5	(15,445)	-
Purchase of mineral property	4	-	(785)
Investment in exploration & evaluation assets	4	(24,919)	(7,919)
Total cash inflows from investing activities		(40,364)	(8,704)
Cash flows from financing activities			
Proceeds from share issuance	7	1,672,288	1,202,008
Share issue costs	7	(148,884)	(79,986)
Proceeds from bridge loan	7	-	25,000
Proceeds from exercise of warrants	8	690,000	-
Total cash inflows from financing activities		2,213,404	1,147,022
Total increase in cash during the period		902,762	994,285
Cash and cash equivalents, beginning of period		414,728	-
Cash and cash equivalents, end of period		\$ 1,317,490	\$ 994,285

The accompanying notes are an integral part of these consolidated financial statements.

MG Capital Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from incorporation on June 7, 2019 to October 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

MG Capital Corporation ("MG" or the "Company") is a publicly traded mineral exploration company and is pursuing opportunities relating to the acquisition and exploration of mineral property interests in British Columbia, Canada. The Company was incorporated on November 9, 2017 under the laws of Alberta. The registered office and records office of the Company is located at 10th Floor, 595 Howe St., Vancouver, V6C 2T5, British Columbia, Canada. The Company's Head Office is located at #201 – 135 – 10th Ave. S., Cranbrook, V1C 2N1, British Columbia, Canada.

On November 14, 2019, the Company completed a reverse asset transaction pursuant to an amalgamation agreement with DLP Resources Inc. ("DLP"), a private mineral exploration company. Subsequently, DLP became the wholly owned subsidiary of MG. MG is trading on TSX Venture Exchange under the symbol of DLP.V as of November 24, 2019. For accounting purposes, the amalgamation is accounted for as a reverse asset acquisition as the shareholders of DLP acquired control of the consolidated entity. DLP is considered the acquiring and continuing entity and MG was the acquired entity (Note 6).

These consolidated financial statements have been prepared in accordance with IFRS applicable to a going concern. Realization values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At October 31, 2020, the Company had no source of operating revenues, had not yet achieved profitable operations and the Company expects to incur further losses in the development of its business, all of which indicate the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to complete its exploration projects by issuance of share capital or through joint ventures, and/or proceeds from the disposition of a property. As at October 31, 2020, the Company has an accumulated deficit of \$2,652,782 and has working capital of \$1,291,416. The Company's current forecast indicates that it will have sufficient cash available for the next year to continue as a going concern.

The Company could also be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on it and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company and its ability to secure any necessary financing.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These unaudited condensed interim consolidated financial statements for the six months ended October 31, 2020 and 2019 (the "Interim Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Auditing Standard ("IAS") 34, Interim Financial Reporting ("IAS 34"). These Interim Financial Statements do not include all disclosures required for annual audited financial statements. Accordingly, they

MG Capital Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from incorporation on June 7, 2019 to October 31, 2020

(Expressed in Canadian Dollars)

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should be read in conjunction with the notes to the Company's audited financial statements for the year ended April 30, 2020, which have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB").

These Interim Financial Statements have been prepared using accounting policies consistent with those used in the Company's audited financial statements for the year ended April 30, 2020 except the change in accounting policy in Note 3.

These consolidated financial statements were approved for issue by the board of directors on December 22, 2020.

b) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis.

These financial statements are presented in Canadian dollars.

The accounting policies have been applied consistently in these consolidated financial statements, unless otherwise indicated.

c) Basis of consolidations

The consolidated financial statements include the accounts of DLP Resources Inc. and MG Capital Corp. Legally, MG Capital Corp. owns DLP Resources Inc., however, for accounting and presentation purposes, DLP Resources Inc. is the parent entity. All intercompany transactions and balances are eliminated on consolidation.

d) Judgments and estimates

The preparation of financial statements in compliance with IFRS requires management to exercise judgment in applying the Company's accounting policies and make certain critical accounting estimates. The areas involving critical judgments in applying accounting policies have the biggest impact on the assets and liabilities recognized in the financial statements are:

e) Economic recoverability and probability of future economic benefits of mineral properties

Management has determined that acquisition costs, which are capitalized as mineral properties (Note 4), have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit that may include geologic and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

f) Determination of fair value on contributed mineral property assets by related parties

Assets contributed to the Company by related parties are to be recorded at an exchange fair value comparable to an arms-length transaction. As there is no market value for mineral property assets contributed, judgement was used in determining the fair value measurement of the contributed mineral property assets. The Company determined the fair value of the mineral property assets is consistent with the fair value of Common Shares issued to the related parties in accordance with IFRS 2.

MG Capital Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from incorporation on June 7, 2019 to October 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

g) Going concern evaluation

As discussed in Note 1, these consolidated financial statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the consolidated statement of financial position classifications used and such adjustments could be material.

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures and meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

f) COVID-19

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. The pandemic significantly impacted the global markets and is expected to continue its impact in the foreseeable future. As a result, there has been significant volatility in global stock markets, commodity and foreign exchange markets. Various restrictions have been imposed on the conduct of business in many jurisdictions as well as on movement of people and goods. There is significant uncertainty surrounding COVID-19 and the extent and duration of its impact on demand and prices for the commodities that the Company intends to produce, on the Company's suppliers, on the Company's employees and contractors and on global financial markets. Assumptions about future commodity prices, exchange rates, and interest rates are subject to greater variability than normal, which could significantly affect the valuation of the Company's assets, both financial and non-financial.

3. CHANGE IN ACCOUNTING POLICY

Exploration and evaluation expenditures

Exploration and evaluation expenditures relate to costs incurred on the exploration for and evaluation of potential mineral reserves.

Recognition and measurement

Exploration and evaluation expenditures include costs of conducting geological surveys, and exploratory drilling and sampling. Expenditures on mineral exploration or evaluation incurred in respect of a property before the acquisition of a license/permit to explore are expensed as incurred.

Costs related to the acquisition of an exploration asset are capitalized as mineral property assets. Exploration and evaluation expenditures related to the determination of a property or project's feasibility and exploration expenditures prior to the determination of the technical feasibility and commercial feasibility of a mineral property are expensed in the consolidated statements of loss and comprehensive loss as incurred. Exploration and evaluation expenditures after a mineral property has been deemed commercially feasible are capitalized as development assets.

To date the Company's mineral properties have not advanced past the exploration stage, accordingly, no amounts have been capitalized in respect of exploration and evaluation expenditures.

Exploration costs that do not relate to any specific property are expensed as incurred.

MG Capital Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from incorporation on June 7, 2019 to October 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

Impairment

Management tests for impairment when facts and circumstances indicate that the carrying value of mineral property asset might exceed recoverable amounts or when the technical feasibility and commercial viability of mineral resources is demonstrable.

The change in accounting policy has no impact on the condensed interim consolidated financial statements for the six months ended October 31, 2020.

4. MINERAL PROPERTIES

	Aldridge 1	Aldridge 2	Redburn	Hungry Creek	DD	Moby Dick	NZOU	Total
Cost	\$ 20,508	\$ 19,226	\$ 10,000	\$ 10,137	\$ -	\$ -	\$ -	\$ 59,871
Net book value, April 30, 2020	20,508	19,226	10,000	10,137	-	-	-	59,871
								-
Change in cost								-
Additions	1,408	-	-	2,588	20,000	922	18,750	43,668
	1,408	-	-	2,588	20,000	922	18,750	43,668
								-
Cost	21,916	19,226	10,000	12,725	20,000	922	18,750	103,539
Net book value, October 31, 2020	\$ 21,916	\$ 19,226	\$ 10,000	\$ 12,725	\$ 20,000	\$ 922	\$ 18,750	\$ 103,539

For three month ended October 31, 2020, the Company incurred total exploration cost of \$865,979 on its properties compared to \$85,877 for the same period in 2019. The following tables summarized the exploration costs incurred:

For three month ended October 31, 2020:

Exploration Costs	General	Aldridge 1	Aldridge 2	Redburn	Hungry Creek	DD	Moby Dick	NZOU	Total
Geology-Fieldwork	\$ -	\$ 27,150	\$ 4,000	\$ -	\$ -	\$ 11,100	\$ -	\$ -	\$ 42,250
Geology-Transport/Fuel	-	1,012	-	1,012	3,294	-	-	-	5,318
Geophysics	-	17,550	-	-	4,000	95,823	29,041	30,440	176,854
Geochemistry	-	-	-	27,074	1,986	-	-	-	29,060
Drilling	-	440,076	61,196	-	-	24,735	-	-	526,007
Wages/Travel/Admin	-	33,508	4,339	1,966	5,508	14,416	1,713	2,053	63,503
Maps & Reproductions	-	294	50	288	38	225	-	-	895
Others	22,092	-	-	-	-	-	-	-	22,092
Total	\$ 22,092	\$ 519,590	\$ 69,585	\$ 30,340	\$ 14,826	\$ 146,299	\$ 30,754	\$ 32,493	\$ 865,979

MG Capital Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from incorporation on June 7, 2019 to October 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

For three month ended October 31, 2019:

Exploration Costs	General	Aldridge 1	Aldridge 2	Redburn	Hungry Creek	DD	Moby Dick	NZOU	Total
Geology-Fieldwork	\$ -	\$ 14,186	\$ 6,892	\$ 3,098	\$ 13,955	\$ -	\$ -	\$ -	\$ 38,131
Geology-Transport/Fuel	-	790	-	467	15,974	-	-	-	17,231
Geophysics	-	-	-	-	6,787	-	-	-	6,787
Geochemistry	-	-	-	15,400	1,226	-	-	-	16,626
Technical Report	-	5,713	673	-	-	-	-	-	6,386
Maps & Reproductions	-	167	167	92	290	-	-	-	716
Total	\$ -	\$ 20,856	\$ 7,732	\$ 19,057	\$ 38,233	\$ -	\$ -	\$ -	\$ 85,877

For six month ended October 31, 2020, the Company incurred \$1,036,423 exploration cost on its properties compared to \$116,854 for the period from incorporation on June 7, 2019 to October 31, 2019. The following tables summarized the exploration costs incurred:

For six month ended October 31, 2020:

Exploration Costs	General	Aldridge 1	Aldridge 2	Redburn	Hungry Creek	DD	Moby Dick	NZOU	Total
Geology-Fieldwork	\$ -	\$ 39,788	\$ 4,000	\$ 972	\$ 13,425	\$ 26,075	\$ -	\$ -	\$ 84,260
Geology-Transport/Fuel	-	1,012	-	1,012	19,046	-	-	-	21,070
Geophysics	-	17,550	-	-	11,906	95,823	29,041	30,440	184,760
Geochemistry	-	2,769	103	27,177	2,171	-	-	-	32,220
Drilling	-	441,563	62,683	-	2,045	117,670	-	-	623,961
Wages/Travel/Admin	-	33,508	4,339	1,966	5,508	14,416	1,713	2,053	63,503
Maps & Reproductions	-	1,278	175	538	138	482	200	-	2,811
Others	23,838	-	-	-	-	-	-	-	23,838
Total	\$ 23,838	\$ 537,468	\$ 71,300	\$ 31,665	\$ 54,239	\$ 254,466	\$ 30,954	\$ 32,493	\$ 1,036,423

For the period from incorporation on June 7, 2019 to October 31, 2019:

Exploration Costs	General	Aldridge 1	Aldridge 2	Redburn	Hungry Creek	DD	Moby Dick	NZOU	Total
Geology-Fieldwork	\$ -	\$ 17,795	\$ 15,984	\$ 3,098	\$ 13,955	\$ -	\$ -	\$ -	\$ 50,832
Geology-Transport/Fuel	-	790	-	467	15,974	-	-	-	17,231
Geophysics	-	-	-	-	6,787	-	-	-	6,787
Geochemistry	-	-	-	17,250	1,226	-	-	-	18,476
Technical Report	-	12,469	4,311	-	-	-	-	-	16,780
Maps & Reproductions	-	471	232	187	290	-	-	-	1,180
Others	5,567	-	-	-	-	-	-	-	5,567
Total	\$ 5,567	\$ 31,525	\$ 20,527	\$ 21,002	\$ 38,233	\$ -	\$ -	\$ -	\$ 116,854

Aldridge 1 (RJ) and Aldridge 2 (JR) Properties

The Aldridge 1(RJ) and Aldridge 2 (JR) mineral properties are separate claim blocks located near Cranbrook B.C. in the East Kootenay region of the province. The Aldridge 2 property was 6 claims totaling 1,939.5 hectares (5 claims 100% owned by the Company and 1 claim optioned from Kennedy Group); the Aldridge 1 property was 24 claims totaling 5,936.6 hectares (20 claims owned 100% by the Company and 4 optioned from the Kennedy Group). Aldridge 1 has a future commitment of the net smelter royalty commitment noted

MG Capital Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from incorporation on June 7, 2019 to October 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

in Note 9 (2).

On March 1, 2020, the Company entered into the Earn-In Agreement which added the four (4) Son of Captain claims totaling 126.75 ha to Aldridge 1 (RJ) and the Liger claim totaling 84.31 ha to Aldridge 2.

On March 15, 2020, the Company staked claims that increased the size of the Aldridge 1 property by 190 hectares to a total of 3,231.2 hectares.

As of October 31, 2020, the Company has spent \$608,768 on both Aldridge properties compared to \$52,052 in the same period in 2019.

Redburn Creek Property

Redburn Creek claims are 12 claim blocks totaling 5,359.5 hectares near Golden, B.C.

The property is owned 100% by the Company and has no ongoing commitments.

As of October 31, 2020, the Company has spent \$31,665 on Redburn Creek property compared to \$21,002 in the same period in 2019.

Hungry Creek Property

Hungry Creek Property is 4,324.2 hectares in size and is located west of Kimberley, B.C. 11 claims of the Hungry Creek Property are 100% owned by the Company and 1 claim optioned from the Kennedy Group.

On March 1, 2020, the Company entered into the Earn-In Agreement which added the Hungry Miner claim totaling 62.67 ha, to the property.

As of October 31, 2020, the Company has spent \$54,239 on Hungry Creek property compared to \$38,233 in the same period in 2019.

DD Property

On June 22, 2020, the Company signed a letter of intent to option up to 75% of PJX Resources' DD property. On July 20, 2020, a definitive option agreement was signed by both parties. The key terms of the definitive option agreement are consistent with the terms of the letter of intent announced on June 22, 2020, being as follows:

- The Company to earn a 50% undivided interest in the DD Property by spending \$4 million in exploration expenditures and making a total of \$250,000 cash payments to PJX over 48 months of the effective date of the agreement.
- The Company will have the right to earn an additional undivided 25% interest (75% total interest) by delivering a bankable commercial feasibility study on the DD Property within 96 months of the effective date of the agreement.
- Upon the Company's exercise of the option and acquisition of a 50% or 75% interest in the DD Property, as applicable, the parties will enter into a joint venture agreement for the further development of the Property.

The DD property, totaling 2,404.2 ha, is under option from PJX Resources Inc. where in the Company can earn up to 75% of the property. This property adjoins the northern boundary of Aldridge 1 property.

MG Capital Corporation

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For the period from incorporation on June 7, 2019 to October 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

Since the option agreement signed on July 20, 2020, the Company has spent \$254,466 on DD property.

Moby Dick Property

On June 26, 2020, the Company staked the Moby Dick claim totaling 527.27 ha which adjoins the DD Property to the east. The property is 100% owned by the Company. An MT geophysical survey was completed on the property during the 2020 field season.

As of October 31, 2020, the Company has spent \$30,954 on Moby Dick property.

NZOU Property

On August 17, 2020, the Company entered into an option agreement with 453999 BC Ltd. in relation to the NZOU (Na-zoo) property (totalling 822.2 ha) located contiguous to the DD and Moby Dick properties. The Optionor has granted to the Company the option to earn a 100% legal and beneficial interest in and to the NZOU Property, totaling 695.7 ha. Under the terms of the Option Agreement, the Company will earn a 51% interest in the NZOU Property by:

- incurring exploration expenditures of \$15,000 by December 1st, 2020 (fulfilled).
- the Company issuing 75,000 common shares of the Company (the "Shares") to the Optionor within 20 days of the date upon which the TSX Venture Exchange approves the Option Agreement (issued);
- the Company issuing 75,000 Shares to the Optionor by February 28, 2021;
- incurring exploration expenditures of \$50,000 by December 31, 2021;
- the Company issuing 75,000 Shares to the Optionor by February 28, 2022; and
- the Company issuing 75,000 Shares to the Optionor by February 28, 2023.

The Company will earn a 75% undivided interest in the NZOU Property by making a cash payment of \$100,000 to the Optionor by December 31, 2024. The Option will be fully exercised, and the Company will accordingly earn a 100% undivided interest in the NZOU Property, upon the Company issuing 100,000 Shares to the Optionor by December 31, 2025.

Following the exercise of the Option, the Optionor will be granted a royalty on the NZOU Property (the "Royalty"), being equal to 2.0% of Net Smelter Returns on the NZOU Property. The Company will be entitled at any time and from time to time to purchase up to 50% of the Royalty (being equal to 1.0% of Net Smelter Returns on the NZOU Property) from the Optionor at a purchase price of \$1,000,000.

As of October 31, 2020, the Company has spent \$32,493 on NZOU property.

5. PROPERTY, PLANT AND EQUIPMENT

	Office Furniture & Equipment		Computer	Total	
Balance April 30, 2020	\$	-	\$	-	\$ -
Addition - cost		14,588		857	15,445
Accumulated depreciation and amortization		-		-	-
Net book value, October 31, 2020	\$	14,588	\$	857	\$ 15,445

MG Capital Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from incorporation on June 7, 2019 to October 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

As of October 31, 2020, the Company spent \$15,445 on office furniture equipment and computer (April 30, 2020 \$NIL).

6. REVERSE TAKEOVER

On November 14, 2019, the Company completed a reverse asset acquisition pursuant to an amalgamation agreement with DLP, and 1224395 B.C. Ltd., a wholly owned subsidiary of MG (the "Amalgamation Agreement").

Pursuant to the terms of the Amalgamation Agreement, DLP amalgamated with 1224395 B.C. Ltd. (the "Amalgamation"). The amalgamated entity became a wholly-owned subsidiary of MG, with the shareholders of DLP having been issued one common share of MG for every one DLP common share held immediately prior to the completion of the Amalgamation. The transaction resulted in MG as the listed issuer (the "Resulting Issuer"), owning 100% of the common shares of DLP.

The Amalgamation (and the other transactions contemplated by the Amalgamation Agreement) constituted the qualifying transaction of MG, as defined in the policies of the TSX Venture Exchange.

For accounting purposes, the Amalgamation is accounted for as a reverse acquisition ("RTO") by DLP. Legally, MG owns DLP, however, for accounting and presentation purposes, DLP is the parent entity. These consolidated financial statements reflect a continuation of the financial position, comprehensive loss, changes in equity and cash flows of DLP.

Without significant operating activities, MG did not meet the accounting definition of a business pursuant to IFRS 3, Business combinations, and therefore the transaction was accounted for as an acquisition of the net assets of MG by DLP in exchange for shares in the Resulting Issuer. The excess of the fair value of the consideration provided over the net assets received was expensed in the current period as listing costs.

As part of the transaction, the Company issued 1,925,000 common shares to Haywood Securities Inc. at fair value of \$161,700, being the value of the Company's shares on date of grant. (See Note 7).

The acquisition cost and allocation of assets and liabilities are presented as follow:

Acquisition costs:	Fair value
5,510,000 shares issued to former MG shareholders	\$ 462,840
Finder's fee	161,700
	<u>\$ 624,540</u>
Net assets acquired:	
Cash	\$ 134,557
Accounts payable and accruals	(62,566)
Listing costs	552,549
	<u>\$ 624,540</u>

7. SHARE CAPITAL

The Company is authorized to issue an unlimited number of Class A Common Shares with no par value.

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Activities during the six-month period ended October 31, 2020

On July 29, 2020, the Company closed a non-brokered private placement and issued 2,922,051 common shares of the Company at a price of \$0.19 per common share and 4,856,954 flow-through common shares of the Company at a price of \$0.23 per flow-through share, for combined gross proceeds of \$1,672,289. Each FT Share will qualify as a "flow-through share" as defined in s. 66(15) of the Income Tax Act (Canada). As of October 31, 2020, the Company incurred \$1,004,652 of qualified flow through expenditures.

In connection with the placements, the Company paid an aggregate cash commission of \$116,384 and issued an aggregate of 541,146 non-transferable common share purchase warrants of the Company to certain eligible finders. Each finder's warrant will entitle the holder thereof to acquire one common share of the Company for an exercise price of \$0.25 per share for a period of two years from closing of the financing.

On September 11, 2020, the Company issued 75,000 common shares at \$0.25 per share for the proceeds of \$18,750 to 453999 BC Ltd. in relation to the NZOU property as per the Option Agreement.

Activities during the period from incorporation on June 7, 2019 to April 30, 2020

During the period from incorporation on June 7, 2019 to April 30, 2020, the Company issued 17,777,780 Common Shares for \$50,000 in cash, including 7,111,110 Common Shares to 2 directors in exchange for \$20,000 cash. Another 14,222,220 Common Shares were issued, in exchange for 3 properties, at a fair value of \$40,000. The properties were transferred to the Company by 4 parties of which 2 are directors/key management.

On October 11, 2019, the Company completed a private placement and raised \$1,152,007 by issuing 9,800,000 units (the "Unit") at \$0.10 per unit and 1,323,131 flow through shares ("FT Share") at \$0.13 per share. Each Unit is comprised of one common share and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant will entitle the holder thereof to purchase one additional common share at an exercise price of \$0.15 per common share for a period of 2 years from the date of issue, subject to the Acceleration Right (as defined below).

The "Acceleration Right" means the Company has a right to accelerate the expiry date of the Warrants if the closing price of the shares of the Company on the TSXV, or any other stock exchange on which such shares are then listed, is at a price equal to or greater than \$0.25 for a period of twenty consecutive trading days. On September 8, 2020, the Company announced the expiry date of the above warrants had been accelerated to October 8, 2020.

In connection with the private placement, the Company paid the finders cash fees and other share issuance fees in the amount of \$70,038 and issued 574,042 non-transferable warrants ("Compensation Warrants"). The Compensation Warrants are exercisable at a range of \$0.10 to \$0.13 into common shares of the Company for a period of 2 years from the closing date of the private placement. The Compensation Warrants were assigned a fair value of \$28,082.

In connection with its role in connecting DLP and the Company in contemplation of the Transaction, there was a finder's fee payable to Haywood Securities Inc. ("Haywood") to be satisfied through delivery to Haywood of \$192,500, through the issuance of 1,925,000 common shares of the Company at a price of \$0.10 per common Share. (see Note 6).

On March 25, 2020, the Company issued 112,500 common shares at \$0.10 per share for the first tranche of the Kennedy Earn-In Agreement arrangement.

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8. WARRANTS AND OPTIONS

1) Warrants

On July 15 and 29, 2020, a total of 125,000 warrants, entitling the warrant holder to purchase one common share per one warrant, were exercised at \$0.15 per share for total proceeds of \$18,750.

On July 29, 2020, in connection with the private placement, the Company issued an aggregate of 541,146 non-transferable warrants to certain eligible finders.

On September 11, 2020, the remaining 4,600,000 warrants issued with regards to its non-brokered private placement had been accelerated to October 8, 2020. As a result, 4,475,000 warrants were exercised at \$0.15 per share for total proceeds of \$671,250 and 300,000 warrants were expired unexercised.

As of October 31, 2020, the Company had outstanding and exercisable warrants as follows:

	Warrants	Exercise price (C\$)	Fair value (C\$)	Expiry Date
Outstanding at June 7, 2019				
Issued for private placement	4,900,000	0.15	160,232	November 14, 2021
Issued for finders	525,000	0.10	25,988	November 14, 2021
Issued for finders	49,042	0.13	2,094	November 14, 2021
Outstanding at April 30, 2020	5,474,042	0.15	188,314	
Issued for finders	541,146	0.25	100,332	July 28, 2022
Warrants exercised	(4,600,000)	0.15	(150,422)	
Warrants expired	(300,000)	0.15	(9,810)	
Outstanding at October 31, 2020	1,115,188	0.17	128,414	

The Company uses the Black-Scholes option pricing model to estimate the fair value of the finder's warrants. The expected volatility assumption inherent in the pricing model is based on the historical volatility of the Company's stock over a term equal to the expected term of the finder's warrants issued. The weighted average assumptions used in this pricing model, and the resulting weighted average fair values per finder's warrant for the finder's warrants issued for six months ended October 31, 2020 were as follows:

Risk-free rate:	0.26%
Expected life:	2 years
Expected volatility:	121.52%
Expected dividends:	Nil
Weighted average fair value per warrant:	\$0.1854

2) Stock Options

The Company has an incentive Stock Option Plan ("the Plan") under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or service providers of the Company. The terms of the Plan provide that the Directors have the right to grant options to acquire common shares of the Company at not less than the closing market price of the shares on the

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day preceding the grant at terms of up to five years. No amounts are paid or payable by the recipient on receipt of the option, and the options granted are not dependent on any performance-based criteria.

During the six months ended October 31, 2020, the Company granted total of 1,270,000 incentive stock options (zero options granted in the same period in 2019) to its employee, director and consultant with an weighted average exercise price of \$0.17 for a five-year period, from the date of grant, in accordance with the terms of the Company's stock option plan.

The total stock-based compensation expense for the three months ended October 31, 2020 was \$30,025 (June 7 to October 31, 2019: \$Nil). The total stock-based compensation expense for the six months ended October 31, 2020 was \$101,064 (June 7 to October 31, 2019: \$Nil). The unrecognized compensation cost for non-vested share options at October 31, 2020 was \$98,797 (June 7 to October 31, 2019: \$Nil).

As of October 31, 2020, the Company had 1,270,000 outstanding options (Nil in the same period of 2019).

	Stock Options	Weighted average exercise price (C\$)
Outstanding at April 30, 2020	-	-
Granted	1,150,000	0.17
Granted	120,000	0.21
Outstanding at October 31, 2020	1,270,000	0.17

Exercise price	Number outstanding	Weighted-average remaining contractual life (years)	Number exercisable
\$0.15	1,000,000	4.59	333,333
\$0.29	150,000	4.75	50,000
\$0.21	120,000	4.94	40,000
Outstanding at October 31, 2020	1,270,000	4.64	423,333

The Company uses the Black-Scholes option pricing model to estimate the fair value for all stock-based compensation. The expected volatility assumption inherent in the pricing model is based on the historical volatility of the Company's stock over a term equal to the expected term of the option granted. The weighted average assumptions used in this pricing model, and the resulting weighted average fair values per option for the options granted during the six months ended October 31, 2020 were as follows:

Risk-free rate:	0.31% to 0.39%
Expected life:	5 years
Expected volatility:	109% to 122%
Expected dividends:	Nil
Weighted average fair value per option:	\$0.17

9. RELATED PARTY TRANSACTIONS

- 1) The Company's related parties include key management personnel and directors and any transactions with such parties for goods and/or services are made on regular commercial terms and are considered to

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be at arm's length. Key management are those personnel having the authority and responsibility for planning, directing, and controlling the Company and comprise the Chief Executive Officer, Chief Financial Officer and Vice-President, Exploration of the Company. During the three months ended October 31, 2020, the Company paid \$41,339 in salaries and benefits to key management personnel (\$Nil for the same period in 2019). During the six months ended October 31, 2020, the Company paid \$122,913 in salaries and benefits to key management personnel (\$Nil for the same period in 2019).

- 2) In connection with the mineral property assets to the Company (Note 4), 2 directors shall retain and be entitled to a royalty (the "Royalty") entitling 2 directors to 0.5% each (total of 1%) of all Net Smelter Returns on the area currently comprising the mineral claims named "JR 1", "JR 2" and "JR 3" (collectively, the "Royalty Area") in accordance with the terms and conditions set out. The Royalty shall constitute an interest in land and will be a covenant running with the Royalty Area.

10. LOSS PER SHARE

The loss per share for the three months ended October 31, 2020 and October 31, 2019 are as follow:

	Three months ended October 31, 2020	Three months ended October 31, 2019
Loss attributable to ordinary shareholders	\$ 988,794	\$ 269,246
Weighted average number of shares outstanding - basic	60,005,506	34,418,072
Basic and diluted loss per share	\$ 0.02	\$ 0.01

The earning/loss per share for the six months ended October 31, 2020 and from incorporated June 7 to October 31, 2019 are as follow:

	Six months ended October 31, 2020	From June 7 to October 31, 2019
Loss attributable to ordinary shareholders	\$ 1,390,026	\$ 327,503
Weighted average number of shares outstanding - basic	55,432,813	33,304,538
Basic and diluted loss per share	\$ 0.03	\$ 0.01

11. FINANCIAL INSTRUMENT AND RISK MANAGEMENT

Risk Management

The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

Fair value

The Company's consolidated financial instruments include cash and trade and other payables. *IFRS 7 Financial Instruments: Disclosures* ("IFRS 7") establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs in making fair value measurements as follows:

- Level 1 - applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

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- Level 2 - applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 - applies to assets or liabilities for which there are unobservable market data.

The recorded amounts of cash and trade and other payables approximate their respective fair values due to their short-term nature.

Credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash in a major Canadian bank. The carrying amount of financial assets represents the maximum credit exposure.

Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's operating cash flows are substantially independent of changes in market interest rates. The Company has not used any financial instrument to hedge potential fluctuations in interest rates. The Company does not have any exposure to interest rates.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing other liabilities. Most of the Company's financial liabilities are due within one year.

12. CAPITAL MANAGEMENT

The Company monitors its cash and Common Shares as capital. The Company's objectives when maintaining capital are to maintain sufficient capital base in order to meet its short-term obligations. The Company is not exposed to any externally imposed capital requirements.

13. SUBSEQUENT EVENTS

Aldridge 1 Property

Subsequent to the quarter ended October 31, 2020, the Company staked an additional 9,381.54 ha (93.8km²) along the southern boundary of the Aldridge 1. The Company paid \$17,196 for the staking.

After the staking, the Aldridge 1 property has 46 claims totaling 15,318.14 hectares (42 claims 100% owned by the Company and 4 claims optioned from the Kennedy Group).