

Technical Report

**Geology and Mineral Exploration
JR and RJ Properties
Southeast British Columbia**

NTS Map sheets 082F/1E, 1W
And 082F/8W,8E

Nelson Mining Division

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Southeast British Columbia
by Douglas Anderson, 2019**

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1.0 Summary

The JR and RJ mineral properties are separate claim blocks located 52 air- kilometres southwest of Cranbrook B.C. in the East Kootenay region of the province. They are separated by about 5.7kilometres north-south on NTS map-sheets 082F01 and 082F08. The JR property is 5 claims totalling 1855.17 hectares; the RJ property is 8 claims totalling 2808.86 hectares. Both properties are owned 100% by DLP Resources Inc.(“DLP”), subject only to a 1% net smelter returns royalty on 3 of the claims comprising the RJ property (the “NSR Royalty”).

MG Capital Corporation, a capital pool company based in Alberta (the “Company”) and DLP have entered into a letter of intent dated effective July 23, 2019 whereby the Company and DLP will negotiate and enter into a definitive agreement pursuant to which all of the outstanding securities of DLP will be exchanged for the issue of common shares of the company (the “Transaction”). The Transaction will result in the Company owning 100% of the securities of DLP and any of its subsidiaries and affiliates. Consequently, upon completion of the Transaction, DLP will become a wholly-owned subsidiary of the Company and the Company will beneficially own the JR and RJ properties.

The two properties cover Aldridge Formation rocks which in the East Kootenay region have experienced extensive mineral exploration and locally intense work because it is host to the Sullivan orebody, a major Pb-Zn-Ag deposit. Of the two properties, the RJ claims have received the most attention because of geological features in outcrop

that are associated with the Sullivan deposit. Assessment Reports recorded with the provincial government date back to the mid 1960's and the latest work reported on locally is 2018. Historical exploration activities on the current properties or on immediately adjacent ground are listed in Table 2.

Although the primary target type is a Sedex Pb-Zn-Ag, cross-cutting sulfide occurrences such as occur in the Sullivan Corridor are a possibility. The area has two prominent north-trending structural zones (Spider Creek and Carroll Creek faults) which may be the controlling features. Upon further fieldwork, other both longitudinal and cross-cutting faults will likely be identified.

Current exploration efforts are at a very early stage for the two properties but more regional work by numerous others facilitated this evaluation. The author has a long-standing exploration experience base to assess the database available and regards the properties worthy of further exploration including a geological mapping and geophysics approach.

2.0 Introduction

The JR and RJ Properties Technical Report has been prepared for the Company.

This report was prepared to describe the geology and mineral potential of the JR and RJ properties located southwest of Cranbrook B.C. They cover two separate pieces of ground mostly north of Highway 3 between the village of Yahk and town of Creston.

The author researched most of the previous exploration work done on the two properties and immediately adjacent ground from 1967 through 2018. There are twenty-three historical assessment reports, all of which have been reviewed by the author. There are other similar reports not considered relevant because they are distal to the two properties; the results are not pertinent; and or because the work was not verifiable. In the author's opinion, the reports in Table 1 are

worthy of consideration in evaluating the two properties and the work completed was done by reputable companies and individuals.

The author's exposure to the two properties has consisted of the review of some of the work done by past explorationists and by spending six days on JR and two on RJ examining rocks and mapping on at least part of the two claim blocks. The on-the-ground mapping was completed at a scale of 1:20000 or 1:10000 as determined by the amount of detail acquired.

I, Douglas Anderson (QP), have personally mapped (inspected) the JR property as of June 18th, 2019 and the RJ property on June 25th, 2019.

3.0 Reliance on Other Experts

I have been actively involved in mineral exploration in the East Kootenay region for approximately 40 years and as such have good knowledge of exploration work carried out in the area and correspondingly of the individuals and companies who have operated here. On that basis, I created Table 2 to represent the more important and relevant work and information collected. There are more assessment reports available on or adjacent to the JR and RJ properties but they are not included for consideration because in the author's opinion they do not contribute materially to understanding/evaluating the properties or the work is not verifiable at this juncture. The majority of exploration done in the area of the properties has and continues to be searching for lead-zinc-silver deposits similar to the large Sullivan orebody mined at Kimberley, B.C. The most common approaches to such a search and used by all explorationists at various stages involves employing: prospecting and rock sampling; geological mapping; soil geochemistry; airborne and ground geophysics; and diamond drilling. Discussion of the reports in Table 2 is restricted to the most useful information in terms of evaluating the two properties. Comments on particular reliability, if warranted, are included in the body of the report.

4.0 Property Description and Location

The JR and RJ properties are located on NTS map sheets 082F01 and 082F08 about 80 kilometres south of Cranbrook on Highway 3. Location map is Figure 1. They lie on 1:20,000 scale British Columbia Geological Mapsheets 082F019 and 082F029. The RJ property is centered on UTM (Nad83) coordinates 5446000N and 558000E; the JR property is centered on UTM coordinates 5457000N and 555000E. Both are within the Nelson Mining Division.

The claims are currently owned 100% by DLP, and are not subject to any royalties, back-in rights, option payments, encumbrances or other agreements except for the NSR Royalty. The claims were located and “paper-staked” and therefore conform to UTM boundaries. There are no markers in the field. DLP expects to extend the mineral claims prior to their expiry date. The two properties and their tenure are shown on Table 1 herein. More details for the two claim blocks are shown on accompanying Figure 2. The author does not expect the competing claims to inhibit the ability of DLP or the Company to explore or develop the JR and RJ properties.



Figure 1

Table 1

Tenure No.	Name	Good To Date	Size (Ha)	Mapsheet
RJ Property				
1065276	RJ5	2020/June/01	274.81	NTS082F1E/1W
1065275	RJ4	2020/June/01	359.26	NTS082F1E/1W
1065274	RJ3	2020/June/01	528.15	NTS082F1E/1W
1065273	RJ2	2020/June/01	506.84	NTS082F1E/1W
1065272	RJ1	2020/June/01	464.46	NTS082F1E/1W
1059413	JR3	2020/July/10	126.64	NTS082F1E/1W
1059304	JR1	2020/July/10	454.28	NTS082F1E/1W
1059308	JR2	2020/July/10	84.42	NTS082F1E/1W
JR Property				
1061350	JR4	2020/Sept./30	463.67	NTS082F1E/1W
1061351	JR5	2020/Sept./30	337.32	NTS082F1E/1W
1061352	JR6	2020/Sept./30	337.40	NTS082F1E/1W
1065280	JR7	2020/Sept./30	421.63	NTS082F1E/1W
1065281	JR8	2020/Sept./30	295.15	NTS082F1E/1W

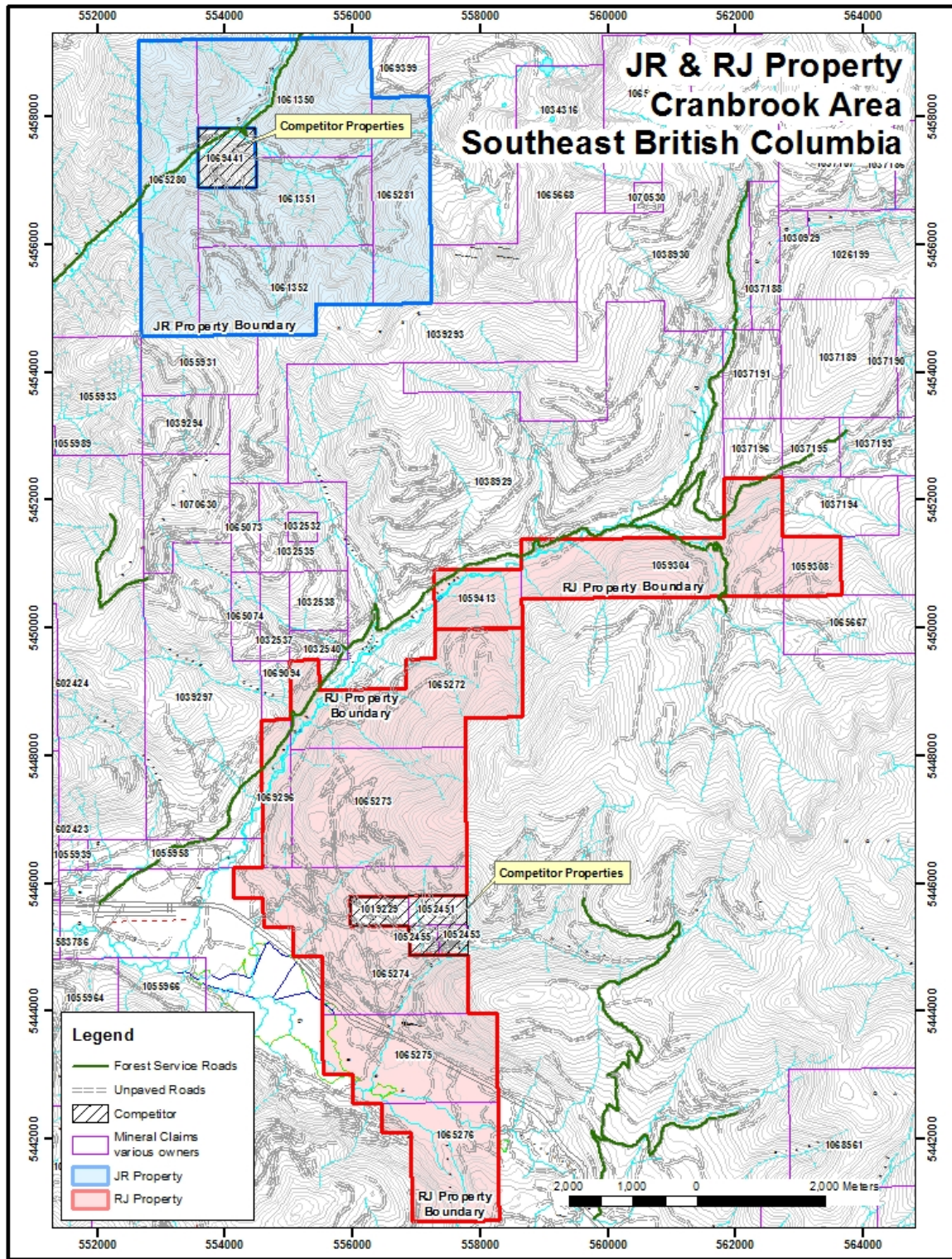


Figure 2

The properties are 100% owned by DLP (subject to the NSR Royalty). These are recent (mineral claim) acquisitions and therefore no environmental liabilities exist from the current operators. There is private land straddling Highway 3, underlying portions of the three most southern claims of the RJ property.

The current plan for 2019 exploration includes two MT geophysics surveys, and fieldwork with geological mapping, rock and soil sampling.

Upon completion of the Transaction, DLP will become a wholly-owned subsidiary of the Company and the Company will beneficially own the JR and RJ properties. The Company will acquire title to surface rights, legal access and will need to meet assessment requirements (\$5 per hectare for year one, escalating thereafter) to maintain the properties or pay cash-in-lieu.

The initial fieldwork to be performed on the JR and RJ properties will consist of geological fieldwork and review, soil geochem and geophysical surveys. These types of fieldwork are not subject to the requirement of permits as they cause little to no surface disturbance. Once the initial work is completed and as dictated by the results, a drill program will be designed and permitting will be applied for through the Ministry of Energy, Mines and Petroleum Resources of British Columbia.

5.0 Accessibility, Climate, Local Resources, Infrastructure and Physiography

The RJ property is moderately rugged ranging from 800 to 1700 metres in elevation. Access is gained from Highway 3 up variously aged forestry roads. Logging has opened up areas on the lower front (south) of the property. Access is good using four wheel drive trucks or ATVs. There is only sparse population along the Highway route. This property is still in its early stages despite being explored over the last two decades by a number of companies, so development considerations are not relevant.

The JR property farther north is accessed by logging roads up the Goat river then northeast along a tributary known as Leadville creek. There is variously aged logging with some of the roads driveable but brushed-in. It covers moderate topography ranging from 900 to 1800 metres. This property is also in its early stages of exploration. It is more remote than the RJ.

Both properties are within the Interior Bioclimatic zone with extensive forests of Fir, Lodgepole pine, Tamarack and Ponderosa pine. The region is moderately hot and dry in spring and summer with increasing precipitation in late fall and winter. Access in winter would be determined by snowfall levels which can be substantial.

For the purposes of the work program considered in this report, geological and geochemical work is dependent on access to the ground, so operating season is approximately April 15th to October 31st. For the anticipated geophysics surveys the operating season on the properties is year round.

6.0 History

The two properties are treated separately because there is a significant difference in the amount of exploration done on each. Table 2 does include a summary of the more pertinent work on the JR and RJ claim blocks. Again, only the work considered verifiable based on the author's history in the region are included for discussion. The exploration that makes a contribution to understanding and or evaluation are preferentially considered.

Table 2

Assessment Report #	Location of Work	Year of Work	Type of Work	Principal feature	Property Name	Operator
01069	Adjacent to JR	1967	Gl,Gc	Pb-Zn-Fe sulfides;qv	Kid Creek	Cominco Ltd.
Several	Near JR	1968-1987	Pros,Gc	"	Kid-Star	Small companies
16635	Near or on JR claims	1987	Gp,Gc	Soil anomalies	Kid-Star	Cominco Ltd.
16769	Near or on JR claims	1988	Gp,Gc	Weak EM anomalies	Star	Cominco Ltd.
18121	Near and on RJ claim	1988	Gc soils	Zn anomaly	Star	Cominco Ltd.
18633,19304	On RJ-Goatfell	1988/89	Gl,Gc,DD	Tourmalinite and sulfides	Goat-Sky	Chevron
19274	Adjacent JR	1990	Gp	Utem anomaly	Kid-Star	Cominco Ltd.
19564	On/adjacent to RJ	1990	Gl,Gc	Mapping	Kydd	Chevron
20568	Adjacent JR	1990	DD,Gl	Weak S+A	Star	Kokanee Exploration
20571	Adjacent JR	1990	DD,Gl	S+T	Star	Kokanee
21230	RJ	1990	Gp,Gl	Weak Gp response	Star	Cominco Ltd.
21939	RJ	1991	Gc	Low level anomaly	Goat	G.Leask
22667	Adjacent JR	1992	DD	T and qv fragmental	Kid-Star	Kokanee Exploration
22770	On and Adjacent RJ	1992	Gl,Gc	None	Kydd	Granges
23093	On RJ	1993	Gl,Gc	Discusses 2 old holes	Sky	Arbor Resources
23818	On RJ	1994	DD	One hole	Sky	Arbor Resources
24393	Adjacent RJ	1995	Gl,DD	6 DD	Goatfell	Consolidated Ramrod Gold Corp.
24259	Adjacent JR	1995	One DD	Nothing significant	Star	Pacific Mariner Exploration
25817	On RJ	1998	Gl; Pros	Normal faults	Sky	Black Bull Resources
30134	Adjacent RJ-JR	2005/07	DD - one extension	No LMC	Spid	Klondike Gold Corp.
34990	On JR	2014	Pros	Shear with Au	Big Kahuna	C. Kennedy
35027	On RJ	2014	Pros,Gc	S,A	Son of Captain	C.Kennedy
36208	On RJ	2017	Gp	Faults confirmed seismically	Son of Captain	C.Kennedy-F.Cook
36723	On RJ	2018	Gl	Faults	Son of Captain	C.Kennedy-S. Kennedy
36213	Adjacent to RJ to NE	2016	Gl, Gc Log old DD holes	Positive XRF results	DD/Panda Irishman	Teck Resources Ltd.

Gl = Geological work
 Gc= Soil or Rock geochem work
 Gp= Geophysical surveys
 DD= Drilling

S=Sulfides
 A=Alteration
 T=Tourmalinite
 qv=quartz veins

Pros=prospecting

JR Property

This set of claims to the north straddles the Leadville creek drainage. Historical exploration work has been limited with the main pursuit being gold. Structurally-hosted gold is known throughout the district, especially to the northeast in the Moyie river drainage. On the JR the work has been part of a much larger campaign over the last twenty years on a property called the Big Kahuna which stretched from the upper Moyie across to the JR then south to Kid Creek. The work has largely been prospecting and rock sampling with gold apparently restricted to narrow shear zones containing quartz veins with gold and accompanying base metals. Such is the case on the JR where the Liger Shear does contain visible gold with the best result being 18 grams in a selected rock sample. (AR 34990) One company (Fjordland Explorations) did complete a soil grid over the Liger zone (Assessment Report 31586) with anomalous gold restricted to the center of the grid, so of limited strike length. Lead is also limited in extent but anomalous zinc occurs with the gold with moderate values extending out over about 1000metres in a northeast-southwest orientation. This occurrence is within Middle Aldridge rocks so is of less interest for the primary target type (see Sedex Lead-Zinc in Section 8) being pursued.

A second exploration project with implications for the JR occurs immediately to the south and on-strike. A Utem geophysics grid done by Cominco Ltd. (Assessment Report 19274) in 1990 covered south of the JR and north across most the current claim block. The survey identified an 800 metre-long good conductor which was drilled (no results released). This conductor which is in Middle Aldridge rocks should extend onto the JR but doesn't show on the UTEM completed that year.

No drilling has been done on the JR but numerous holes have been completed by several companies over a period of years from 1990, on the ground immediately to the south and along strike from the JR. The focus here has been the presence of sulfides and alteration. This area will be part of the focus in Section 23 for Adjacent Properties.

RJ Property

The larger southern block has garnered more exploration effort because of the long-known presence of Sullivan Indicators (see Section 8) in the form of a large, cross-cutting tourmalinite zone (Goatfell and Sky), alteration and sulfides. The appropriate B.C. Government Minfile reports include 082FSE107 and 068. The core claims have been held by a variety of companies with some historical diamond drilling towards the south end of the property. Table 2 summarizes the Assessment Reports covering exploration work done by a variety of companies and individuals on and adjacent to the RJ claims. This section discusses the exploration done in the past on the current RJ property.

In 1987/88 Cominco Ltd.(AR 18121) completed a soil geochem grid central to the RJ claims. The results are significant because a zinc anomaly of at least 1 kilometre in length is present at or just stratigraphically above the Lower to Middle Aldridge contact – Sullivan Time (refer to Section 8). It flanks a regional north-south fault. Anomalous lead is absent on the grid, so a conclusion could be that the area is distal to anything larger. Uphill and up section another zinc anomaly of similar size is present over a set of gabbro sills. Mineralization is not uncommon with these intrusive bodies. Later, as a follow-up to the soil anomalies Cominco did four lines of UTEM geophysics yielding a continuous but weak (Channel 7) response coincident with the soil anomaly.

In 1988 /89 Chevron did a comprehensive program on the south end of the RJ including the drilling of two holes followed by 2 holes in 1989. All were designed to test the LMC (Sullivan Time) but were unsuccessful, testing lower Middle Aldridge only. All holes hit weak lead-zinc with some copper, most of which was localized along fractures with some disseminated in the sediments. They did locate an additional tourmalinite zone to the south of Goatfell and the Sky tourmaline-sulfide zone on Hazel creek which contains minor lead, zinc, gold and copper. In 1990, Chevron also staked ground partly on the RJ

claims (AR19564). It was a large block of claims which they mapped as Middle Aldridge. The work added only to the geological database. In 1992 Granges Exploration completed a modest geology and rock geochem program with only the geology useful.

In 1993/94 Arbor Resources completed two modest programs on claims inclusive of the Sky occurrence. The author does describe results from two drill holes done by Chevron but not reported on to the west where they had weak soil and geophysics results. The holes did intersect weak lead and zinc in Middle Aldridge rocks. In 1994 the operators drilled one short hole (77.1M) to the south beside Hazel creek. It intersected a fault zone with 30 cm of massive pyrite but no lead or zinc. This report discusses three separate north-south faults. In 1998 this author evaluated the Sky area with some mapping and prospecting assistance, faulting is present but not well located. Such faults could be important for localization of the lead-zinc mineralization but current 2019 work only identified one such fault. More geology mapping needs to be done.

Since 2014 the core of the RJ property has also been explored by prospecting and rock geochem and some minor mapping through 2018.

7.0 Geological Setting and Mineralization

a.) Regional Geology

The JR and RJ properties are underlain by Purcell Supergroup siliciclastic and carbonate metasedimentary rocks.

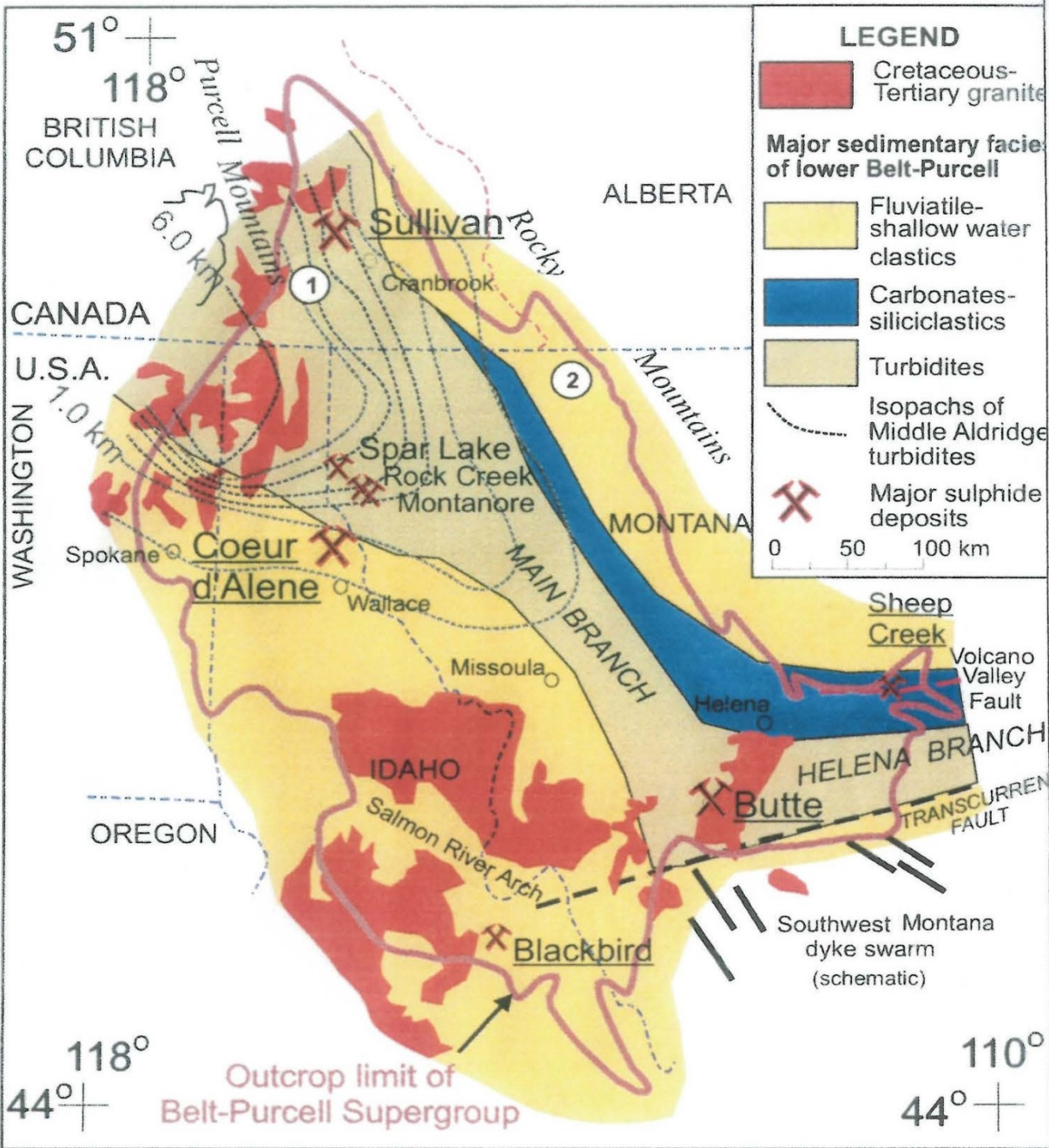


Figure 3 - Purcell Supergroup Basin

The Purcell Supergroup is exposed in the core of the Purcell anticlinorium which is a regional arch-like structure formed by Paleozoic-Paleocene thrusting and includes structural panels of the Rocky Mountain fold and thrust belt. The arch trends northwest through the Purcell Mountains of southeastern B.C. The rocks exposed are dominated by the oldest as a 10 kilometre thick (estimated) turbidite-gabbro sill complex referred to as the Aldridge Formation in Canada and the Prichard Formation in the U.S.A.

Further to the northwest, younger rocks overlie the Purcell Supergroup. In the area of interest the Aldridge Formation is divided into three informal members: the Lower, Middle, and Upper Aldridge members. The rock sequence includes more argillites and argillaceous siltstones of the Lower Aldridge from more distal sources succeeded by more proximally sourced quartzitic turbidites of the Middle Aldridge. Dominated by these higher energy, turbiditic sandstones the change is significant as the Lower-Middle Aldridge contact (Sullivan time). The Upper Aldridge is a return to more argillaceous, quiet water sediments. The Aldridge Formation is metamorphosed to middle to upper greenschist facies. A large part of the Lower and Middle Aldridge sequence hosts numerous mafic intrusions, dominantly as the Moyie sills which range from gabbro to diorite in composition.

The Aldridge/Prichard rocks have been the primary focus for exploration in Canada because of the Sullivan orebody. However, exploration has also pursued the three main groups above which together form the Purcell Supergroup (in ascending order – Canada/US): Creston/Ravalli for copper-silver and structurally-hosted Ag-Pb-Zn; Kitchener/Middle Belt carbonate; and Dutch Creek-Mt. Nelson/Missoula Group. There are significant changes in this sequence east of the Rocky Mountain Trench but they are excluded from this review.

In this regional context for the two Aldridge properties, it is pertinent to discuss the lower part of the Purcell Supergroup. The Aldridge Formation described above was deposited during basinal

extension with rifting at ~ 1470 Ma. The three members of the Aldridge were part of a turbidite influx into the sedimentary basin with rifting introducing changes – the most prominent being the afore-mentioned Lower to Middle Contact. It is at this transition interval that the Sullivan Pb-Zn-Ag Sedex deposit occurs. This stratigraphic time is notable for the localized presence of conformable and cross-cutting fragmentals which are interpreted as products of fluidization of the sediment pile which are mainly discordant zones but also form sheet-like, conformable bodies. It culminates at Sullivan with formation of a complex sulfide body and several types of alteration associated with the orebody including tourmalinization, chlorite-pyrrhotite, and chlorite-pyrite-albite-carbonate.

The middle part of the Purcell Supergroup followed the rifting episode as rift-cover, shallow water sediments of the Creston and Kitchener Formations. Generally fine siliciclastic rocks and then carbonate-argillite packages.

The structural history for the region is complex with a series of events affecting the area also resulting in at least three episodes of metamorphism. In the Mesoproterozoic (Purcell Supergroup time) the basin was active with extensional and transfer tectonics, some of which were re-activated during later events. There is an East Kootenay Orogeny date around 1350Ma; a Goat River Orogeny around 850Ma and much later Jurassic-Paleocene (60-160Ma) deformation.

These are some of the complex events that have impacted the rocks underlying the two properties.

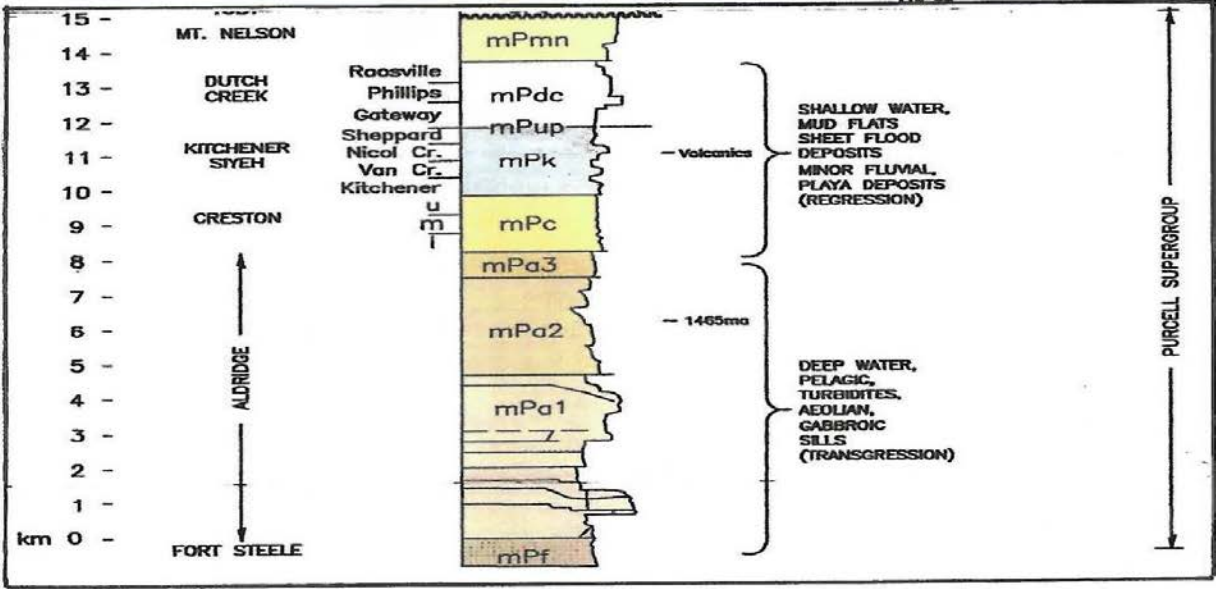
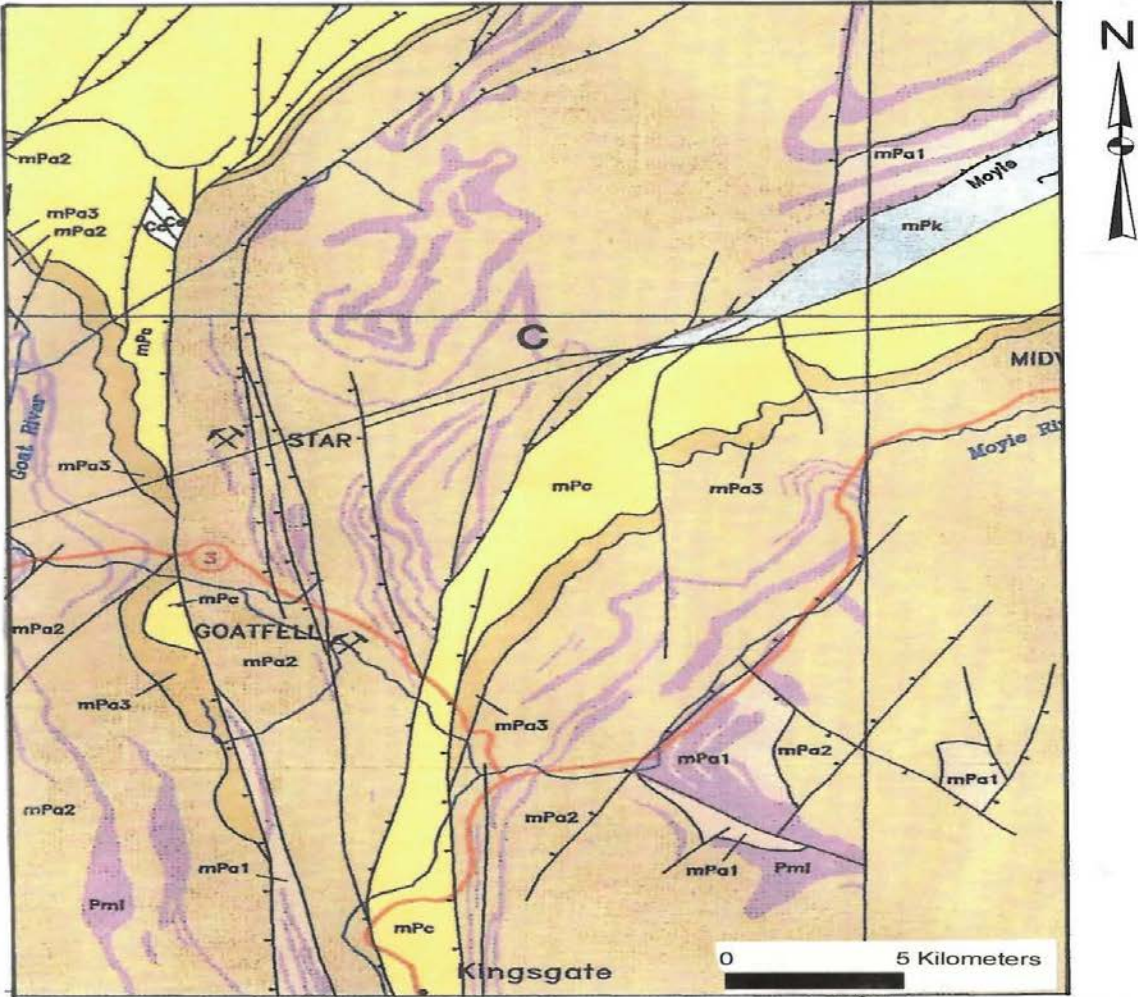


Figure 4 - Regional geology - locations for reference

Property Geology

The two properties share a common geological setting further emphasized by the fact that they occur along strike from each other. So a review of the geology applies to both sets of claims and the intervening ground held by competitors. The same sedimentary rocks include the three divisions of the Aldridge Formation with included Moyie sills and dykes and the overlying Creston Formation. The structural setting is quite similar with north-trending faults playing a significant role in the development of the geological settings. It is likely that other fault orientations are present but not yet defined. The Carroll Creek and Spider Creek faults are regional reverse faults with net movements on them of about 2500 metres and 1200 metres respectively. Mineralization within the Middle Aldridge is common to the area as are various forms of alteration.

JR Geology

The northern property is underlain by Middle Aldridge sedimentary rocks fault bounded on the west by Creston Formation. The quartzites, siltstones, and argillites are turbidites with the thicker bedded quartzitic component dominant. Unique within the Middle Aldridge are stratigraphic marker horizons (laminated intervals) that can be correlated over long distances within the Purcell basin. Some are identified on the JR confirming along with the dominant rock types and sedimentary features that the property covers the middle portion of the Middle Aldridge. Dominantly north-striking and dipping east the sediments have been folded into a syncline-anticline pair. Included are gabbroic intrusions as sills which are quite irregular in their distribution. Additionally, the rocks have been faulted with the Carroll Creek and Spider Creek faults located. Lower Aldridge has not been found in outcrop with the depth to the target horizon (Lower-Middle contact) not well established to date. The property is lacking detailed coverage and no geology mapping has been done on the east half of the claim block. (See Figure 5)

North part of the JR property



JR - View into Leadville drainage - across to Middle Aldridge outcrops north of the creek - logging roads provide access to portions of the property.

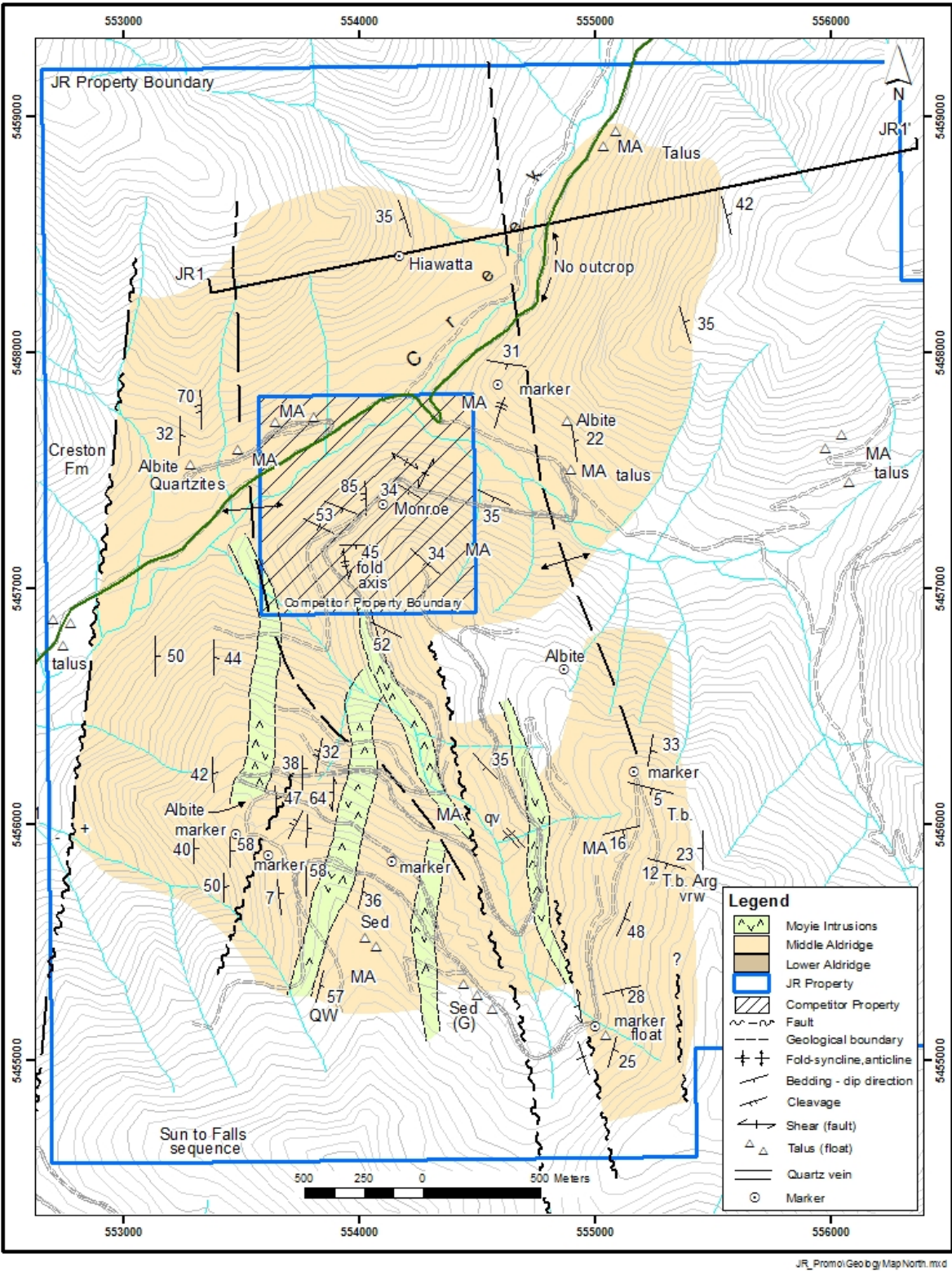


Figure 5 – JR Geology 2019 (DA)

RJ Geology

The same geology applies with the primary difference being the greater amount of exploration that has happened over the last two decades. So despite the limited amount of geological work done in 2019, there is a significant geological database available including government compilations and industry activities.

The claim block is underlain by the same Middle Aldridge sequences common to the area and the JR. A few marker locations have previously been established providing some control on the stratigraphy. Present are several Moyie intrusions, the distribution of which have not been finalized. The mapped area defines Lower Aldridge in float and outcrop occurring against the east side of the Spider Creek fault. (This is the location of the Cominco zinc soil anomaly described in the history section.) To date mapping indicates the Lower-Middle contact is at moderate depths on the remainder of the property. The locus of the north-trending Spider Creek fault has been established but the presence of additional faults is suspected but not confirmed by the limited mapping. Of note is a study by a very qualified geophysicist of the results from seismic line done along Kid Creek which is midway between the two properties. His conclusions based on study of the seismic sections is there are at least three major east-dipping faults which correlate with the Spider Creek and Carroll Creek faults. The data indicates both faults are deep-seated reverse faults, that is the east side has moved up along the fault surfaces. (See Figure 6)

Photo from the central part of the RJ property.



RJ - Lower Aldridge rubble against the Spider Creek Fault - to date this is the only recognized LA - on the following map (Figure 6) this photo is of the darker brown lens shown.

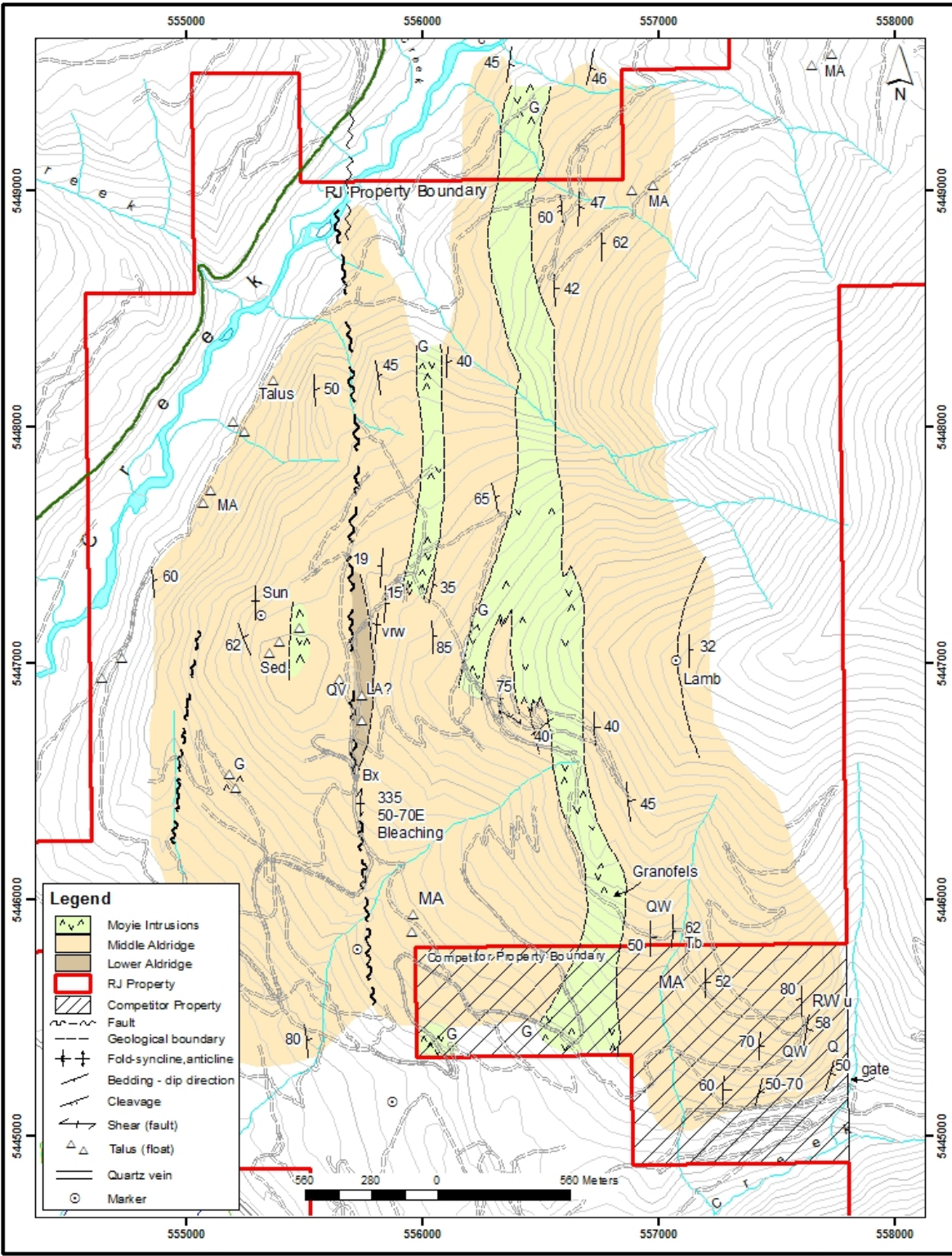


Figure 6 – RJ Geology 2019 (DA)

b.) Mineralization and Geological Setting

The descriptions included herein are based on the publicly available reports of past exploration and government compilation efforts, as well as the author's personal viewing. They are considered reliable. There are no indications of a resource based on the work done to date. (The reader is referred to section 8 for the Deposit Type and geological model guiding exploration.)

It should be noted that the Aldridge Formation does not typically contain lead or zinc mineralization except in structural zones such as at the St. Eugene mine or as cross-cutting and stratiform zones at the Sullivan Mine. The most common and most widespread mineralization in the area of the two properties is contained within the middle of the Middle Aldridge. It is primarily sphalerite with only spotty occurrences of galena. The sulfides are either within quartz veins or spread through the section as disseminations within the sediments. Most observations of the consistent presence of sphalerite is based on drill core. Included later in this discussion are sections from drill holes located on the claims or immediately adjacent. Based on current information this weak but consistent on-strike presence of zinc sulfide (lead) from the south end of the RJ through Sky and north onto the Kid-Star property (Petersen Creek) covers about 18 kilometres. The existence of the two styles of mineralization over such a distance is a strong indication the localization of the sulfides is related to the north-trending faults. The depth extent of this mineralization is not known nor has the Lower to Middle Aldridge contact (Sullivan Time) been tested because it is generally deeper than the drilling.

It is worthwhile to consider several locales for more detail. At the south end of the RJ, soil geochem anomalies reflect the weak but anomalous lead and zinc. West of the Goatfell tourmalinite occurrence (BC Minfile 082FSE010) two drill holes cored Middle Aldridge rocks, establishing the presence of weak but consistent presence of zinc (and lead) in quartz veins and disseminations with pyrite and pyrrhotite. (see the drill hole section included as Figure 7 (from Assessment Report

18633). The sphalerite noted on the section was observed during the logging of the core. It is notable that there is widespread quartz-chlorite-carbonate-pyrite alteration of the bounding sediments. The holes bottomed in a fault, probably the Spider Creek structure which is quite wide and dips about 70 degrees east.

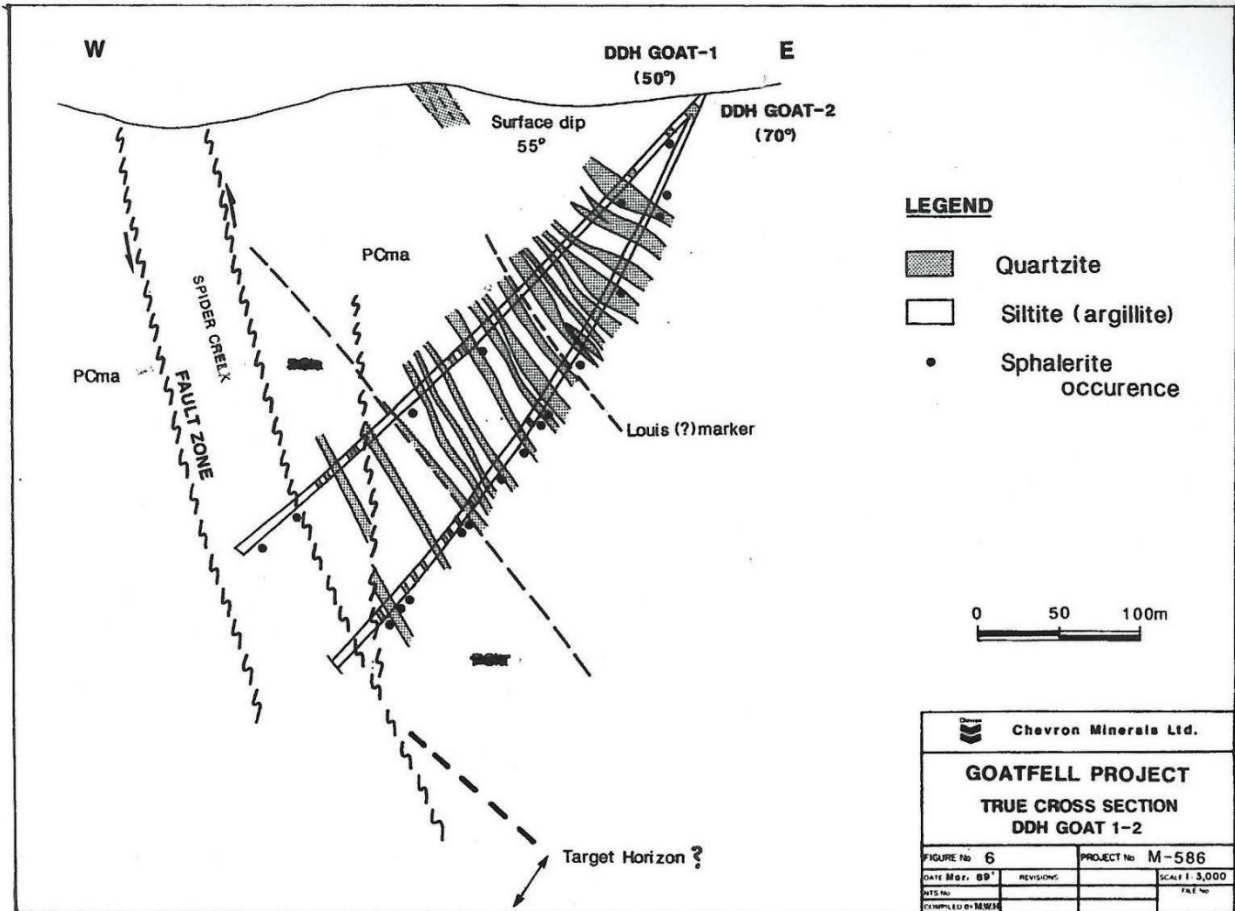


Figure 7 - Included to demonstrate the widespread nature of the sphalerite intersected in these two holes. This is atypical for the Middle Aldridge sediments tested by these holes. The prominent east-bounding Spider Creek Fault is established as an east-dipping structure.

Two holes were drilled the next year at locations to the south with negative results. To the north at the Sky occurrence (BC Minfile 082FSE068), drilling reported on second-hand describes weak mineralization. A single short hole drilled to the southwest beside Hazel

creek intersected a fault zone with 30cm of massive pyrite with 0.2%Pb and 0.7% Zn. Farther north at the Kid-Star zone (BC Minfile 082FSE013) adjacent and on-strike of the JR. Where most historical drilling has been completed, DDH S-90-1 drilled Middle Aldridge with anomalous zinc and lead (Assessment Report 20571). The lab analyses of one interval of the drill core is included as an example – from 203 to 241 metres the average Zn is 450 ppm (See Figure 8).

Pb Zn

Table with columns: IGA, DESCRIP (GW AU(ppb)), AD AL(12), AS, B, BA, BI, CA(12), CD, CE, CH, CU, FE(12), X(12), LA, NG(12), NH, HD, NA(12), NE, P, PO, SB, SF, SD, FE(12), U, V, W, Y, ZW. The table contains 35 rows of analytical data for various sample intervals.

Figure 8 - Analyses done by Min-En Labs - Zn is the last column on the right with some anomalous Pb

Again referring to Section 8, the prime exploration target in the Aldridge Formation within the Purcell basin is the Lower to Middle Aldridge contact – where the Sullivan Sedex orebody occurs. There is a possibility for structurally controlled mineralization but it is considered a lesser target. For the area incorporating the JR and RJ properties, the mineralization within the hangingwall Middle Aldridge may be a reflection of what is present at depth if the right conditions existed at

Sullivan Time. None of the exploration to date has successfully tested to depth through drilling. Ground electromagnetic geophysics surveys which are limited in coverage have not yielded conductors excepting the one case south of the JR (noted previously).

A large area has been flown by the government (EK Geophysical Survey Open File 1996-23, Yahk area 082F/1) including Electromagnetics, Magnetics, and Radiometrics. It only covered about 10% of the JR claims. No conductors of significance resulted.

I have reviewed historical work and expenditures on the two properties. The Expenditures based on publicly available records (Assessment Reports) are: **JR~\$91,000 and RJ~\$354,000.**

Section 8 Deposit Types

The area of interest is within a Mesoproterozoic sedimentary basin with dimensions in Canada of 50km by 150km wide by >5 kilometres deep. The rocks of interest are the Aldridge Formation at the base of the section, they are generally deep water turbidites filling an intracontinental basin.

A fundamental shift in the sedimentary environment within the basin occurred at the change from distal turbidites (Lower Aldridge) to more proximal (closer to source) turbidites of the Middle Aldridge. This shift would necessitate some tectonism (faulting) to initiate it. It is at this interface that the Sullivan deposit formed at the seafloor, as a Sedex deposit (Sedimentary Exhalative) at about 1470Ma.

Sullivan Orebody 160 Million tons at 6.5%Pb, 5.6%Zn, and 67grams/ton Ag.

The Aldridge Formation contains a significant proportion of gabbroic Moyie sills and dykes throughout. Prior to formation of the Sullivan (in its footwall), a large, deep-seated core of tourmalinite formed (>30 volume percent tourmaline – a boron-rich silicate mineral)

spatially associated with lesser volumes of sedimentary fragmental. These are Aldridge lithologies which have been fluidized and brecciated along structural breaks forming both discordant and concordant bodies. Both tourmalinite and sedimentary fragmentals occur most prominently at the top of the Lower Aldridge but are also recognized in various sizes up into the hangingwall Middle Aldridge.

At Sullivan, the western portion of the orebody overlying the tourmalinite pipe is massive pyrrhotite with lead and zinc sulfides which tails out to bedded ores to the east.

The footwall rocks south of the Sullivan contain cross-cutting (lesser bedded) lead-zinc-iron sulfide zones along a 5 kilometre structural feeder system. These active structures created a graben/horst setting within which the Sullivan was able to form.

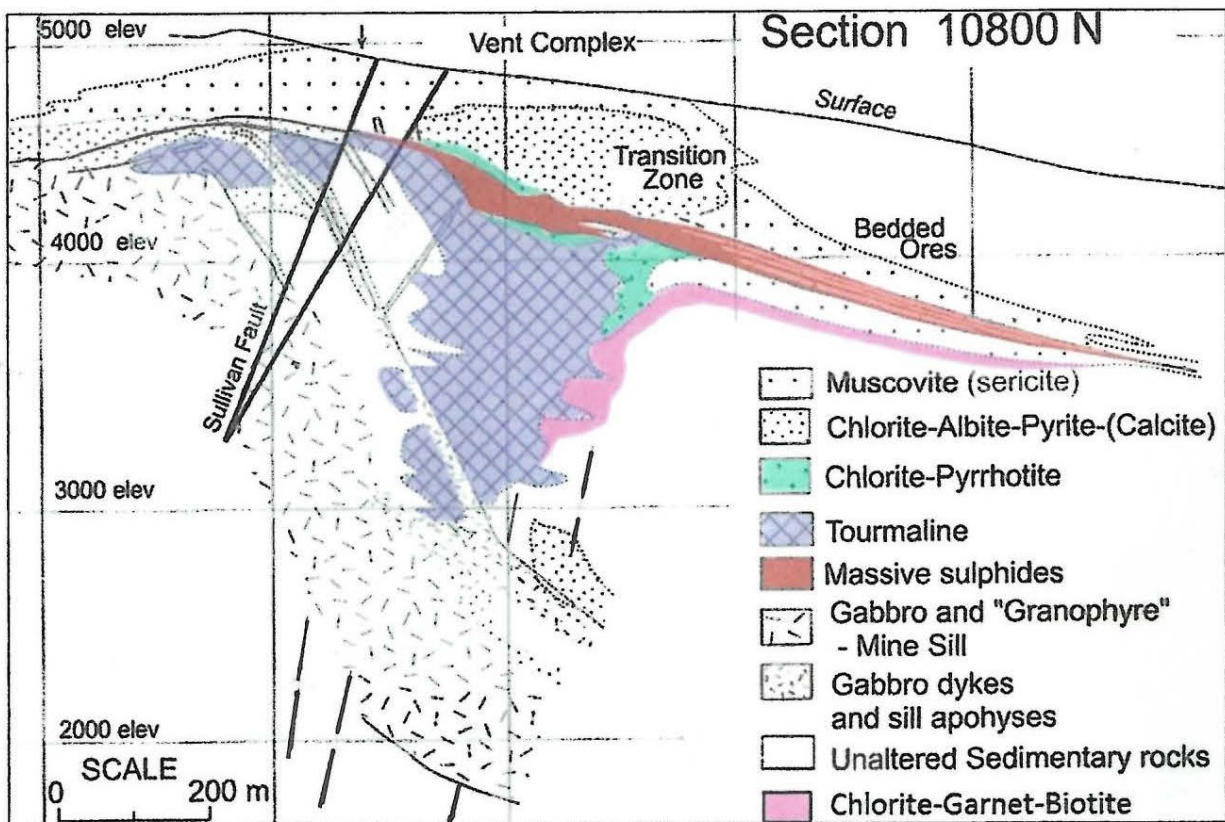


Figure 9 - West to East Section through the Sullivan Orebody and the surrounding rocks with alteration forms and faulting.

All the fluid movements involved to create the fragmentals, tourmalinite, and sulfide bodies culminated with a hangingwall alteration of chlorite-pyrrhotite succeeded by chlorite-pyrite-albite-carbonate alteration events.

This understanding led to development of Exploration Parameters – what is used to signify potential sites for a Sullivan-type deposit.

Sullivan Indicators:

1. Deep-seated faults to source and move the various fluids. A feeder system to produce a concentration of sulfides.
2. Some of these faults need to be synsedimentary structures to allow early movement of fluids but also to prepare sites for fluid precipitation in a trap.
3. These active structures allow for formation of tourmalinite alteration and sulfide deposits at an early synsedimentary stage. They allow for varying sediment accumulation rates across the faults.
4. The early faults also facilitate cross-strata fluid flow to form fragmental bodies.
5. During formation of the ore zone and capping it will be various forms of alteration of the ores and hosting sediments.
6. The Lower to Middle Aldridge interval (Sullivan Time) is the primary target but other settings could be productive as well. During exploration it is of paramount importance to establish the stratigraphy for evaluation of the STI through examination and sampling if in outcrop and geophysics and or drilling if at depth.

There are two principal sources of information for the Sullivan search: 1. The author's 35 years of experience with this deposit and other similar worldwide occurrences. 2. In references - Geological Association of Canada Special Publication No.1 -

“The Geological Environment of the Sullivan Deposit British Columbia”. An 834 page compilation.

Section 9 Exploration

Exploration work conducted on behalf of DLP in 2019 has been limited to geological mapping on each of the properties. Historical information is available for the area based on industry work and government work and compilations. The current mapping benefits from improved road access and the rock exposures created. To date mapping has examined the core areas only for the two properties – it was done at 1:20,000 scale.

No rock or soil sampling has been done as the program is preliminary. As noted in previous sections, in some instances informative and useful historical work has been done.

To date the geology collected has been restricted to Middle Aldridge sediments and included gabbro intrusions. Stratigraphic markers have been collected but not identified yet. Several faults have been mapped and with more field work the overall setting can be clarified and conclusions about potential targets reached.

Section 10 Drilling

The JR property has not had any drilling activity at any time. The RJ claims have historical drilling (Chevron) at the very south end of the property in two locales. This work was documented in Section 7b so only a few additional details are added here. Two from one site were drilled at -50 and -70 degrees at an azimuth of 265 degrees. A section showing the two holes and results is included as Figure..... In 1989 they drilled two more holes along the very southeast boundary of the RJ. These holes were ineffective. All the drilling remained in Middle Aldridge throughout, never reaching the Lower-Middle Contact which was the objective. A single, short drill hole was completed beside Hazel creek and is reported on by others later (see 7b).

It is only through more exploration on the RJ claims, including mapping, geochemistry, and geophysics that drilling may be warranted.

Sections 11 Sample Preparation, Analyses and Security

There has been no sampling conducted on the property by the Company or DLP and therefore no analytical procedures are noted.

Section 12 Data Verification

The exploration work done to date being geological mapping and assessment based on it is based on a long history of involvement with exploration within this sedimentary basin hosting Sedex and structurally-hosted lead and zinc deposits. This is a first phase of mapping with more complete and detailed analyses to follow. The author did not take rock samples or arrange for soil sampling because the geological setting has to be detailed first to make the sampling effective.

Section 13 Mineral Processing and Metallurgical Testing

There has not been any such testing on the two properties by DLP or previous owners.

Section 14 Mineral Resource Estimates

There are no current resource estimates for the JR and RJ properties.

Sections 15 through 22 Mineral Resource Estimates

These sections are not addressed due to the early stage of mineral exploration being conducted on the two properties and the fact that such properties are not advanced properties. Historical work has not provided a basis for any resource evaluations nor corresponding studies involved in such pursuits.

Section 23 Adjacent Properties

Section 6 addressed historical exploration work done on the two properties of concern to this report. Table 2 also lists publicly available work done on adjacent ground. There is some overlap with Section 6 as past exploration in some instances was done in part on one of the properties. Section 7b also dealt with results of work on the two claim blocks and on some adjacent ground.

Section 3 addressed the reliance on other experts aspect for this report and is inclusive of adjacent properties. Again referring to exploration results discussed herein only the most informative and evaluative reporting is included, with Table 2 a more complete listing.

A large holding of claims overlaps the RJ and extends out to the east and northeast from it. Geological mapping by Chevron in 1990 will provide useful background information for 2019 work (AR 19564).

In 1995, six drill holes were completed about one kilometre east of the RJ boundary. They were drilled by Consolidated Ramrod Gold proximal to the Goatfell tourmalinite body and under a soil anomaly. The drilling was conducted over a 750 by 500 metre area. The operators were trying to test the anomalous stratigraphy defined at the Kid-Star to the north. The drilling was not successful.

In 2005/2007 Klondike Gold Corp. attempted a drill test of the Lower-Middle Contact just northwest of the RJ claim corner and east of the Spider Creek fault. Extended once, the hole still did not reach the LMC (Sullivan Time).

The northeast portion of the RJ property is adjacent to recent exploration on the long-standing Panda or DD property (staked by the author). This area and the claims on it have been called a variety of names over the years including: Panda, Irishman, Lew, and Payday. Modern exploration started with Cominco Ltd. in Lewisby creek and led to a sequence of efforts to establish targets within the Aldridge at the Lower-Middle contact. Interest was sustained by geological mapping and drilling which identified a number of Sullivan Indicators were present in the area. The exploration progression led to the southwest

onto the present Panda claims optioned by Teck Resources Ltd. from PJX Resources Inc. A variety of companies were responsible for developing the geologic setting through their work in the Panda (DD) area. Panda is a sub-basin with significant features reflective of the Sullivan Orebody setting including:

- Synsedimentary Faulting

- Thickening of the hangingwall section – sedimentation into a depression – geologically a graben.

- Thickening of Sullivan Time including fragmentals and unique lithofacies.

- Grade and thickness of mineralization increases into the sub-basin.

These features when considered from hole to hole may allow for determination of a vector to a geological setting conducive to formation of an Pb-Zn deposit.

Teck Resources has proceeded with such analysis and completed an MT geophysics survey which resulted in definition of a conductor at depth. The anomaly is about 2 kilometres northeast of the RJ. Considered to be very positive, verifiable results for this adjacent property, the geological database for the RJ and JR is relatively incomplete, not allowing for such deductions.

Section 24

There is additional information available for the region including the two properties and surrounding ground. It is very detailed involving soil and rock sampling in particular which cannot be accommodated in this report nor does it need to be in the author's opinion.

Section 25 Interpretation and Conclusions

The two properties and relevant surrounding ground cover an area of about 100 square kilometres. Terrain is moderate with reasonable but locally incomplete access via logging roads. Overburden cover can be extensive limiting the percentage of outcrop.

Despite exploration activities in the 1980 to present period, the region inclusive of the two properties is underexplored. Historical efforts have been focussed on the south end of the RJ and on adjacent ground at Kid-Star in particular. Exploration has been inclusive of most techniques, just not universally applied.

The 100 square kilometres is almost exclusively underlain by Middle Aldridge stratigraphy, meaning the primary target for Pb-Zn-Ag at the Lower Middle Adridge contact has not been tested, except by some ground geophysics.

The area is bounded by a structural zone between the Carroll Creek and Spider Creek reverse faults. Based on their continuity, estimated movements, and seismic reflections, these are significant structures. More fieldwork will likely define additional faulting in the 2.5 kilometre wide intervening ground. Such structural zones are potentially important for mineral exploration as demonstrated at various locales including Sullivan and Panda (See Section 8 and Section 23).

The Middle Aldridge stratigraphy is host to weak but distinctly anomalous amounts of zinc mineralization along the 18 kilometre length of the composite region. It is present as sphalerite (spotty galena only) with iron sulfide in quartz veins, disseminations, and lesser amounts in laminated argillites.

The JR block is unexplored except for partial geophysics coverage. 2019 fieldwork has been limited to a modest amount of mapping. The RJ block has undergone more extended exploration to the south, in large part because of the Goatfell and Sky tourmalinite occurrences. Still the exploration has been somewhat ineffective in the author's opinion, not testing the Lower Middle Aldridge contact directly.

More geologic mapping is warranted for both properties (ever cognizant of historic work) as is beginning evaluation to depth employing MT geophysics.

26. Recommendations

The first phase of exploration recommended for the two properties as mentioned above should include more geological fieldwork and two grids of MT. Completion of this exploration should provide evaluation of potential target areas and possibly conductive responses worthy of drill testing in phase two.

The costs to complete the first phase are as follows:

Fieldwork - to include prospecting, assaying costs, mapping and interpretation, report writing:

Prospecting – 10 days (includes truck) @\$500/day	= \$5,000.00
Geological Mapping (includes truck) 30 days @700/day	=\$21,000.00
Geology research/sections/interpretation/reporting	= \$ 6,000.00
Rock sample analysis	= \$ 5,000.00
Soil sampling – collection and analysis (100 samples)	<u>= \$ 5,000.00</u>
Total	= \$42,000.00

Geophysics – MT Survey

(MT is an electromagnetic method for searching the earth’s subsurface for electrical conductivity by measuring natural geomagnetic and geoelectric field variation at the earth’s surface.)

Recce Grids – lines 400 metres apart with site spacing at 200 metres.

At the RJ Property:

116 stations on total of 20 l-kms at \$2667 per station = \$309,372.00

At the JR Property:

44 stations on total of 8 l-kms at \$2667 per station = \$117,348.00

Total Geophysics Cost = \$426,720.00

Administration and support costs estimate = \$ 40,000.00

Total Estimated Cost for Phase 1 = **\$508,720.00**

Section 27 - References

1.0 BC Ministry of Energy and Mines – Geological Survey Branch
 Geoscience Map 1998-2 Geological Compilation of the Yahk(East Half)
 and Yahk River (West Half) Map Areas, Southeast BC, NTS 082F/1E and
 082G/1W. By D.A. Brown et al; Scale 1:50,000

2.0 BC Ministry of Energy and Mines – Geological Survey Branch
 Geoscience Map 1998-3 Geological Compilation of Grassy
 Mountain(East Half) and Moyie Lake(West Half) Map Area, Southeast
 BC, NTS082F/8E and 082G/5W. By D.A. Brown; Scale 1:50,000.

3.0 Geological Survey of Canada - East Kootenay Geophysics Survey -
 Area 3; Open File 1996-23; Yahk Area BC; NTS082F/1; Scale 1:50,000.

Assessment Reports (AR) filed with the BC Ministry of Energy and Mines
 - available at <http://aris.empr.gov.bc.ca/>

4.0	AR#16635 - Operator Cominco	1987 - Geophysics,geochem
5.0	AR#16679 - Operator Cominco	1988 - Geophysics,geochem
6.0	AR#18121 - Operator Cominco	1988 - Geochem
7.0	AR#18633 - Operator Chevron Diamond Drilling.	1990 - Geology, Geochem
8.0	AR#19304 - Operator Chevron Drilling.	1990 - Geology, Diamond
9.0	AR#19274 - Operator Cominco	1990 - Geophysics
10.0	AR# 19564- Operator Chevron	1990 - Geology,Geochem
11.0	AR#20568 - Kokanee Exploration Drilling	1990 - Geology, Diamond
12.0	AR#20571 - Kokanee Exploration Drilling	1990 - Geology, Diamond
13.0	AR#22667 - Kokanee Exploration	1992 - Diamond Drilling

14.0 AR#23818 - Arbor Resources	1994 - Geology,Geochem
15.0 AR#24393 - Consolidated Ramrod	1995 - Diamond Drilling
16.0 AR#30134 - Klondike Gold Corp.	2007 - Diamond Drilling
17.0 AR#36208 - Individuals	2017 - Geophysics
18.0 AR#36213 - Teck Resources Ltd.	2016 - Geology,Geochem

19.0 Geological Association of Canada - Special Publication N0.1 - “The Geological Environment of the Sullivan Deposit British Columbia” - Edited by J.W. Lydon et al - a collaborative project between Geological Survey of Canada, Cominco Ltd., and the British Columbia Geological Survey.

To: MG Capital Corporation, M18 317 Banff Avenue, Banff, Alberta T1L 1C1

Appendix 1a
Certificate -Statement of Qualifications

I, Douglas Anderson, BAsC in Geological Engineering do hereby certify that:

1. I am a practicing, independent consulting geological engineer residing at: 100-2100 13th Street South, Cranbrook B.C. V1C 7J5
2. This certificate applies to the Technical Report “Geology and Mineral Exploration JR and RJ Properties, Southeast British Columbia” dated August 1, 2019.
3. I have a Bachelor in Applied Science in Geological Engineering from the University of British Columbia (1969). I am a member of the Association of Professional Engineers and Geoscientists of BC.
4. I have worked as a geological engineer since 1969 with Cominco Ltd. for 28 years in a number of capacities in Western Canada - as a mine geologist at underground and open pit operations; and for seventeen years as Manager of Kootenay Exploration where the team conducted exploration on a variety of projects. Since 1998 I have been a geological consultant in southeast B.C.
5. I understand the definition of “Qualified Person” set out in National Instrument 43-101 and certify that by reason of my education, work experiences and affiliation with a professional association that I fulfill the requirements to be a “qualified person”.
6. I conducted geological mapping and appropriate research for the JR property from June 7 to 14th and for the RJ property from June 16 to June 25th. No other prior involvement.
7. My most recent personal inspection of the JR Property was June 18th, 2019. Mapping only was from June 7,9,11,13,16 to the 18th. My

most recent personal inspection of the RJ Property was June 25th, 2019 with limited field time of June 23 to 25th, 2019.

8. I am independent of MG Capital Corporation as set out in Section 1.5 and I am responsible for all items in the Technical Report.

9. I am familiar with National Instrument 43-101 and Form 43-101F1 with the Technical Report prepared in compliance with National Instrument 43-101 and Form 43-101F1.

10. As of the date of this certificate, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.

Dated this 1st Day of August, 2019.

Douglas Anderson
Douglas Anderson, P.Eng.

Appendix 1b

Douglas Anderson, P.Eng.

#100 - 2100 13th Street South,
Cranbrook, B.C. V1C 7J5

Consent of Qualified Person

To: British Columbia Securities Commission
Alberta Securities Commission

Dear Sirs/Mesdames:

Re: MG Capital Corporation (the “Company”)

I, Douglas Anderson, P.Eng., do hereby consent to the public filing of technical report entitled “Geology and Mineral Exploration JR and RJ Properties Southeast British Columbia” and dated August 1, 2019 (the “**Technical Report**”) by MG Capital Corporation (the “**Issuer**”), with the TSX Venture Exchange under its applicable policies and forms in connection with the amalgamation agreement with DLP Resources Inc. and a BC subsidiary to be incorporated by MG Capital Corp., whereby the Issuer will complete its qualifying transaction on the TSX Venture Exchange, to be entered into by the Issuer and I acknowledge that the Technical Report will become part of the Issuer’s public record.

Dated this 1st day of August, 2019.

“Douglas Anderson”

Douglas Anderson, P.Eng.

Appendix 2

The Google earth image shows the general area and a few features included in the report as well as locational information. The two major faults shown are probably important controlling structures for development of some of the geology. The two red placemarks are approximate centers for the properties.

