

DLP RESOURCES INC.

Condensed Interim Consolidated Financial Statements

**For the nine months ended January 31, 2021 and 2020
(Unaudited)**

Contents

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements	2
Financial Statements	
Condensed Interim Consolidated Statements of Financial Position	3
Condensed Interim Consolidated Statements of Comprehensive Loss	4
Condensed Interim Consolidated Statements of Changes in Equity	5
Condensed Interim Consolidated Statements of Cash Flows	6
Notes to the Financial Statements	7- 18

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, these unaudited condensed interim consolidated financial statements of DLP Resources Inc. for the nine months ended January 31, 2021 and from incorporation on June 7, 2019 to January 31, 2020 have been prepared by management and approved by the Board of Directors. These unaudited condensed interim consolidated financial statements have not been reviewed by the Company's external auditors in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements.

Robin Sudo

Chief Financial Officer

Carol Li

Audit Committee

March 29, 2021

DLP RESOURCES INC.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	Notes	January 31 2021	April 30 2020
ASSETS			
Current			
Cash		\$ 1,608,846	\$ 414,728
Receivables		5,935	1,124
Prepaid expenses		76,801	18,054
Total Current Assets		1,691,582	433,906
Mineral properties	4	110,120	59,871
Property, plant and equipment	5	15,048	-
Reclamation deposits		66,100	38,100
Total Non-Current Assets		191,268	97,971
Total Assets		\$ 1,882,850	\$ 531,877
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Trade and other payables		\$ 32,496	\$ 26,568
Total Current Liabilities		32,496	26,568
Total Liabilities		32,496	26,568
Shareholders' Equity			
Share capital	7	4,661,996	1,579,751
Share-based payment reserves	8	264,475	188,314
Accumulated deficit		(3,076,117)	(1,262,756)
Total Shareholders' Equity		1,850,354	505,309
Total Liabilities and Shareholders' Equity		\$ 1,882,850	\$ 531,877

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

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

On behalf of the Board:

"James Stypula"

CEO/Director

"Carol Li"

Director

DLP RESOURCES INC.
Condensed Interim Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Notes	Three months ended January 31, 2021	Three months ended January 31, 2020	Nine months ended January 31, 2021	From incorporation on June 7, 2019 to January 31, 2020
General and administrative					
Salaries and benefits		\$ 182,947	\$ 21,047	\$ 305,860	\$ 21,047
Stock-based compensation	8	25,187	-	126,251	-
Consulting fee		2,026	36,000	17,200	95,250
Exploration costs	4	153,872	220,638	1,190,295	337,492
Office and administrative		10,693	20,504	40,126	24,697
Transfer agent and filing fees		13,156	36,140	32,530	46,798
Listing costs	5	1,048	478,659	1,048	478,659
Professional fees		29,091	3,549	80,440	147,174
Travel		4,918	1,012	19,214	2,192
Depreciation expenses		397	-	397	-
Flow through share premium recovery	7	-	31,437	-	39,694
Net loss and comprehensive loss for the period		\$ 423,336	\$ 786,112	\$ 1,813,361	\$ 1,113,615
Loss per share					
Weighted average shares outstanding					
- basic and diluted		64,237,679	49,426,718	58,367,768	39,536,641
Basic and diluted		\$ 0.01	\$ 0.02	\$ 0.03	\$ 0.03

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

DLP RESOURCES INC.
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Number of shares issued and outstanding	Share capital	Share- based payment - reserve	Deficit	Total share- holders' equity
Balance, June 7, 2019	-	\$ -	\$ -	\$ -	\$ -
Shares issued for cash					
Finder shares	17,777,780	50,000	-	-	50,000
Private placement, net of issue costs	11,123,131	991,906	80,116	-	1,072,022
Issued for other consideration					-
In exchange for properties	14,334,720	40,000	-	-	40,000
Flow through share premium		(39,694)	-	-	(39,694)
Net loss for the period	-	-	-	(327,503)	(327,503)
Balance, October 31, 2019	43,235,631	\$ 1,042,212	\$ 80,116	\$ (327,503)	\$ 794,825
Balance, April 30, 2020	50,670,631	\$ 1,579,751	\$ 188,314	\$ (1,262,756)	\$ 505,309
Shares issued for cash					
Private placement, net of issue costs (Note 7)	7,779,005	1,523,404	-	-	1,523,404
Share issued on warrants exercised (Note 8)	4,600,000	840,422	(150,422)	-	690,000
Flow-through shares, net of issue costs (Note 7)	3,200,000	800,000	-	-	800,000
Issued for other consideration					
Finder's warrants (Note 7, 8)	-	(100,332)	100,332	-	-
Share issued per option agreement (Note 7)	75,000	18,750	-	-	18,750
Stock-based compensation (Note 8)	-	-	126,251	-	126,251
Net loss for the period	-	-	-	(1,813,361)	(1,813,361)
Balance, January 31, 2021	66,324,636	\$ 4,661,996	\$ 264,475	\$ (3,076,117)	\$ 1,850,354

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

DLP RESOURCES INC.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Notes	Nine months ended January 31, 2021	From Jun 7, 2019 to January 31, 2020
Cash flows from operating activities			
Loss for the period		\$ (1,813,361)	\$ (1,113,615)
Adjustment to reconcile loss to net cash used in operating activities:			
Share-based payments	8	126,251	-
Amortization expenses		397	
Listing costs		-	478,659
Flow through share premium recovery	8	-	(39,694)
Changes in non-cash working capital balances:			
Increase in receivables		(4,811)	(6,924)
Increased in prepaid expenses		(58,747)	(1,274)
Increased in trade and other payables		5,928	114,427
Total cash outflows from operating activities		(1,744,343)	(568,421)
Cash flows from investing activities			
Acquisition of property, plant and equipment	5	(15,445)	(785)
Reclamation Deposit		(28,000)	-
Investment in exploration & evaluation assets	4	(31,499)	(7,919)
Net cash acquired in reverse takeover	5	-	109,557
Total cash inflows from investing activities		(74,944)	100,069
Cash flows from financing activities			
Proceeds from share issuance	7	2,472,289	1,202,008
Share issue costs	7	(148,884)	(70,039)
Proceeds from bridge loan	7	-	25,000
Proceeds from exercise of warrants	8	690,000	-
Total cash inflows from financing activities		3,013,405	1,156,969
Total increase in cash during the period		1,194,118	688,617
Cash and cash equivalents, beginning of period		414,728	-
Cash and cash equivalents, end of period		\$ 1,608,846	\$ 688,617

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

DLP RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended January 31, 2021 and 2020

(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

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 January 31, 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 January 31, 2021, the Company has an accumulated deficit of \$3,076,117 and has working capital of \$1,659,086. The Company's current forecast indicates that it will have sufficient cash available for the next year to continue as a going concern.

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

DLP RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended January 31, 2021 and 2020

(Unaudited)

2. BASIS OF PRESENTATION

a) Statement of Compliance

These unaudited condensed interim consolidated financial statements for the nine months ended January 31, 2021 and 2020 (the "Interim Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Auditing Standard ("IAS") 34, Interim Financial Reporting ("IAS 34"). These Interim Financial Statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited financial statements for the year ended April 30, 2020, which have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB").

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

These consolidated financial statements were approved for issue by the board of directors on March 29, 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 consolidations

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

d) Judgments and estimates

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

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

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

DLP RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended January 31, 2021 and 2020

(Unaudited)

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

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

g) Going concern evaluation

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

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

f) COVID-19

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

3. CHANGE IN ACCOUNTING POLICY

Exploration and evaluation expenditures

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

Recognition and measurement

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

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

DLP RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended January 31, 2021 and 2020

(Unaudited)

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.

The change in accounting policy has no impact on the condensed interim consolidated financial statements for the nine months ended January 31, 2021.

4. MINERAL PROPERTIES

During the nine months ended January 31, 2021, the Company added \$20,413 in Aldridge 1 property and \$20,000 in DD property because of the option agreement with PJX Resources Inc.

As per the Addendum to DD Property Option Agreement between the Company and PJX Resources Inc., PJX acquired a 50% interest in Moby Dick Property from DLP by paying 50% of the \$922.73 staking costs, resulting in one-time payment of \$461. In addition, PJX acquired 50% interest in the NZOU Property by reimbursing the Company for 50% (\$9,375) of the Option Commitment on the NZOU Property.

	Aldridge 1	Aldridge 2	Redburn	Hungry Creek	DD	Moby Dick	NZOU	Total
Cost	\$ 20,508	\$ 19,226	\$ 10,000	\$ 10,137	\$ -	\$ -	\$ -	\$ 59,871
Net book value, April 30, 2020	20,508	19,226	10,000	10,137	-	-	-	59,871
Change in cost								
Additions	20,413	-	-	-	20,000	461	9,375	50,249
	20,413	-	-	-	20,000	461	9,375	50,249
Cost	40,921	19,226	10,000	10,137	20,000	461	9,375	110,120
Net book value, January 31, 2021	\$ 40,921	\$ 19,226	\$ 10,000	\$ 10,137	\$ 20,000	\$ 461	\$ 9,375	\$ 110,120

For three month ended January 31, 2021, the Company incurred total exploration cost of \$153,872 on its properties compared to \$220,638 for the same period in 2020. The following tables summarized the exploration costs incurred:

For three month ended January 31, 2021:

Exploration Costs	General	Aldridge 1	Aldridge 2	Redburn	Hungry Creek	DD	Moby Dick	NZOU	Total
Geology-Fieldwork	\$ -	\$ -	\$ -	\$ 500	\$ -	\$ 17,750	\$ -	\$ -	\$ 18,250
Geophysics	-	495	-	-	-	11,545	3,499	3,667	19,206
Drilling	-	14,532	1,555	-	-	-	-	-	16,087
Wages/Travel/Admin	-	30,095	5,075	2,935	9,137	20,286	14,614	13,962	96,102
Maps & Reproductions	-	714	-	-	-	2,784	333	396	4,227
Total	\$ -	\$ 45,836	\$ 6,630	\$ 3,435	\$ 9,137	\$ 52,365	\$ 18,446	\$ 18,025	\$ 153,872

DLP RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended January 31, 2021 and 2020

(Unaudited)

For three month ended January 31, 2020:

Exploration Costs	General	Aldridge 1	Aldridge 2	Redburn	Hungry Creek	DD	Moby Dick	NZOU	Total
Geology-Fieldwork	\$ -	\$ 7,300	\$ 3,150	\$ 5,625	\$ 2,125	\$ -	\$ -	\$ -	\$ 18,200
Geophysics	-	122,072	68,665	-	3,150	-	-	-	193,887
Geochemistry	-	-	-	-	3,121	-	-	-	3,121
Maps & Reproductions	-	1,328	789	1,389	1,373	-	-	-	4,879
Others	551	-	-	-	-	-	-	-	551
Total	\$ 551	\$ 130,700	\$ 72,604	\$ 7,014	\$ 9,770	\$ -	\$ -	\$ -	\$ 220,638

For nine month ended January 31, 2021, the Company incurred \$1,190,295 exploration cost on its properties compared to \$337,492 for the period from incorporation on June 7, 2019 to January 31, 2020. The following tables summarized the exploration costs incurred:

For nine month ended January 31, 2021:

Exploration Costs	General	Aldridge 1	Aldridge 2	Redburn	Hungry Creek	DD	Moby Dick	NZOU	Total
Geology	\$ -	\$ 40,801	\$ 4,000	\$ 2,484	\$ 32,471	\$ 43,825	\$ -	\$ -	\$ 123,581
Geophysics	-	18,045	-	-	11,906	107,368	32,540	34,107	203,966
Geochemistry	-	2,769	103	27,177	2,171	-	-	-	32,219
Drilling	-	456,095	64,238	-	2,045	117,671	-	-	640,049
Wages/Travel/Admin	-	63,603	9,414	4,901	14,645	34,702	16,327	16,015	159,605
Maps & Reproductions	-	1,992	175	538	138	3,266	533	396	7,038
Others	23,838	-	-	-	-	-	-	-	23,838
Total	\$ 23,838	\$ 583,305	\$ 77,930	\$ 35,099	\$ 63,374	\$ 306,832	\$ 49,400	\$ 50,518	\$ 1,190,295

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

Exploration Costs	General	Aldridge 1	Aldridge 2	Redburn	Hungry Creek	DD	Moby Dick	NZOU	Total
Geology-Fieldwork	\$ -	\$ 38,353	\$ 23,445	\$ 9,190	\$ 32,054	\$ -	\$ -	\$ -	\$ 103,042
Geophysics	-	122,072	68,665	-	9,937	-	-	-	200,674
Geochemistry	-	-	-	17,250	4,347	-	-	-	21,597
Maps & Reproductions	-	1,799	1,021	1,576	1,664	-	-	-	6,060
Others	6,118	-	-	-	-	-	-	-	6,118
Total	\$ 6,118	\$ 162,224	\$ 93,131	\$ 28,016	\$ 48,003	\$ -	\$ -	\$ -	\$ 337,492

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 (5 claims 100% owned by the Company and 1 claim optioned from Kennedy Group); the Aldridge 1 property is 46 claims totaling 15,318.14 hectares (42 claims owned 100% by the Company and 4 optioned from the Kennedy Group). Aldridge 1 has a future commitment of the net smelter royalty commitment noted in Note 9 (2).

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

As of January 31, 2021, the Company has spent \$661,234 on both Aldridge properties compared to \$255,355 in the same period in 2020.

DLP RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended January 31, 2021 and 2020

(Unaudited)

Redburn Creek Property

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

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

As of January 31, 2021, the Company has spent \$35,099 on Redburn Creek property compared to \$28,016 in the same period in 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 the Hungry Miner claim totaling 62.67 ha, to the property.

As of January 31, 2021, the Company has spent \$63,374 on Hungry Creek property compared to \$48,003 in the same period in 2020.

DD Property

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

- The Company to earn a 50% undivided interest in the DD Property by spending \$4 million in exploration expenditures and making a total of \$250,000 cash payments to PJX over 48 months of the effective date of the agreement.
- The Company will have the right to earn an additional undivided 25% interest (75% total interest) by delivering a bankable commercial feasibility study on the DD Property within 96 months of the effective date of the agreement.
- Upon the Company's exercise of the option and acquisition of a 50% or 75% interest in the DD Property, as applicable, the parties will enter into a joint venture agreement for the further development of the Property.
- Upon the deemed exercise of the Option, the Optionor will be granted an aggregate Net Smelter Royalty (NSR) of 2% in respect of the DD property. The Optionee will have the right to purchase 50% of such NSR [being a 1% NSR (0.5% from each individual comprising the optionor)] for \$1,000,000, and the remaining 50% of such NSR [being a 1% NSR (0.5% from each individual comprising the optionor)] for \$1,000,000.

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

Since the option agreement signed on July 20, 2020, the Company has spent \$306,832 on DD property.

Moby Dick Property

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

DLP RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended January 31, 2021 and 2020

(Unaudited)

property during the 2020 field season.

As of January 31, 2021, the Company has spent \$49,400 on Moby Dick property.

NZOU Property

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

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

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

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

As of January 31, 2021, the Company has spent \$50,518 on NZOU property.

5. PROPERTY, PLANT AND EQUIPMENT

	Office Furniture & Equipment			Computer	Total	
Balance April 30, 2020	\$	-	\$	-	\$	-
Addition - cost		14,588		857		15,445
Accumulated depreciation and amortization		(365)		(32)		(397)
Net book value, January 31, 2021	\$	14,223	\$	825	\$	15,048

As of January 31, 2021, the Company spent \$15,445 on office furniture equipment and computer (April 30, 2020 \$NIL), and the incurred \$397 depreciation and amortization expense.

6. REVERSE TAKEOVER

a) Reverse Takeover

On November 14, 2019, the Company completed a reverse asset acquisition pursuant to an amalgamation

DLP RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended January 31, 2021 and 2020

(Unaudited)

agreement with DLP, and 1224395 B.C. Ltd., a wholly owned subsidiary of MG (the “Amalgamation Agreement”).

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

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

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

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

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

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

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

7. SHARE CAPITAL

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

Activities during the nine-month period ended January 31, 2021

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

DLP RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended January 31, 2021 and 2020

(Unaudited)

January 31, 2021, the Company incurred \$1,145,539 of qualified flow through expenditures which fulfilled the qualified flow-through share requirement.

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

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

On December 30, 2020, the Company issued 3,200,000 flow through common shares at a price of \$0.25 per share for aggregated 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 January 31, 2021, the Company incurred \$15,548 of qualified flow through expenditures.

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

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

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

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

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

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

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

DLP RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended January 31, 2021 and 2020

(Unaudited)

8. WARRANTS AND OPTIONS

1) Warrants

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

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

On September 11, 2020, the remaining 4,600,000 warrants issued with regards to its non-brokered private placement had been accelerated to October 8, 2020. As a result, 4,600,000 warrants were exercised at \$0.15 per share for total proceeds of \$690,000 and 300,000 warrants expired unexercised.

As of January 31, 2021, the Company had outstanding and exercisable warrants as follows:

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

The Company uses the Black-Scholes option pricing model to estimate the fair value of the finder's warrants. The expected volatility assumption inherent in the pricing model is based on the historical volatility of the Company's stock over a term equal to the expected term of the finder's warrants issued. The weighted average assumptions used in this pricing model, and the resulting weighted average fair values per finder's warrant for the finder's warrants issued for nine months ended January 31, 2021 were as follows:

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

2) Stock Options

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

DLP RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended January 31, 2021 and 2020

(Unaudited)

During the nine months ended January 31, 2021, the Company granted total of 1,270,000 incentive stock options (zero options granted in the same period in 2019) to its employee, director and consultant with an weighted average exercise price of \$0.17 for a five-year period, from the date of grant, in accordance with the terms of the Company's stock option plan.

The total stock-based compensation expense for the three months ended January 31, 2021 was \$25,187 (June 7, 2019 to January 31, 2020: \$Nil). The total stock-based compensation expense for the nine months ended January 31, 2021 was \$126,251 (June 7, 2019 to January 31, 2020: \$Nil). The unrecognized compensation cost for non-vested share options at January 31, 2021 was \$73,609 (June 7, 2019 to January 31, 2020: \$Nil).

As of January 31, 2021, the Company had 1,270,000 outstanding options (Nil in the same period of 2020).

	Stock Options	Weighted average exercise price (C\$)
Outstanding at April 30, 2020	-	-
Granted	1,150,000	0.17
Granted	120,000	0.21
Outstanding at January 31, 2021	1,270,000	0.17

Exercise price	Number outstanding	Weighted-average remaining contractual life (years)	Number exercisable
\$0.15	1,000,000	4.33	333,333
\$0.29	150,000	4.49	50,000
\$0.21	120,000	4.69	40,000
Outstanding at January 31, 2021	1,270,000	4.39	423,333

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

9. RELATED PARTY TRANSACTIONS

- 1) The Company's related parties include key management personnel and directors and any transactions with such parties for goods and/or services are made on regular commercial terms and are considered to be at arm's length. Key management are those personnel having the authority and responsibility for planning, directing, and controlling the Company and comprise the Chief Executive Officer, Chief Financial Officer and Vice-President, Exploration of the Company. During the three months ended January 31, 2021, the Company paid \$265,500 in salaries, bonus, and benefits to key management personnel (\$15,200 for

DLP RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended January 31, 2021 and 2020

(Unaudited)

the same period in 2020). During the nine months ended January 31, 2021, the Company paid \$430,000 in salaries, bonus, and benefits to key management personnel (\$15,200 for the same period in 2020).

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

10. LOSS PER SHARE

The loss per share for the three months ended January 31, 2021 and January 31, 2020 are as follow:

	Three months ended	
	January 31, 2021	January 31, 2020
Loss attributable to ordinary shareholders	\$ 423,336	\$ 786,112
Weighted average number of shares outstanding - basic	64,237,679	49,426,718
Basic and diluted loss per share	\$ 0.01	\$ 0.02

The earning/loss per share for the nine months ended January 31, 2021 and from incorporated June 7, 2019 to January 31, 2020 are as follow:

	Nine months ended	
	January 31, 2021	From June 7 to January 31, 2020
Loss attributable to ordinary shareholders	\$ 1,813,361	\$ 1,113,615
Weighted average number of shares outstanding - basic	58,367,768	39,536,641
Basic and diluted loss per share	\$ 0.03	\$ 0.03

11. FINANCIAL INSTRUMENT AND RISK MANAGEMENT

Risk Management

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

Fair value

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

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

DLP RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended January 31, 2021 and 2020

(Unaudited)

in markets with insufficient volume or infrequent transactions.

- Level 3 - applies to assets or liabilities for which there are unobservable market data.

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

Credit risk

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

Interest rate risk

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

Liquidity risk

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

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

12. CAPITAL MANAGEMENT

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

13. SUBSEQUENT EVENTS

Subsequent to the quarter ended January 31, 2021, the Company issued 75,000 shares to 453999 BC Ltd. on February 26, 2021 to satisfy the requirements of the NZOU property option agreement dated August 17, 2020.

Subsequent to the quarter ended January 31, 2021, the Company issued 112,500 shares on March 1, 2021 to 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.) regarding the Kennedy Earn-In Agreement, dated March 1, 2020, in exchange for 6 mineral claims owned by the group.