

## **DLP RESOURCES INC.**

### **Consolidated Financial Statements**

**For the year ended April 30, 2021 and the  
Period from Incorporation on June 7, 2019 to April 30, 2020  
(Audited)**

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## INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of DLP Resources Inc.**

### **Report on the Audit of the Consolidated Financial Statements**

#### **Opinion**

We have audited the consolidated financial statements of DLP Resources Inc. (the "Company"), which comprise the consolidated statements of financial position as at April 30, 2021 and 2020 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the year ended April 30, 2021 and the period from incorporation on June 7, 2019 to April 30, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2021 and 2020 and its financial performance and its cash flows for the periods 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 Consolidated 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.

#### **Material Uncertainty Related to Going Concern**

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has no source of operating revenues, has not yet achieved profitable operations and expects to incur further losses in the development of its business. As stated in Note 1, 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. These matters, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### **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 consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements**

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

In preparing the consolidated 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.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 audit.

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 G. Cameron Dong.

A handwritten signature in black ink that reads "De Visser Gray LLP". The signature is written in a cursive, flowing style.

**Chartered Professional Accountants**

Vancouver, BC, Canada

August 26, 2021

**DLP RESOURCES INC.**  
**Consolidated Statements of Financial Position**  
*(Expressed in Canadian Dollars)*  
*(Audited)*

|                                                   | Notes | April 30<br>2021    | April 30<br>2020  |
|---------------------------------------------------|-------|---------------------|-------------------|
| <b>ASSETS</b>                                     |       |                     |                   |
| <b>Current</b>                                    |       |                     |                   |
| Cash                                              |       | \$ 1,154,193        | \$ 414,728        |
| Receivables                                       |       | 40,974              | 1,124             |
| Prepaid expenses                                  |       | 79,450              | 18,054            |
| <b>Total Current Assets</b>                       |       | <b>1,274,617</b>    | <b>433,906</b>    |
| Mineral properties                                | 4     | 155,120             | 59,871            |
| Property and equipment                            | 5     | 14,651              | -                 |
| Reclamation deposits                              | 6     | 66,100              | 38,100            |
| <b>Total Non-Current Assets</b>                   |       | <b>235,871</b>      | <b>97,971</b>     |
| <b>Total Assets</b>                               |       | <b>\$ 1,510,488</b> | <b>\$ 531,877</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |       |                     |                   |
| <b>Current</b>                                    |       |                     |                   |
| Trade and other payables                          |       | \$ 176,161          | \$ 26,568         |
| <b>Total Liabilities</b>                          |       | <b>176,161</b>      | <b>26,568</b>     |
| <b>Shareholders' Equity</b>                       |       |                     |                   |
| Share capital                                     | 9     | 4,459,967           | 1,579,751         |
| Share-based payment reserves                      | 10    | 317,294             | 188,314           |
| Share subscription received                       | 9     | 300,000             | -                 |
| Accumulated deficit                               |       | (3,742,934)         | (1,262,756)       |
| <b>Total Shareholders' Equity</b>                 |       | <b>1,334,327</b>    | <b>505,309</b>    |
| <b>Total Liabilities and Shareholders' Equity</b> |       | <b>\$ 1,510,488</b> | <b>\$ 531,877</b> |

Refer Note 1 for nature of basis and going concern and Notes 4 and 15 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

**DLP RESOURCES INC.**  
**Consolidated Statements of Comprehensive Loss**  
*(Expressed in Canadian Dollars)*  
*(Audited)*

|                                                     | Notes  | Year ended<br>April 30, 2021 | From Incorporation<br>on June 7, 2019 to<br>April 30, 2020 |
|-----------------------------------------------------|--------|------------------------------|------------------------------------------------------------|
| General and administrative                          |        |                              |                                                            |
| Salaries and benefits                               | 11     | \$ 371,445                   | \$ 74,348                                                  |
| Stock-based compensation                            | 10     | 179,070                      | -                                                          |
| Consulting fee                                      |        | 17,200                       | 97,246                                                     |
| Exploration costs                                   | 4 & 11 | 1,961,783                    | 344,946                                                    |
| Office and administrative                           |        | 51,884                       | 22,400                                                     |
| Transfer agent and filing fees                      |        | 38,596                       | 55,607                                                     |
| Listing costs                                       | 7      | 7,448                        | 552,549                                                    |
| Professional fees                                   |        | 88,473                       | 152,957                                                    |
| Travel                                              |        | 21,763                       | 2,397                                                      |
| Depreciation expenses                               |        | 794                          | -                                                          |
| Flow through share premium recovery                 | 9 & 11 | (258,278)                    | (39,694)                                                   |
| <b>Net loss and comprehensive loss for the year</b> |        | <b>\$ 2,480,178</b>          | <b>\$ 1,262,756</b>                                        |
| <b>Loss per share</b>                               |        |                              |                                                            |
| Weighted average shares outstanding                 |        |                              |                                                            |
| - basic and diluted                                 |        | 60,339,374                   | 42,573,178                                                 |
| Basic and diluted                                   |        | \$ 0.04                      | \$ 0.03                                                    |

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

**DLP RESOURCES INC.**  
**Consolidated Statements of Changes in Equity**  
*(Expressed in Canadian Dollars)*  
**(Audited)**

|                                                     | Number<br>of shares<br>issued and<br>outstanding | Share<br>capital    | Share-<br>based<br>payment -<br>reserve | Share<br>subscription<br>received | Deficit               | Total<br>shareholders'<br>equity |
|-----------------------------------------------------|--------------------------------------------------|---------------------|-----------------------------------------|-----------------------------------|-----------------------|----------------------------------|
| <b>Balance, June 7, 2019</b>                        | -                                                | \$ -                | \$ -                                    | \$ -                              | \$ -                  | \$ -                             |
| Shares issued for cash                              |                                                  |                     |                                         |                                   |                       |                                  |
| Finder shares                                       | 17,777,780                                       | 50,000              | -                                       | -                                 | -                     | 50,000                           |
| Private placement, net of issue costs (Notes 9, 10) | 11,123,131                                       | 921,737             | 160,232                                 | -                                 | -                     | 1,081,969                        |
| Issued for other consideration                      |                                                  |                     |                                         |                                   |                       |                                  |
| In exchange for properties (Note 4)                 | 14,334,720                                       | 51,250              | -                                       | -                                 | -                     | 51,250                           |
| Issued to MG Capital Corporation (Note 7)           | 5,510,000                                        | 462,840             | -                                       | -                                 | -                     | 462,840                          |
| Reverse takeover finder's fee (Note 7)              | 1,925,000                                        | 161,700             | -                                       | -                                 | -                     | 161,700                          |
| Private placement - finder's warrants (Note 10)     | -                                                | (28,082)            | 28,082                                  | -                                 | -                     | -                                |
| Flow through share premium (Note 9)                 | -                                                | (39,694)            | -                                       | -                                 | -                     | (39,694)                         |
| Net loss for the year                               | -                                                | -                   | -                                       | -                                 | (1,262,756)           | (1,262,756)                      |
| <b>Balance, April 30, 2020</b>                      | <b>50,670,631</b>                                | <b>\$ 1,579,751</b> | <b>\$ 188,314</b>                       | <b>\$ -</b>                       | <b>\$ (1,262,756)</b> | <b>\$ 505,309</b>                |
| <b>Balance, May 1, 2020</b>                         | <b>50,670,631</b>                                | <b>\$ 1,579,751</b> | <b>\$ 188,314</b>                       | <b>\$ -</b>                       | <b>\$ (1,262,756)</b> | <b>\$ 505,309</b>                |
| Shares issued for cash                              |                                                  |                     |                                         |                                   |                       |                                  |
| Private placement, net of issue costs (Note 9)      | 7,779,005                                        | 1,523,404           | -                                       | -                                 | -                     | 1,523,404                        |
| Share issued on warrants exercised (Note 10)        | 4,600,000                                        | 840,422             | (150,422)                               | -                                 | -                     | 690,000                          |
| Flow-through shares, net of issue costs (Note 9)    | 3,200,000                                        | 800,000             | -                                       | -                                 | -                     | 800,000                          |
| Issued for other consideration                      |                                                  |                     |                                         |                                   |                       |                                  |
| Finder's warrants (Notes 9, 10)                     | -                                                | (100,332)           | 100,332                                 | -                                 | -                     | -                                |
| Share issued per option agreement (Note 9)          | 262,500                                          | 75,000              | -                                       | -                                 | -                     | 75,000                           |
| Flow through share premium (Note 9)                 | -                                                | (258,278)           | -                                       | -                                 | -                     | (258,278)                        |
| Stock-based compensation (Note 10)                  | -                                                | -                   | 179,070                                 | -                                 | -                     | 179,070                          |
| Share subscription received (Note 9)                | -                                                | -                   | -                                       | 300,000                           | -                     | 300,000                          |
| Net loss for the year                               | -                                                | -                   | -                                       | -                                 | (2,480,178)           | (2,480,178)                      |
| <b>Balance, April 30, 2021</b>                      | <b>66,512,136</b>                                | <b>\$ 4,459,967</b> | <b>\$ 317,294</b>                       | <b>\$ 300,000</b>                 | <b>\$ (3,742,934)</b> | <b>\$ 1,334,327</b>              |

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

**DLP RESOURCES INC.**  
**Consolidated Statements of Cash Flows**  
*(Expressed in Canadian Dollars)*  
*(Audited)*

|                                                                           |       | From Incorporation<br>Year Ended on June 7, 2019 to |                   |
|---------------------------------------------------------------------------|-------|-----------------------------------------------------|-------------------|
|                                                                           | Notes | April 30, 2021                                      | April 30, 2020    |
| <b>Cash flows from operating activities</b>                               |       |                                                     |                   |
| Loss for the year                                                         |       | \$ (2,480,178)                                      | \$ (1,262,756)    |
| Adjustment to reconcile loss<br>to net cash used in operating activities: |       |                                                     |                   |
| Stock-based compensation                                                  | 10    | 179,070                                             | -                 |
| Amortization expenses                                                     |       | 794                                                 | -                 |
| Flow through share premium recovery                                       | 9     | (258,278)                                           | (39,694)          |
| Listing costs                                                             |       | -                                                   | 552,549           |
| Changes in non-cash working capital balances:                             |       |                                                     |                   |
| Receivables                                                               |       | (39,850)                                            | (1,124)           |
| Prepaid expenses                                                          |       | (61,396)                                            | (18,054)          |
| Trade and other payables                                                  |       | 149,593                                             | (35,998)          |
| <b>Total cash outflows from operating activities</b>                      |       | <b>(2,510,245)</b>                                  | <b>(805,077)</b>  |
| <b>Cash flows from investing activities</b>                               |       |                                                     |                   |
| Acquisition of property and equipment                                     | 5     | (15,445)                                            | -                 |
| Purchase of mineral property                                              | 4     | (20,249)                                            | (8,621)           |
| Increase in reclamation deposit                                           |       | (28,000)                                            | (38,100)          |
| Net cash acquired in reverse takeover                                     | 7     | -                                                   | 134,557           |
| <b>Total cash (outflow) inflows from investing activities</b>             |       | <b>(63,694)</b>                                     | <b>87,836</b>     |
| <b>Cash flows from financing activities</b>                               |       |                                                     |                   |
| Proceeds from share issuance                                              | 9     | 2,472,288                                           | 1,202,007         |
| Share issue costs                                                         | 9     | (148,884)                                           | (70,038)          |
| Share subscription received                                               | 9     | 300,000                                             | -                 |
| Proceeds from exercise of warrants                                        | 10    | 690,000                                             | -                 |
| <b>Total cash inflows from financing activities</b>                       |       | <b>3,313,404</b>                                    | <b>1,131,969</b>  |
| <b>Total increase in cash during the year</b>                             |       | <b>739,465</b>                                      | <b>414,728</b>    |
| <b>Cash and cash equivalents, beginning of year</b>                       |       | <b>414,728</b>                                      | <b>-</b>          |
| <b>Cash and cash equivalents, end of year</b>                             |       | <b>\$ 1,154,193</b>                                 | <b>\$ 414,728</b> |

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

## **DLP RESOURCES INC.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended April 30, 2021 and the Period from Incorporation on June 7, 2019 to April 30, 2020  
(Audited)

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#### **1. NATURE OF OPERATIONS AND GOING CONCERN**

MG Capital Corporation ("MG" or the "Company") is a publicly traded mineral exploration company and was 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 10<sup>th</sup> Floor, 595 Howe St., Vancouver, V6C 2T5, British Columbia, Canada. The Company's Head Office is located at #201 – 135 – 10<sup>th</sup> 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 7).

On January 6, 2021, MG Capital changed its name to "DLP Resources (2020) Limited". On January 25, 2021, DLP Resources (2020) Limited and its wholly owned subsidiary DLP Resources Inc. completed a vertical amalgamation and subsequently changed the amalgamated entity's name to "DLP Resources Inc." The amalgamation streamlined the Company's mining exploration activities under a single corporate entity and reduce corporate and operational expenses.

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 April 30, 2021, 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 April 30, 2021, the Company has an accumulated deficit of \$3,742,934 and has working capital of \$1,098,456. The Company's current forecast indicates that it is expected to 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.

## **DLP RESOURCES INC.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended April 30, 2021 and the Period from Incorporation on June 7, 2019 to April 30, 2020  
(Audited)

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## **2. BASIS OF PRESENTATION**

### **a) Statement of Compliance**

These consolidated financial statements for the year ended April 30, 2021 and from incorporation on June 7, 2019 to April 30, 2020 (the “Audited Financial Statements”) have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board (“IFRS”) applicable to the preparation of financial statements.

These consolidated financial statements were approved for issue by the board of directors on August 26, 2021.

### **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 consolidation**

Effective January 25, 2021, there is only one single corporate entity.

Prior to the amalgamation on January 25, 2021, the consolidated financial statements included the accounts of DLP Resources Inc. and MG Capital Corp. Legally, MG Capital Corp. owned DLP Resources Inc., however, for accounting and presentation purposes, DLP Resources Inc. was the parent entity. All intercompany transactions and balances were eliminated on consolidation.

### **d) New IFRS pronouncements**

New IFRS pronouncements that have been issued but are not yet effective at the date of these financial statements are listed below. We plan to apply these amendments in the annual period for which they are first required.

#### ***Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2***

In August 2020, the International Accounting Standards Board (“IASB”) issued amendments to IFRS 9 *Financial Instruments* (IFRS 9), IAS 39 *Financial Instruments: Recognition and Measurement* (IAS 39), IFRS 7 *Financial Instruments: Disclosures* (IFRS 7), IFRS 4 *Insurance Contracts* (IFRS 4) and IFRS 16 *Leases* (IFRS 16) as a result of Phase 2 of the IASB’s Interest Rate Benchmark Reform project. The amendments address issues arising during reform of benchmark interest rates including the replacement of one benchmark rate with an alternative one. The amendments are effective January 1, 2021. On adoption of the amendments, there will be no immediate effect on the Company’s financial statements.

## **DLP RESOURCES INC.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended April 30, 2021 and the Period from Incorporation on June 7, 2019 to April 30, 2020  
(Audited)

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#### ***Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use***

In May 2020, the IASB issued amendments to IAS 16, Property, Plant and Equipment (IAS 16). The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related costs in profit or loss. The amendments apply to annual reporting periods beginning on or after January 1, 2022. The amendments are applied retrospectively only to items of property, plant and equipment that are available for use after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

#### ***Amendment to IAS 1 Presentation of Financial Statements***

In January 2020, the IASB issued an amendment to IAS 1 Presentation of Financial Statements (IAS 1). The amendment applies to annual reporting periods beginning on or after January 1, 2023. The amendment clarifies the criteria for classifying a liability as non-current if there is the right to defer settlement of the liability for at least 12 months after the reporting period.

#### **e) 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.

#### **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.

#### **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

#### **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.

## **DLP RESOURCES INC.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended April 30, 2021 and the Period from Incorporation on June 7, 2019 to April 30, 2020  
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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.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **a) 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.

##### ***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.

#### **b) Cash**

Cash includes cash on hand and deposits held with banks.

#### **c) Share capital**

Common Shares are classified as equity. Incremental costs directly attributable to the issue of new Common Shares or stock options are shown in equity as a deduction from the related proceeds, net of applicable tax.

If the Company issues units as part of financing, consisting of both common shares and common share purchase warrants, the fair value of the warrants is determined using the Black-Scholes pricing model, and fair value of the common shares is determined using market price. The allocation of value is proportionally based on their fair value.

## **DLP RESOURCES INC.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended April 30, 2021 and the Period from Incorporation on June 7, 2019 to April 30, 2020  
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#### **d) Flow-through shares**

Flow-through common shares are issued from time to time to finance a significant portion of the Company's exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability, and recognizes a flow-through share premium recovery on the income statement.

Proceeds received from the issuance of flow-through shares are restricted to be used only for qualifying Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's reporting year is disclosed separately as flow-through share proceeds.

#### **e) Fixed assets**

Fixed assets are recorded at cost. The Company records depreciation at the following rates:

- Office furniture and equipment – 20%
- Computer equipment – 30%

Fixed assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If an indicator is identified, the asset's recoverable amount is calculated and compared to the carrying amount. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or "CGUs"). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU, as determined by management). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

#### **f) Earnings/loss per share**

Basic earnings/loss per share is computed by dividing the net income or loss applicable to Common Shares by the weighted average number of Common Shares outstanding for the relevant period.

Diluted earnings per share is computed by dividing the net income applicable to Common Shares by the sum of the weighted average number of Common Shares issued and outstanding and all additional Common Shares that would have been outstanding, if potentially dilutive instruments were converted.

#### **g) Share-based compensation**

Share-based compensation arises when the Company issues equity instruments as consideration for services received from employees and non-employees. Its amount is calculated based on the fair value of Common Shares or stock options awarded to employees, measured on their grant date. The fair value of shares or stock options awarded to non-employees is measured on the date that the goods or services are received.

The fair value of the Common Shares and stock options is recognized as an expense over their vesting period with a corresponding increase in equity.

## **DLP RESOURCES INC.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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The Company determined the fair value of mineral property assets contributed in accordance with IFRS 2.

#### **h) Financial Instruments**

The Company applies IFRS 9, Financial Instruments, which sets out the accounting standards for the classification and measurement of financial instruments. The IFRS 9 standard provides a model for the classification and measurement of financial instruments, a single forward-looking “expected loss” impairment model, and a reformed approach for hedge accounting.

The Company classifies its financial assets in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (“FVTOCI”) or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL. For other equity instruments, the Company can make an irrevocable election (on an instrument by-instrument basis) on the day of acquisition to designate them as at FVTOCI.

##### *Financial assets at FVTPL*

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the income statement in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

##### *Financial assets at FVTOCI*

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

##### *Financial assets at amortized cost*

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the income statement. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

#### **i) Income taxes**

Income tax expense comprises current and deferred tax. Income tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity in which case, the income tax is also recognized in other comprehensive income or directly in equity, respectively.

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**Current tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**Deferred tax**

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**4. MINERAL PROPERTIES**

|                                       | <b>Aldridge 1</b> | <b>Aldridge 2</b> | <b>Redburn</b>   | <b>Hungry Creek</b> | <b>DD</b>        | <b>Moby Dick</b> | <b>NZOU</b>      | <b>Total</b>      |
|---------------------------------------|-------------------|-------------------|------------------|---------------------|------------------|------------------|------------------|-------------------|
| Cost                                  | \$ 20,508         | \$ 19,226         | \$ 10,000        | \$ 10,137           | \$ -             | \$ -             | \$ -             | \$ 59,871         |
| <b>Net book value, April 30, 2020</b> | <b>20,508</b>     | <b>19,226</b>     | <b>10,000</b>    | <b>10,137</b>       | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>59,871</b>     |
|                                       |                   |                   |                  |                     |                  |                  |                  | -                 |
| <b>Change in cost</b>                 |                   |                   |                  |                     |                  |                  |                  | -                 |
| Additions                             | 35,938            | 10,462            | -                | 7,763               | 20,000           | 461              | 20,625           | 95,249            |
|                                       | 35,938            | 10,462            | -                | 7,763               | 20,000           | 461              | 20,625           | 95,249            |
|                                       |                   |                   |                  |                     |                  |                  |                  | -                 |
| Cost                                  | 56,446            | 29,688            | 10,000           | 17,900              | 20,000           | 461              | 20,625           | 155,120           |
| <b>Net book value, April 30, 2021</b> | <b>\$ 56,446</b>  | <b>\$ 29,688</b>  | <b>\$ 10,000</b> | <b>\$ 17,900</b>    | <b>\$ 20,000</b> | <b>\$ 461</b>    | <b>\$ 20,625</b> | <b>\$ 155,120</b> |

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#### **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 is 6 claims totaling 1,939.5 hectares; the Aldridge 1 property is 46 claims totaling 15,318.14 hectares.

On March 1, 2020, the Company entered into a property earn-in agreement (the "Earn-In Agreement") with each of Jonathan Sean Kennedy, R.D. Craig Kennedy, Darlene E. Lavoie, Thomas Peter James Kennedy, Michael Cameron Kennedy and Frederick A. Cook (for Salt Spring Imaging, Ltd.) (together, the "Field Experts"). Under the Earn-In Agreement, the Field Experts have agreed to grant to the Company an option to acquire up to a 100% interest in certain mineral claims: four (4) Son of Captain claims totaling 126.75 ha and the Liger claim totaling 84.31 ha.

In order to exercise the option to acquire a 100% interest in the properties (Aldridge 1, Aldridge 2, and Hungry Creek), the Company will issue an aggregate of 450,000 common shares of the Company (the "Earn-In Shares") through the issuance of 112,500 Earn-In Shares per year, over a four-year period, issuable to the Field Experts on a pro-rata basis. This year's commitment was fulfilled on March 1, 2021.

Upon completion of the Earn-In Agreement, the Field Experts shall be entitled to a 1% Net Smelter Royalty ("NSR") payable on each of the Properties, with the Company being able to buy back such NSR royalties in exchange for an aggregate of \$1,000,000, payable to the Field Experts on a pro-rata basis at the Company's discretion.

During the year ended April 30, 2021, the Company spent \$727,314 on both Aldridge properties compared to \$260,860 during the period ended April 30, 2020.

#### **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.

During the year ended April 30, 2021, the Company spent \$35,650 on Redburn Creek property compared to \$29,266 during the period ended April 30, 2020.

#### **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 one additional Hungry Miner claim, totaling 62.67 ha, to the property. This year's commitment with regard to the Earn-In Agreement was fulfilled on March 1, 2021.

During the year ended April 30, 2021, the Company spent \$64,107 on Hungry Creek property compared to \$48,702 during the period ended April 30, 2020.

Subsequent to April 30, 2021, the Company staked an additional 9 claims, increasing the size of the property to 7,978 hectares.

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#### **DD Property**

On July 13, 2020, the Company entered into an option agreement to acquire up to a 75% interest in certain mineral claims known as the DD Property, located in BC.

In order exercise the option agreement, and earn an aggregate 75% interest in the property, the Company is required to complete the following terms:

- The Company can earn a 50% undivided interest in the DD Property by incurring \$4 million in exploration expenditures and making a total of \$250,000 cash payments to the optionor over 48 months from the effective date of the option agreement.
- The Company will have the right to earn an additional undivided 25% interest (bringing their total interest to 75%) by delivering a bankable commercial feasibility study on the DD Property within 96 months of the effective date of the option agreement.

Upon the Company's exercise of the option agreement and acquisition of a 50% or 75% interest in the DD Property, the parties will enter into a joint venture agreement for the further development of the property.

Upon the deemed exercise of the option agreement, the Company will have the right to purchase 50% of a pre-existing NSR of 2.0% [being a 1.0% NSR (0.5% from each individual comprising the underlying NSR holders)], for \$1,000,000.

During the year ended April 30, 2021, the Company spent \$1,056,663 (\$Nil in 2020) on the 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. The property is 100% owned by the Company.

During the year ended April 30, 2021, the Company spent \$53,508 (\$Nil in 2020) on the Moby Dick Property.

#### **NZOU Property**

On August 17, 2020, the Company entered into an option agreement with 453999 BC Ltd. ("453") to acquire up to a 100% interest on one mineral claims, totaling 695.7 ha, known as the NZOU Property.

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 1, 2020 (incurred).
- issuing 75,000 common shares to 453 within 20 days of the date upon which the TSX Venture Exchange approves the option agreement (issued);
- issuing 75,000 common shares to 453 by February 28, 2021 (issued);
- incurring exploration expenditures of \$50,000 by December 31, 2021;
- issuing 75,000 common shares to 453 by February 28, 2022; and
- issuing 75,000 common shares to 453 by February 28, 2023.

The Company can earn an additional 25% interest, bringing their total interest in the property to 75%, by making a cash payment of \$100,000 to 453 by December 31, 2024.

The Company can earn an additional 25% interest, bringing their total interest in the property to 100%, by issuing 100,000 common shares to 453 by December 31, 2025.

**DLP RESOURCES INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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453 will retain a 2.0% of NSR on the property. The Company will be entitled at any time to purchase up to 50% of the Royalty (being equal to 1.0% of NSR) from 453 for cash consideration of \$1,000,000.

During the year ended April 30, 2021, the Company spent \$53,324 (\$Nil in 2020) on NZOU property.

For the years ended April 30, 2021 and the period from incorporation on June 7, 2019 to April 30, 2020, the Company incurred \$2,014,404 and \$344,946, respectively, on exploration costs on its properties. In the year ended April 30, 2021, the Company received a BC Mining Exploration Tax Credit refund in the amount of \$52,621 (\$Nil in 2020). The following tables summarized the exploration costs incurred.

**Year Ended April 30, 2021**

| Exploration Costs            | General           | Aldridge 1        | Aldridge 2       | Redburn          | Hungry Creek     | DD                  | Moby Dick        | NZOU             | Total               |
|------------------------------|-------------------|-------------------|------------------|------------------|------------------|---------------------|------------------|------------------|---------------------|
| Geology                      | \$ -              | \$ 40,801         | \$ 4,000         | \$ 2,484         | \$ 32,809        | \$ 78,885           | \$ -             | \$ -             | \$ 158,979          |
| Geophysics                   | -                 | 77,641            | -                | -                | 11,906           | 107,368             | 32,540           | 34,107           | 263,562             |
| Geochemistry                 | -                 | 2,769             | 103              | 27,177           | 2,171            | -                   | -                | -                | 32,220              |
| Drilling                     | -                 | 458,120           | 64,238           | -                | 2,045            | 791,905             | 158              | 158              | 1,316,624           |
| Wages/Travel/Admin           | -                 | 65,502            | 11,943           | 5,451            | 14,989           | 75,089              | 20,203           | 18,538           | 211,715             |
| Maps & Reproductions         | -                 | 2,022             | 175              | 538              | 188              | 3,416               | 607              | 520              | 7,466               |
| BC Mining Exploration Credit | (52,621)          | -                 | -                | -                | -                | -                   | -                | -                | (52,621)            |
| Others                       | 23,838            | -                 | -                | -                | -                | -                   | -                | -                | 23,838              |
| <b>Total</b>                 | <b>\$(28,783)</b> | <b>\$ 646,855</b> | <b>\$ 80,459</b> | <b>\$ 35,650</b> | <b>\$ 64,108</b> | <b>\$ 1,056,663</b> | <b>\$ 53,508</b> | <b>\$ 53,323</b> | <b>\$ 1,961,783</b> |

**From Incorporation on June 7, 2019 to April 30, 2020**

| Exploration Costs      | General         | Aldridge 1        | Aldridge 2       | Redburn          | Hungry Creek     | DD          | Moby Dick   | NZOU        | Total             |
|------------------------|-----------------|-------------------|------------------|------------------|------------------|-------------|-------------|-------------|-------------------|
| Geology-Fieldwork      | \$ -            | \$ 29,595         | \$ 19,134        | \$ 9,973         | \$ 16,480        | \$ -        | \$ -        | \$ -        | \$ 75,182         |
| Geology-Transport/Fuel | -               | 790               | -                | 467              | 15,974           | -           | -           | -           | 17,231            |
| Geophysics             | -               | 122,072           | 68,665           | -                | 9,937            | -           | -           | -           | 200,674           |
| Geochemistry           | -               | -                 | -                | 17,250           | 4,347            | -           | -           | -           | 21,597            |
| Technical Report       | -               | 12,469            | 4,311            | -                | -                | -           | -           | -           | 16,780            |
| Maps & Reproductions   | -               | 2,152             | 1,672            | 1,576            | 1,964            | -           | -           | -           | 7,364             |
| Others                 | 6,118           | -                 | -                | -                | -                | -           | -           | -           | 6,118             |
| <b>Total</b>           | <b>\$ 6,118</b> | <b>\$ 167,078</b> | <b>\$ 93,782</b> | <b>\$ 29,266</b> | <b>\$ 48,702</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 344,946</b> |

**5. PROPERTY AND EQUIPMENT**

|                                           | Office Furniture<br>& Equipment | Computer      | Total            |
|-------------------------------------------|---------------------------------|---------------|------------------|
| <b>Balance at May 1, 2020</b>             | \$ -                            | \$ -          | \$ -             |
| Addition - cost                           | 14,588                          | 857           | 15,445           |
| Accumulated depreciation and amortization | (729)                           | (64)          | (794)            |
| <b>Net book value, April 30, 2021</b>     | <b>\$ 13,859</b>                | <b>\$ 793</b> | <b>\$ 14,651</b> |

## DLP RESOURCES INC.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 6. RECLAMATION DEPOSITS

Reclamation bonds are non-interesting bearing funds posted by the Company and held by the BC Government to cover future liabilities concerning un-reclaimed disturbance created by the Company for permitted work performed. The total bond dollars required for each property is determined by the Ministry of Energy and Mines. The bond funds are returned to the Company once the permitted work for a property is completed, and reclamation work is done to a standard approved by the ministry.

As at April 30, 2021, the Company has reclamation bonds on the following properties:

|                   | Aldridge 1 | Aldridge 2 | Redburn | Hungry<br>Creek | DD        | Moby<br>Dick | NZOU | Total     |
|-------------------|------------|------------|---------|-----------------|-----------|--------------|------|-----------|
| Reclamation Bonds | \$ 10,850  | \$ 3,000   | \$ -    | \$ 24,250       | \$ 28,000 | \$ -         | \$ - | \$ 66,100 |

## 7. 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 9).

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

| <b>Acquisition costs:</b>                         | <b>Fair value</b> |         |
|---------------------------------------------------|-------------------|---------|
| 5,510,000 shares issued to former MG shareholders | \$                | 462,840 |
| Finder's fee                                      |                   | 161,700 |
|                                                   | \$                | 624,540 |

**Net assets acquired:**

|                               |    |          |
|-------------------------------|----|----------|
| Cash                          | \$ | 134,557  |
| Accounts payable and accruals |    | (62,566) |
| Listing costs                 |    | 552,549  |
|                               | \$ | 624,540  |

**8. INCOME TAXES**

The nature and tax effect of the temporary differences giving rise to the deferred tax assets and liabilities at April 30, 2021, summarized as follows:

|                                                   | <b>Year Ended</b>     | <b>Period Ended</b>   |
|---------------------------------------------------|-----------------------|-----------------------|
|                                                   | <b>April 30, 2021</b> | <b>April 30, 2020</b> |
| Loss before income taxes                          | \$ (2,480,178)        | \$ (1,262,756)        |
| Income tax rate                                   | 27%                   | 27%                   |
| Income tax recovery using statutory rate          | (669,648)             | (340,944)             |
| Net adjustments for non-deductible amounts        | (61,036)              | 119,665               |
| Flow through shares                               | 517,617               | 46,442                |
| True up of prior year amounts                     | (26,293)              | -                     |
| Change in unrecognized deferred income tax assets | 239,360               | 174,837               |
| <b>Income tax expense (recovery)</b>              | <b>\$ -</b>           | <b>\$ -</b>           |

**Deferred tax assets and liabilities**

|                                  | <b>April 30, 2021</b> | <b>April 30, 2020</b> |
|----------------------------------|-----------------------|-----------------------|
| <b>Deferred tax assets</b>       |                       |                       |
| Non-capital loss carry-forwards  | \$ 325,350            | \$ 113,015            |
| Mineral properties               | 45,128                | 46,693                |
| Property and equipment           | 214                   | -                     |
| Share issue costs                | 43,505                | 15,129                |
|                                  | 414,197               | 174,837               |
| Unrecognized deferred tax assets | (414,197)             | (174,837)             |
| <b>Deferred tax assets</b>       | <b>\$ -</b>           | <b>\$ -</b>           |

The Company has non-capital loss carry-forwards of approximately \$1,205,000 that will expire between 2040.

## **DLP RESOURCES INC.**

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## **9. SHARE CAPITAL**

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

### **Share capital**

#### ***Activities for the year ended April 30, 2021***

On July 29, 2020, the Company completed a 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 ("FT Share") of the Company at a price of \$0.23 per FT 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 April 30, 2021, the Company incurred \$1,117,099 of qualified flow through expenditures and recognized a \$194,278 flow through share premium recovery on the statement of comprehensive loss.

In connection with the private placement, the Company paid an aggregate cash commission of \$116,384 and issued an aggregate of 541,146 non-transferable warrants ("Compensation Warrants"). The Compensation Warrants are exercisable at \$0.25 into common shares of the Company for a period of two years from closing date of the private placement. The Compensation Warrants were assigned a fair value of \$100,332 (see Note 10).

On September 11, 2020, the Company issued 75,000 common shares to 453 as per the NZOU Property Option Agreement. These common shares were valued at \$18,750 (see Note 4).

On December 30, 2020, the Company issued 3,200,000 FT Shares at a price of \$0.25 per FT Share for gross proceeds of \$800,000. Each FT Share will qualify as a "flow-through share" as defined in s. 66(15) of the Income Tax Act (Canada). As of April 30, 2021, the Company incurred \$800,000 of qualified flow through expenditures and recognized a \$64,000 flow through share premium recovery on the statement of comprehensive loss.

On February 26, 2021, the Company issued 75,000 common shares to 453 as per the NZOU Property Option Agreement. These common shares were valued at \$22,500 (see Note 4).

On March 1, 2021, the Company issued 112,500 common shares for the second tranche of the Earn-In Agreement arrangement (see note 4). These common shares were valued at \$33,750.

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

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 FT Shares 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). Each FT Share will qualify as a "flow-through share" as defined in s. 66(15) of the Income Tax Act (Canada). As of April 30, 2020, the Company incurred \$337,492 of qualified flow through expenditures and recognized a \$39,694 flow through share premium recovery on the statement of comprehensive loss.

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.

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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 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 (see Note 10).

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 5).

On March 25, 2020, the Company issued 112,500 common shares at \$0.10 per share for the first tranche of the Earn-In Agreement arrangement (see note 4).

**Share subscriptions received**

As at April 30, 2021, the Company had received \$300,000 of share subscriptions related to the private placement that closed subsequent to year-end. The associated common shares were issued on May 3, 2021. (see Note 15)

**10. WARRANTS AND OPTIONS****1) Warrants**

During the year ended April 30, 2021, a total of 4,600,000 warrants were exercised for gross proceeds of \$690,000. A total of \$150,422 was transferred from Share-based payments reserves to Share capital on the exercise of these warrants.

As of April 30, 2021, the Company had outstanding and exercisable warrants as follows:

|                                      | Warrants         | Exercise price (C\$) | Fair value (C\$) | Expiry Date       |
|--------------------------------------|------------------|----------------------|------------------|-------------------|
| <b>Outstanding at June 7, 2019</b>   |                  |                      |                  |                   |
| 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 |
| <b>Outstanding at April 30, 2020</b> | <b>5,474,042</b> | <b>0.15</b>          |                  |                   |
| 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                 |                  |                   |
| <b>Outstanding at April 30, 2021</b> | <b>1,115,188</b> | <b>0.17</b>          |                  |                   |

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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 year ended April 30, 2021 and the period from incorporation on June 7, 2019 to April 2020 were as follows:

|                                          | 2021    | 2020    |
|------------------------------------------|---------|---------|
| Risk-free rate:                          | 0.42%   | 1.65%   |
| Expected life:                           | 2 years | 2 years |
| Expected volatility:                     | 103.62% | 92.36%  |
| Expected dividends:                      | Nil     | Nil     |
| Weighted average fair value per warrant: | \$0.17  | \$0.05  |

**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 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 year ended April 30, 2021, the Company granted total of 1,270,000 incentive stock options (zero options granted in 2020) to its employees, directors and consultants with a 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 year ended April 30, 2021 was \$179,070 (2020: \$Nil).

As at April 30, 2021, the Company had 1,270,000 outstanding options (Nil in 2020) as follows:

|                                      | Stock Options    | Weighted average exercise price (C\$) |
|--------------------------------------|------------------|---------------------------------------|
| <b>Outstanding at May 1, 2020</b>    | -                | -                                     |
| Granted                              | 1,270,000        | 0.17                                  |
| <b>Outstanding at April 30, 2021</b> | <b>1,270,000</b> | <b>0.17</b>                           |

  

| Exercise price                       | Number outstanding | Weighted-average remaining contractual life (years) | Number exercisable |
|--------------------------------------|--------------------|-----------------------------------------------------|--------------------|
| \$0.15                               | 1,000,000          | 4.09                                                | 1,000,000          |
| \$0.29                               | 150,000            | 4.25                                                | 50,000             |
| \$0.21                               | 120,000            | 4.44                                                | 40,000             |
| <b>Outstanding at April 30, 2021</b> | <b>1,270,000</b>   | <b>4.14</b>                                         | <b>1,090,000</b>   |

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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 in the year ended April 30, 2021 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         |

**11. 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 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.

The Company incurred the following transaction with key management personnel during the periods ended April 30, 2021 and April 30, 2020:

|                                        | Year Ended<br>April 30, 2021 | Period Ended<br>April 30, 2020 |
|----------------------------------------|------------------------------|--------------------------------|
| Consulting fees                        | \$ -                         | \$ 90,000                      |
| Salaries and benefits                  | 356,763                      | 66,964                         |
| Salaries included in exploration costs | 173,475                      | -                              |
| Stock-based compensation               | 166,658                      | -                              |
|                                        | <u>\$ 696,896</u>            | <u>\$ 156,964</u>              |

- 2) During the period from incorporation on June 7, 2019 to April 30, 2020, key management personnel of the Company contributed mineral property assets to the Company (Note 4) for a total fair value of \$20,000 (\$10,000 each) with the allocation of \$12,000 in exchange for Aldridge 1 and \$8,000 in exchange for Aldridge 2.
- 3) 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.

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**12. LOSS PER SHARE**

The loss per share for the periods ended April 30, 2021 and April 30, 2020 are as follow:

|                                                                   | <b>Year Ended</b>     |             | <b>Period Ended</b>   |             |
|-------------------------------------------------------------------|-----------------------|-------------|-----------------------|-------------|
|                                                                   | <b>April 30, 2021</b> |             | <b>April 30, 2020</b> |             |
| Loss attributable to ordinary shareholders                        | \$                    | 2,480,178   | \$                    | 1,262,756   |
| Weighted average number of shares outstanding - basic and diluted |                       | 60,339,374  |                       | 42,573,178  |
| <b>Basic and diluted loss per share</b>                           | <b>\$</b>             | <b>0.04</b> | <b>\$</b>             | <b>0.03</b> |

**13. 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.
- 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.

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The following tables present the Company's financial assets and liabilities by level within the fair value hierarchy. They do not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value:

| As at April 30, 2021    | Carrying Value |                   |  | Fair Value |         |         |
|-------------------------|----------------|-------------------|--|------------|---------|---------|
|                         | FVTPL          | Amortized<br>Cost |  | Level 1    | Level 2 | Level 3 |
| <b>Financial Assets</b> |                |                   |  |            |         |         |
| Cash                    | \$ -           | \$ 1,154,193      |  | \$ -       | \$ -    | \$ -    |
| Reclamation deposits    | -              | 66,100            |  | -          | -       | -       |
|                         | \$ -           | \$ 1,220,293      |  | \$ -       | \$ -    | \$ -    |

|                              |      |            |  |      |      |      |
|------------------------------|------|------------|--|------|------|------|
| <b>Financial Liabilities</b> |      |            |  |      |      |      |
| Trade and other payables     | \$ - | \$ 176,161 |  | \$ - | \$ - | \$ - |
|                              | \$ - | \$ 176,161 |  | \$ - | \$ - | \$ - |

| As at April 30, 2020    | Carrying Value |                   |  | Fair Value |         |         |
|-------------------------|----------------|-------------------|--|------------|---------|---------|
|                         | FVTPL          | Amortized<br>Cost |  | Level 1    | Level 2 | Level 3 |
| <b>Financial Assets</b> |                |                   |  |            |         |         |
| Cash                    | \$ -           | \$ 414,728        |  | \$ -       | \$ -    | \$ -    |
| Reclamation deposits    | -              | 38,100            |  | -          | -       | -       |
|                         | \$ -           | \$ 452,828        |  | \$ -       | \$ -    | \$ -    |

|                              |      |           |  |      |      |      |
|------------------------------|------|-----------|--|------|------|------|
| <b>Financial Liabilities</b> |      |           |  |      |      |      |
| Trade and other payables     | \$ - | \$ 26,568 |  | \$ - | \$ - | \$ - |
|                              | \$ - | \$ 26,568 |  | \$ - | \$ - | \$ - |

**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.

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***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.

**14. 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.

**15. SUBSEQUENT EVENTS**

On May 3, 2021, the Company completed a private placement via the issuance of 1,200,000 FT Shares at a price of \$0.25 per FT Share for gross proceeds of \$300,000. In connection with the private placement, the Company paid a cash finder's fee of \$3,500. These proceeds were recorded in Share subscriptions received as at April 30, 2021.

On June 23, 2021, the Company completed a private placement via the issuance of 4,333,967 units at a price of \$0.30 per unit for gross proceeds of \$1,300,190. Each unit consists of one common share of the Company and one non-transferable common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to acquire one common share of the Company at a price of \$0.40 per share, for a period of 12 months following the issuance of the Warrant. The Company paid to certain cash finder's fees totaling \$51,869 and issued 172,898 finders' warrants, having the same terms as the Warrants.

On August 10, 2021, the Company completed a private placement via the issuance of 1,000,001 FT Shares at a price of \$0.30 per FT Share for gross proceeds of \$300,000. In connection with the private placement, the Company paid a cash finder's fee of \$9,485 and issued 31,617 finder's warrants. Each finder's warrant is exercisable into one non-FT common share at a price of \$0.20 per share, and expires 18 months from the grant date.