

**MG CAPITAL CORPORATION**  
**Management's Discussion and Analysis**  
**For the six months ended October 31, 2020**

This management's discussion and analysis ("MD&A") reviews the significant activities of MG Capital Corporation ("MG") and its parent company, DLP Resources Inc. ("DLP"), combined known as the "Company", and the financial results for the six months ended October 31, 2020.

This MD&A should be read in conjunction with the Company's audited consolidated financial statements and the related notes for the period ended April 30 2020, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise noted, all currency amounts are expressed in Canadian dollars. Additional information about the Company, including the audited financial statements and the notes thereto, for the period ended April 30, 2020 prepared in accordance with IFRS, can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.dlpresourcesinc.com](http://www.dlpresourcesinc.com).

The effective date of this MD&A is December 22, 2020.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including that within the Company's financial statements and MD&A, is complete and reliable.

## **CORPORATE SUMMARY**

The Company is an exploration-stage company engaged in the acquisition, exploration and development of mineral properties of merit in British Columbia, Canada with the aim of developing them to a stage where they can be exploited at a profit or arranging joint ventures whereby other companies provide funding for development and exploitation.

The Company's head office is located at #201 – 135 - 10th Ave. S., Cranbrook, B.C., V1C 2N1. The Company was incorporated on June 7, 2019.

On November 14, 2019, MG completed a reverse asset transaction pursuant to an Amalgamation Agreement with DLP (See Amalgamation Agreement below). 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 22, 2019.

### **Non-Brokered Private Placement/Common Shares**

On July 29, 2020, the Company closed a non-brokered private placement of 2,922,051 common shares of the Company at a price of \$0.19 per Common Share and 4,856,954 flow-through common shares of the Company at a price of \$0.23 per FT Share, for combined gross proceeds of \$1,672,289.

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

As of October 31, 2020, the Company incurred \$1,004,652 of qualified flow through expenditures.

## **BRITISH COLUMBIA PROPERTIES**

### **Aldridge 1 & Aldridge 2 – Pb/Zn prospects**

Aldridge 1, totaling 15,318.14 ha (153.2 km<sup>2</sup>), is comprised of 46 claims (42 claims 100% owned by the Company and 4 claims optioned from the Kennedy Group) and the Aldridge 2, totaling 1,939.5 ha (19.4 km<sup>2</sup>), is comprised of 6 claims (5 claims 100% owned by the Company and 1 claim optioned from Kennedy Group). The two mineral properties are separate claim blocks located 80 km southwest of Cranbrook B.C. on Highway 3 in the East Kootenay region of the province. They are separated by about 5.7 km north-south. Both the Aldridge 1 & Aldridge 2 properties are Lead/Zinc prospects and are within the same favorable Leadville Corridor. The Aldridge 1 property is centered on UTM (Nad83) coordinates 5446000N and 558000E; the Aldridge 2 property is centered on UTM coordinates 5457000N and 555000E.

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") which added the four (4) Son of Captain claims totaling 126.75 ha to Aldridge 1 and the Liger claim totaling 84.31 ha to Aldridge 2.

This field season, on Aldridge 1, the Company completed a soil sampling program totaling 91 samples, completed two diamond drill holes totaling 2,481.0 m and extended two MT Geophysics lines (1.4 line km total) from the 2019 program. On Aldridge 2, one diamond drill hole was completed totaling 481.9 m.

### **Redburn Property - Cu/Co prospect**

The Redburn property, totaling 5,359.5 hectares in size and is 100% owned by the Company. It is located 10 air-km north-east of Golden, B.C. Good logging roads and old logging roads give access to 50% of the property. The property is centered on UTM (Nad 83) coordinates 5698510N and 508355E. The Redburn property is a Copper/Cobalt prospect.

During the field season, a soil sampling program totalling 168 samples was completed.

### **Hungry Creek Property – Cu/Co prospect**

The Hungry Creek property, totaling 4,324.2 ha, is comprised of 12 claims (11 claims 100% owned by the Company and 1 claim optioned from the Kennedy Group) and is located 35 km west of Kimberley, British Columbia. Good logging roads come to within 4 km of the property. The property is centered on UTM coordinates 5506699N and 538220E.

Hungry Creek property was staked as a result of recent prospecting discovery of numerous boulders of massive and semi massive sulphides in the stream bed of Hungry Creek. The Hungry Creek Property is 100% owned by the Company.

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") which added the Hungry Miner claim totaling 62.67 ha, to the property.

During the field season, prospecting, soil sampling program and Mag/VLF ground geophysical survey was conducted on the project.

### **Moby Dick Property**

The Moby Dick property, totaling 527.27 ha, is contiguous to the DD Property and NZOU properties. The

property is 100% owned by the Company. An MT geophysical survey totaling 6.17 line km was completed during the 2020 field season.

### **DD Property**

The DD property, totaling 2,404.2 ha (24.0 km<sup>2</sup>), is under option from PJX Resources Inc. where the Company can earn up to 75% of the property. This property adjoins the northern boundary of Aldridge 1 property.

On July 13, 2020, the Company signed a definitive option agreement to earn up to 75% of PJX Resources' DD Property. The key terms of the definitive option agreement are as follows:

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

During this field season, a total of 286 m was drilled as an extension to test the Sullivan Horizon that the Company felt was not tested by the previous operators drilling. An MT geophysical survey was completed totaling 20.36 line km.

### **NZOU property**

The NZOU (Na-zoo) property, totaling 822.20 ha, is under option from 453999 BC Ltd.

On August 17, 2020, the Company entered into an option agreement with 453999 BC Ltd. The property is located contiguous to the DD and Moby Dick properties. The Optionor granted the Company, the option to earn a 100% legal and beneficial interest in and to 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 (fulfilled);
- the Company issuing 75,000 common shares of the Company (the "Shares") to the Optionor within 20 days of the date upon which the TSX Venture Exchange approves the Option Agreement (issued);
- the Company issuing 75,000 Shares to the Optionor by February 28, 2021;
- incurring exploration expenditures of \$50,000 by December 31, 2021;
- the Company issuing 75,000 Shares to the Optionor by February 28, 2022; and
- the Company issuing 75,000 Shares to the Optionor by February 28, 2023.

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

Upon the deemed exercise of the Option, the Optionor will be granted an aggregate Net Smelter Royalty (NSR) of 2% in respect of the NZOU Property. The Optionee will have the right to purchase 50% of such

NSR [being a 1% NSR for \$1,000,000].

The Company may, at its option, accelerate the cash payments and issuances of the Shares described above in order to fully exercise the Option prior to December 31, 2025.

During September and October 2020, an MT geophysical survey was completed totaling 6.47 line km.

## **COVID-19**

In March of 2020 the World Health Organization (WHO) declared a global pandemic related to COVID-19. The Company is committed to protecting the health and safety of its workforce and the community in which it operates. The Company's 2020 field season continues to operate in compliance with the guidelines established by the Provincial Health Officer.

The Company has developed and implemented a COVID-19 Safety Plan to minimize the risk of COVID-19 exposure for its employees, their families and community.

The exploration team and its operations are based out of the City of Cranbrook, B.C. The program in 2020 is keeping travel to and from the community to a minimum.

To date there have been no significant interruptions to the Company's supply chain or service providers. Assay turnaround has been slowed by COVID-19 related procedures at the assay lab. The Company will continue to move forward its 2020 exploration program in these challenging conditions while monitoring the situation and ensuring backup plans are in place for potential disruptions.

The Company has health and safety procedures in place, including daily screening, which includes temperature taking of all workers, for symptoms of COVID-19, to ensure that in case a possible exposure to COVID-19 occurs, it will be quickly contained. The work force has been a small group making the procedures easily manageable. If any worker exhibits symptoms of COVID-19 (e.g. fever, cough, shortness of breath, difficulty breathing and/or chills), they will be asked to immediately leave the worksite, go home and arrange to have a COVID-19 test and will be advised not to return to work until they have a confirmed negative COVID-19 test.

## **RESULTS OF OPERATIONS**

During the three months ended October 31, 2020 (the "current period"), the Company incurred a loss of \$988,794 (\$269,246 for the same period in 2019). The loss was mainly due to the increase in exploration costs which was \$865,979 in the current period compared to \$85,877 in the same period in 2019. In addition, \$71,364 was recorded in salaries and benefits and stock-based compensation compared to zero in the same period in 2019.

During the six months ended October 31, 2020, the Company incurred a loss of \$1,390,026 (\$327,503 from incorporation on June 7, 2019 to October 31, 2019). The loss was mainly due to the increase in exploration costs which was \$1,036,423 for the six months ended October 31, 2020 compared to \$116,854 in the same period in 2019. In addition, \$223,977 was recorded in salaries and benefits and stock-based compensation compared to zero in the same period in 2019.

### **Exploration Costs**

Exploration costs for the three months ended October 31, 2020 are as follow:

MG CAPITAL CORPORATION  
Management Discussion & Analysis  
For the six months ended Oct 31, 2020

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

Exploration costs for the three months ended from incorporation on June 7, 2019 to October 31, 2019 are as follow:

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

During the three months ended October 31, 2020, a total of \$589,175 was spent on the **Aldridge 1 and Aldridge 2 properties** (\$28,588 for the same period in 2019).

During the three months ended October 31, 2020, a total of \$30,340 was spent on the **Redburn property** (\$19,057 for the same period in 2019).

During the three months ended October 31, 2020, at total of \$14,826 was spent on the **Hungry Creek property** (\$38,233 for the same period of 2019).

During the three months ended October 31, 2020, a total of \$146,299 was spent on the **DD property** (\$Nil for the same period in 2019).

During the three months ended October 31, 2020, a total of \$30,754 was spent on the **Moby Dick property** (\$Nil for the same period in 2019).

During the three months ended October 31, 2020, a total of \$32,493 was spent on the **NZOU property** (\$Nil for the same period in 2019).

MG CAPITAL CORPORATION  
Management Discussion & Analysis  
For the six months ended Oct 31, 2020

Exploration costs for the six months ended October 31, 2020 are as follow:

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

Exploration costs for the six months ended from incorporation on June 7, 2019 to October 31, 2019 are as follow:

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

During the six months ended October 31, 2020, a total of \$608,768 was spent on the **Aldridge 1 and Aldridge 2 properties** (\$52,052 from incorporation on June 7, 2019 to October 31, 2019).

During the six months ended October 31, 2020, a total of \$31,665 was spent on the **Redburn property** (\$21,002 from incorporation on June 7, 2019 to October 31, 2019).

During the six months ended October 31, 2020, a total of \$54,239 was spent on the **Hungry Creek property** (\$38,233 from incorporation on June 7, 2019 to October 31, 2019).

During the six months ended October 31, 2020, a total of \$254,466 was spent on the **DD property** (\$Nil from June 7, 2019 to October 31, 2019).

During the six months ended October 31, 2020, a total of \$30,954 was spent on the **Moby Dick property** (\$Nil from June 7, 2019 to October 31, 2019).

During the six months ended October 31, 2020, a total of \$32,493 was spent on the **NZOU property** (\$Nil from June 7, 2019 to October 31, 2019).

### Liquidity and Capital Resources

As at October 31, 2020, the Company had current assets of \$1,439,784 which included cash of \$1,317,490 (of which \$112,447 was flow through cash), total assets of \$1,596,868 and total liabilities of \$148,368. As at October 31, 2020, the Company had no long-term debt outstanding. There are no known trends in the Company's liquidity or capital resources.

MG CAPITAL CORPORATION  
Management Discussion & Analysis  
For the six months ended Oct 31, 2020

There were 4,475,000 warrants exercised during the second quarter ended October 31, 2020, for gross proceeds of \$671,250.

The Company has not paid any dividends on its common shares. The Company has no present intention of paying dividends on its common shares, as it anticipates that all available funds will be invested to finance the growth of its business.

The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and/or commence profitable operations in the future.

### Summary of Quarterly Results

	June 7 to July 31, 2019	August 1 to October 31, 2019	November 1, 2019 to January 31, 2020	February 1 to April 30, 2020	May 1 to July 31, 2020	August 1 to October 31, 2020
Loss	\$58,257	\$269,246	\$786,112	\$149,141	\$401,233	\$988,794
Loss per Share	\$0.00	\$0.01	\$0.02	\$0.03	\$0.01	\$0.02

### COMMITMENTS

The Company is required to incur exploration expenditures on its mineral claims to meet the conditions of holding its mineral rights and keep the mineral claims in good standing. Each provincial jurisdiction imposes expenditure requirements which vary from province to province and from year to year.

The Company has commenced field work on all its properties to incur enough exploration expenditures to keep all properties in for at least a minimum of 1 year ahead for their current expiration dates. This would put the majority of all claims in good standing until at least 2022.

### TRANSACTIONS WITH RELATED PARTIES

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 President of the Company.

During the three months ended October 31, 2020, the Company paid \$41,339 in salaries and benefits to key management personnel (\$Nil for the same period in 2019). During the six months ended October 31, 2020, the Company paid \$122,913 in salaries and benefits to key management personnel (\$Nil for the same period in 2019).

### CONTINGENCIES

The Company has no contingencies as at the date of this MD&A.

### OFF BALANCE SHEET ARRANGEMENTS

The Company has no off Balance Sheet arrangements as at the date of this MD&A.

## **PROPOSED TRANSACTIONS**

The Company has not entered into any undisclosed proposed transactions as at the date of this MD&A.

## **CURRENT DATA SHARE**

As at December 22, 2020, the Company had:

- a) 63,124,636 common shares issued and outstanding
- b) 1,115,188 share purchase warrants outstanding
- c) 1,270,000 stock options outstanding

## **INDUSTRY AND OPERATIONAL RISKS**

The Company is subject to a number of risks and uncertainties, the more significant of which are discussed below. Additional risks and uncertainties not presently known to the Company may impact the Company's financial results in the future.

### **Financing Risks**

Being a junior mining exploration company in Canada means that the Company must raise the necessary financings for future exploration. Those financings depend on commodity price trends, general investment sentiment for companies in the sector and the ability of the Company's ability to find and confirm the existence of minerals in sufficient quantities and qualities on its exploration lands. Management acknowledges that these risks are consistent and shared by their peers in the industry.

The Company will require additional financing to conduct exploration on its mineral properties and to fund General and Administration costs. There is no assurance that the Company will be able to raise the required financing through equity financings, debt financings, divestment of its properties or joint venture arrangements. A lack of financing in the future could cause the Company to reduce or postpone exploration spending, reduce exploration and corporate personnel, reduce the size of its mineral property ownership and create going concern issues for the Company.

### **General Economic Risks**

As the Company continues to focus on its exploration in Canada, the operations will be subject to economic, political and social risks inherent in doing business in Canada. The risks come from matters based on policies of the government, economic conditions, changes in tax regime, changes in regulation, foreign exchange fluctuations and other factors that may change in the future.

### **Environmental Risks**

All phases of the Company's operations are subject to environmental regulations and potentially social licensing in the jurisdictions it operates in. World-wide environmental regulation is changing to require stricter standards and enforcement, increased fines for non-compliance, more assessment for projects, and a heightened degree of responsibility for companies and their officers, directors, employees and consultants. Although the company believes that it has taken the proper steps to protect the environment related to its operations, there is no assurance that future changes in environmental regulation in Canada will not adversely affect the Company's operations or result in substantial costs and liabilities in the future.



### **Aboriginal Claims Risks**

Aboriginal peoples have claimed aboriginal title and rights to portions of Canada. The Company is not aware that any claims have been made in respect of its properties and assets; however, if a claim arose and was successful, such claim may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

### **Forward-looking statements**

Certain information set forth in this MD&A, including management's assessment of the Company's future plans and operations, contains forward-looking statements, which are based on the Company's current internal expectations, estimates, projections, assumptions and beliefs, which may prove to be incorrect. Some of the forward-looking statements may be identified by words such as "expects", "anticipates", "believes", "projects", "plans" and similar expressions. These statements are not a guarantee of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause the Company's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. The Company is a mineral exploration company and is exposed to a number of risks and uncertainties that are common to companies in the same business. These risks and uncertainties include, among other things, the speculative nature of mineral exploration and development activities, the Company's need for additional funding to continue its exploration efforts, operating hazards and risks incidental to mineral exploration, the Company's properties are in the exploration stage only and do not contain a known body of commercial ore, uncertainties associated with title to mineral properties, changes in general economic, market and business conditions; competition for, among other things, capital, acquisitions of mineral properties and skilled personnel; ability to obtain required mine licenses, mine permits and regulatory approvals required to proceed with mining operations; ability to comply with current and future environmental and other laws; actions by governmental or regulatory authorities including increasing taxes and changes in other regulations; and the occurrence of unexpected events involved in mineral exploration, development and production.

### **SUBSEQUENT EVENTS**

#### **Aldridge 1 Property**

Subsequent to the quarter ended October 31, 2020, the Company staked an additional 9,381.54 ha (93.8 km<sup>2</sup>) along the southern boundary of the Aldridge 1.

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