

# DLP RESOURCES INC.

## Consolidated Financial Statements For the years ended April 30, 2022 and 2021 (Audited)

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## INDEPENDENT AUDITOR'S REPORT

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

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

### **Opinion**

We have audited the consolidated financial statements of DLP Resources Inc. (the "Company"), which comprise the consolidated statements of financial position as at April 30, 2022 and 2021 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years ended April 30, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2022 and 2021 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has no source of operating revenues, has not yet achieved profitable operations and expects to incur further losses in the development of its business. As stated in Note 1, the Company's ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to complete its exploration projects by issuance of share capital or through joint ventures, and/or proceeds from the disposition of a property. These matters, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Other Information**

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis" but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is James Roxburgh.



### **Chartered Professional Accountants**

Vancouver, BC, Canada  
August 26, 2022

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

	Notes	April 30 2022	April 30, 2021
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 1,207,697	\$ 1,154,193
Receivables		22,657	40,974
Prepaid expenses and advances		153,731	79,450
<b>Total Current Assets</b>		<b>1,384,085</b>	<b>1,274,617</b>
Mineral properties	4	369,596	155,120
Property, plant and equipment	6	12,497	14,651
Reclamation deposits	5	101,900	66,100
<b>Total Non-Current Assets</b>		<b>483,993</b>	<b>235,871</b>
<b>Total Assets</b>		<b>\$ 1,868,078</b>	<b>\$ 1,510,488</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Trade and other payables		\$ 75,393	\$ 176,161
Flow through share premium	7	84,227	-
<b>Total Current Liabilities</b>		<b>159,620</b>	<b>176,161</b>
<b>Total Liabilities</b>		<b>159,620</b>	<b>176,161</b>
<b>Shareholders' Equity</b>			
Share capital	7	6,512,538	4,459,967
Share-based payment reserves	8	790,464	317,294
Share subscription received	7	-	300,000
Accumulated deficit		(5,594,544)	(3,742,934)
<b>Total Shareholders' Equity</b>		<b>1,708,458</b>	<b>1,334,327</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>\$ 1,868,078</b>	<b>\$ 1,510,488</b>

Refer to note 1 for nature of operations and going concern and notes 5 and 14 for the subsequent events.

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

On behalf of the Board:

***James Stypula***

**Director**

***Carol Li***

**Director**

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

	Notes	Year ended April 30, 2022	Year ended April 30, 2021
General and administrative			
Salaries and benefits	9	\$ 373,258	\$ 371,445
Stock-based compensation	8	90,097	179,070
Consulting fees		114,800	17,200
Exploration costs	4 & 9	1,148,029	1,961,783
Office and administrative		82,125	51,884
Transfer agent and filing fees		49,996	38,596
Listing costs		38,680	7,448
Professional fees		94,714	88,473
Travel		19,357	21,763
Depreciation expenses	6	2,859	794
Unrealized foreign exchange gain		(1,532)	-
Flow-through share premium recovery	7	(160,773)	(258,278)
<b>Net loss and comprehensive loss for the year</b>		<b>\$ 1,851,610</b>	<b>\$ 2,480,178</b>
<b>Loss per share</b>			
Weighted average shares outstanding			
- basic and diluted		73,593,921	60,339,374
Loss per share - basic and diluted		\$ 0.03	\$ 0.04

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

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

	Number of shares issued and outstanding	Share capital	Share- based payment reserve	Share subscription Received	Deficit	Total shareholders' equity
<b>Balance, May 1, 2020</b>	<b>50,670,631</b>	<b>\$ 1,579,751</b>	<b>\$ 188,314</b>	<b>\$ -</b>	<b>\$ (1,262,756)</b>	<b>\$ 505,309</b>
Shares issued for cash						
Private placement, net of issue costs (Note 7)	7,779,005	1,523,404	-	-	-	1,523,404
Shares 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 (Notes 7 & 8)	-	(100,332)	100,332	-	-	-
Shares issued per option agreement (Note 7)	262,500	75,000	-	-	-	75,000
Flow-through share premium (Note 7)	-	(258,278)	-	-	-	(258,278)
Stock-based compensation (Note 8)	-	-	179,070	-	-	179,070
Share subscription received (Note 7)	-	-	-	300,000	-	300,000
Net loss for the year	-	-	-	-	(2,480,178)	(2,480,178)
<b>Balance, April 30, 2021</b>	<b>66,512,136</b>	<b>\$ 4,459,967</b>	<b>\$ 317,294</b>	<b>\$ 300,000</b>	<b>\$ (3,742,934)</b>	<b>\$ 1,334,327</b>
<b>Balance, May 1, 2021</b>	<b>66,512,136</b>	<b>\$ 4,459,967</b>	<b>\$ 317,294</b>	<b>\$ 300,000</b>	<b>\$ (3,742,934)</b>	<b>\$ 1,334,327</b>
Shares issued for cash						
Private placement, net of issue costs (Note 7)	1,200,000	288,567	-	(300,000)	-	(11,433)
Private placement, net of issue costs (Note 7)	4,333,967	957,845	269,828	-	-	1,227,673
Private placement, net of issue costs (Note 7)	1,000,001	287,262	-	-	-	287,262
Private placement, net of issue costs (Note 7)	170,000	51,000	-	-	-	51,000
Private placement, net of issue costs (Note 7)	3,120,000	615,003	107,639	-	-	722,642
Shares issued on warrants exercised	574,042	86,957	(28,082)	-	-	58,875
Issued for other consideration						
Finder's warrants (Note 7 & 8)	-	(33,688)	33,688	-	-	-
Shares issued per option agreement (Note 7)	187,500	44,625	-	-	-	44,625
Flow-through share premium (Note 7)	-	(245,000)	-	-	-	(245,000)
Stock-based compensation (Note 8)	-	-	90,097	-	-	90,097
Net loss for the year	-	-	-	-	(1,851,610)	(1,851,610)
<b>Balance, April 30, 2022</b>	<b>77,097,646</b>	<b>\$ 6,512,538</b>	<b>\$ 790,464</b>	<b>\$ -</b>	<b>\$ (5,594,544)</b>	<b>\$ 1,708,458</b>

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

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

	Notes	Year ended April 30, 2022	Year ended April 30, 2021
<b>Cash flows from operating activities</b>			
Loss for the year		\$ (1,851,610)	\$ (2,480,178)
Adjustment to reconcile loss to net cash used in operating activities:			
Stock-based compensation	8	90,097	179,070
Depreciation expenses	6	2,859	794
Flow-through share premium recovery	7	(160,773)	(258,278)
Changes in non-cash working capital balances:			
Increase in receivables		18,317	(39,850)
Decrease/(increase) in prepaid expenses and advances		(74,281)	(61,396)
(Decrease)/increase in trade and other payables		(100,768)	149,593
<b>Total cash outflows from operating activities</b>		<b>(2,076,159)</b>	<b>(2,510,245)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	6	(705)	(15,445)
Increase in reclamation deposits	5	(35,800)	(28,000)
Investment in mineral properties, net	4	(169,851)	(20,249)
<b>Total cash outflows from investing activities</b>		<b>(206,356)</b>	<b>(63,694)</b>
<b>Cash flows from financing activities</b>			
Proceeds from share issuances	7	2,431,190	2,472,288
Share subscriptions received	7	-	300,000
Share issue costs	7	(154,046)	(148,884)
Proceeds from exercise of warrants	7	58,875	690,000
<b>Total cash inflows from financing activities</b>		<b>2,336,019</b>	<b>3,313,404</b>
<b>Total increase in cash during the year</b>		<b>53,504</b>	<b>739,465</b>
<b>Cash and cash equivalents, beginning of year</b>		<b>1,154,193</b>	<b>414,728</b>
<b>Cash and cash equivalents, end of year</b>		<b>\$ 1,207,697</b>	<b>\$ 1,154,193</b>

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

## **DLP RESOURCES INC.**

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended April 30, 2022 and 2021

*(Expressed in Canadian Dollars)*

*(Audited)*

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

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

On November 14, 2019, the Company completed a reverse asset transaction pursuant to an amalgamation agreement with DLP Resources Inc. ("DLP"), a private mineral exploration company. Subsequently, DLP became the wholly owned subsidiary of MG. MG was 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.

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 comprise the financial statements of DLP Resources Inc. and its wholly owned subsidiary, DLP Resources Peru S.A.C., incorporated in Peru.

These consolidated financial statements have been prepared in accordance with IFRS applicable to a going concern. Realization values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At April 30, 2022, the Company had no source of operating revenues, had not yet achieved profitable operations and the Company expects to incur further losses in the development of its business, all of which indicate the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to complete its exploration projects by issuance of share capital or through joint ventures, and/or proceeds from the disposition of a property. As at April 30, 2022, the Company has an accumulated deficit of \$5,594,544 and has working capital of \$1,224,465. The Company's current forecast indicates that it is expected to have sufficient cash available for the next year to continue as a going concern.

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



## **DLP RESOURCES INC.**

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended April 30, 2022 and 2021

*(Expressed in Canadian Dollars)*

*(Audited)*

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## **2. BASIS OF PRESENTATION**

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

These consolidated financial statements for the years ended April 30, 2022 and 2021 (the “Audited Financial Statements”) have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board (“IFRS”) applicable to the preparation of financial statements.

These consolidated financial statements were approved for issue by the board of directors on August 26, 2022.

### **b) Basis of measurement**

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

These consolidated financial statements are presented in Canadian dollars, which is also the Company’s functional currency. The functional currency of DLP Resources Peru S.A.C. is also the Canadian dollar. At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars using the exchange rate in effect at that date. At the period-end date, unsettled monetary assets and liabilities are translated into Canadian dollars using the exchange rate in effect at the period-end date and the related translation differences are recognized in net income.

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

### **c) Basis of consolidation**

These consolidated financial statements include the accounts of the Company and its wholly-owned and controlled subsidiary as described in note 1. Control exists when the Company has the power directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. Prior to the amalgamation on January 25, 2021, the consolidated financial statements included the accounts of DLP Resources Inc. and MG Capital Corp. Legally, MG Capital Corp. owned DLP Resources Inc., however, for accounting and presentation purposes, DLP Resources Inc. was the parent entity. All intercompany transactions and balances have been eliminated upon consolidation.

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

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

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

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

## **DLP RESOURCES INC.**

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

For the years ended April 30, 2022 and 2021

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after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

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

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

#### ***Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors***

In February 2021, the IASB issued "Definition of Accounting Estimates (Amendments to IAS 8)" to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023. Management will assess the impact of these amendments.

#### ***Amendments to IAS 1 and IFRS Practice Statement 2***

In February 2021, the IASB issued "Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)" with amendments that are intended to assist entities in deciding which accounting policies to disclose in their financial statements. The amendments are effective for annual periods beginning on or after January 1, 2023. Management will assess the impact of these amendments.

#### ***Amendments to IAS 12 Income Taxes***

In May 2021, the IASB issued "Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)" that clarifies how entities account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are effective for annual periods beginning on or after January 1, 2023. Management will assess the impact of these amendments.

#### **e) Judgments and estimates**

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

##### **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 years ended April 30, 2022 and 2021

*(Expressed in Canadian Dollars)*

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#### **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.

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

#### **a) Exploration and evaluation expenditures**

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

##### ***Recognition and measurement***

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

Costs related to the acquisition of an exploration asset are capitalized as mineral property assets. Exploration and evaluation expenditures related to the determination of a property or project's feasibility of a mineral property are expensed in the consolidated statements of loss and comprehensive loss as incurred. Exploration and evaluation expenditures incurred 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 assets might exceed recoverable amounts or when the technical feasibility and commercial viability of mineral resources is demonstrable.

#### **b) Cash**

Cash includes cash on hand and deposits held with banks.

## **DLP RESOURCES INC.**

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

For the years ended April 30, 2022 and 2021

*(Expressed in Canadian Dollars)*

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#### **c) Foreign currency translation**

The functional and reporting currency of the Company and its subsidiary is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the dates of the transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency translated differences are recognized in profit or loss, except for differences on the retranslation of available-for-sale instruments, which are recognized in other comprehensive loss.

#### **d) Share capital**

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

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

#### **e) Flow-through shares**

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

Proceeds received from the issuance of flow-through shares are restricted to be used only for qualifying Canadian resource property exploration expenditures within a two-year period.

#### **f) Fixed assets**

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

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

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

## **DLP RESOURCES INC.**

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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*(Expressed in Canadian Dollars)*

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

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

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

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

#### **h) Share-based compensation**

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

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

#### **i) Financial instruments**

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

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

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

##### *Financial assets at FVTPL*

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

##### *Financial assets at FVTOCI*

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

## **DLP RESOURCES INC.**

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

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#### *Financial assets at amortized cost*

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

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

#### **j) Income Taxes**

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

##### ***Current Tax***

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

##### ***Deferred tax***

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

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

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

## DLP RESOURCES INC.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### 4. MINERAL PROPERTIES

	Aldridge 1	Aldridge 2	Redburn	Hungry Creek	DD	Moby Dick	NZOU	Aurora Peru	Copper Creek	Total
Net book value, May 1, 2020	\$ 20,508	\$ 19,226	\$ 10,000	\$ 10,137	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,871
Additions	35,938	10,462	-	7,763	20,000	461	20,625	-	-	95,249
Net book value, April 30, 2021	\$ 56,446	\$ 29,688	\$ 10,000	\$ 17,900	\$ 20,000	\$ 461	\$ 20,625	\$ -	\$ -	\$ 155,120
Additions	13,012	8,719	-	66,898	-	-	8,250	97,828	19,769	214,476
Net book value, April 30, 2022	\$ 69,458	\$ 38,407	\$ 10,000	\$ 84,798	\$ 20,000	\$ 461	\$ 28,875	\$ 97,828	\$ 19,769	\$ 369,596

##### 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 1 property is 47 claims totaling 15,360.36 hectares; the Aldridge 2 property is 6 claims totaling 1,939.5 hectares.

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

In order to exercise the option to acquire a 100% interest in the properties (Aldridge 1, Aldridge 2, and Hungry Creek), the Company will issue an aggregate of 450,000 common shares of the Company (the "Earn-In Shares") through the issuance of 112,500 Earn-In Shares per year, over a four-year period, issuable to the Field Experts on a pro-rata basis. This year's commitment was fulfilled on March 1, 2022. As at April 30, 2022 a total of 337,500 Earn-In Shares have been issued.

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

During the year ended April 30, 2022, the Company spent \$52,070 (2021 - \$727,314) on both Aldridge properties.

##### Redburn Creek Property

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

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

During the year ended April 30, 2022, the Company spent \$14,487 (2021 - \$35,650) on the Redburn Creek property.

##### Hungry Creek Property

The Hungry Creek Property, totalling 38,853 hectares, is comprised of 74 claims (73 claims 100% owned by the Company and 1 claim optioned from the Kennedy Group) and is located west of Kimberley, B.C.

## **DLP RESOURCES INC.**

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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On March 1, 2020, the Company entered into the Earn-In Agreement which added one additional Hungry Miner claim, totaling 62.67 ha, to the property. This year's commitment with regard to the Earn-In Agreement was fulfilled on March 1, 2022.

During the year ended April 30, 2022, the Company spent \$307,318 (2021 - \$64,107) on the Hungry Creek property.

#### **DD Property**

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

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

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

As of April 30, 2022, the Company spent \$1,234,888 in exploration expenditures on the DD property and made total cash payments of \$20,000 to the optionor.

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

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

On November 30, 2020, the Company and PJX entered into an addendum to the option agreement whereby the Moby Dick and NZOU properties were incorporated into the option agreement. The terms of the addendum are as follows:

- PJX acquired a 50% interest in the Moby Dick property by making a one time payment of \$461.
- PJX will acquire a 50% interest in the NZOU property by reimbursing the Company for 50% of the Company's option commitments related to acquiring a 100% interest in that NZOU property (see Note 4 –NZOU Property).

As per the terms of the addendum, PJX agreed that eligible exploration expenditures incurred by the Company on the Moby Dick and NZOU properties may be credited towards the Company's exploration expenditures commitment to acquire a 50% interest in the DD Property. As of April 30, 2022, the Company had incurred a total of \$1,764,874 in exploration expenditures on the DD, Moby Dick and NZOU properties.

During the year ended April 30, 2022, the Company spent \$178,225 (2021 - \$1,056,663) on the DD property.



## **DLP RESOURCES INC.**

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### **Moby Dick Property**

On June 26, 2020, the Company staked the Moby Dick claim totaling 527.27 ha which adjoins the DD Property. The property is 100% owned by the Company.

During the year ended April 30, 2022, the Company spent \$410,151 (2021 - \$53,508) on the Moby Dick property.

#### **NZOU Property**

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

Under the terms of the option agreement, the Company will earn a 51% interest in the NZOU Property by:

- incurring exploration expenditures of \$15,000 by December 1, 2020 (incurred).
- issuing 75,000 common shares to 453 within 20 days of the date upon which the TSX Venture Exchange approves the option agreement (issued);
- issuing 75,000 common shares to 453 by February 28, 2021 (issued);
- incurring exploration expenditures of \$50,000 by December 31, 2021 (incurred);
- issuing 75,000 common shares to 453 by February 28, 2022 (issued); and
- issuing 75,000 common shares to 453 by February 28, 2023.

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

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

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

During the year ended April 30, 2022, the Company spent \$13,003 (2021 - \$53,324) on the NZOU property.

#### **Aurora Project – Peru Property**

On November 25, 2021, the Company entered into an option contract and mining assignment agreement (the "Option") with SMRL Parobamba II ("SP II") whereby the Company can acquire a 100% interest in one concession comprising the Aurora Project.

In order to earn an undivided 100% ownership interest in the Aurora Project in accordance with the Option, the Company must make the following cash payments to SP II (all of which include all applicable taxes) and incur exploration expenditures on the Aurora Project as follows:

**DLP RESOURCES INC.**

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<b>Event</b>	<b>Cash Payments (Cumulative)</b>	<b>Property Work Commitment (Cumulative)</b>
Execution of letter of intent	US\$5,000 (paid)	Nil
Signing of option agreement	US\$75,000 (paid)	Nil
The latest of 6 months from the date of execution of the option agreement, or the date on which the last of the permits required for drilling the Aurora Project is approved and issued (the "Effective Date")	US\$150,000 (paid subsequent to April 30, 2022)	Nil
Within 12 months of the Effective Date	US\$225,000	US\$400,000
Within 18 months of the Effective Date	US\$300,000	
Within 24 months of the Effective Date	US\$400,000	US\$950,000
Within 30 months of the Effective Date	US\$475,000	
Within 36 months of the Effective Date	US\$675,000	US\$1,750,000
Within 42 months of the Effective Date	US\$750,000	
Within 48 months of the Effective Date	US\$3,000,000	US\$3,000,000
	<b>US\$3,000,000</b>	<b>US\$3,000,000</b>

SP II will retain a 1.5% NSR on the property. The Company will be entitled at any time to reduce the NSR by 1.0% (to 0.5%) for cash consideration of US\$1,000,000. Upon exercising this right, the Company will be entitled to repurchase the remaining 0.5% NSR, reducing the NSR to nil, for cash consideration of US\$500,000.

During the year ended April 30, 2022, the Company spent \$166,579 (2021 - \$nil) on the Aurora Project.

**Copper Creek Property**

During the year ended April 30, 2022, the Company staked 27 claims totaling 11,296.54 hectares, known as the Copper Creek Property, and located north of Kimberly, B.C.

During the year ended April 30, 2022, the Company spent \$3,766 (2021 - \$nil) on the Copper Creek property.

**Exploration costs**

During the year ended April 30, 2022, the Company incurred \$1,148,029 (2021 - \$2,014,404) on exploration costs on its properties. During the year ended April 30, 2022, the Company received \$nil (2021 - \$52,621) for the BC Mining Exploration Tax Credit refund. The following tables summarized the exploration costs incurred.

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

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*(Expressed in Canadian Dollars)**(Audited)***Year Ended April 30, 2022**

<b>Exploration Costs</b>	<b>General</b>	<b>Aldridge 1</b>	<b>Aldridge 2</b>	<b>Redburn</b>	<b>Hungry Creek</b>	<b>DD</b>	<b>Moby Dick</b>	<b>NZOU</b>	<b>Aurora - Peru Copper Creek</b>	<b>Total</b>	
Geology	\$ -	\$ 1,545	\$ 1,030	\$ 9,790	\$ 40,498	\$ 8,603	\$ 13,283	\$ 2,060	\$ 80,382	\$ -	\$ 157,191
Geophysics	-	40,025	-	-	31,091	-	-	-	-	-	71,116
Geochemistry	-	-	-	818	3,821	-	-	-	-	-	4,639
Drilling	-	-	-	-	181,315	150,750	369,013	2,596	-	-	703,674
Wages/Travel/Admin	2,430	6,068	2,857	2,936	46,679	18,296	27,648	8,297	85,562	2,880	203,653
Maps & Reproductions	-	430	115	943	3,914	576	207	50	635	886	7,756
<b>Total</b>	<b>\$ 2,430</b>	<b>\$ 48,068</b>	<b>\$ 4,002</b>	<b>\$ 14,487</b>	<b>\$ 307,318</b>	<b>\$ 178,225</b>	<b>\$ 410,151</b>	<b>\$ 13,003</b>	<b>\$ 166,579</b>	<b>\$ 3,766</b>	<b>\$ 1,148,029</b>

**Year Ended April 30, 2021**

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

**5. RECLAMATION DEPOSITS**

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

As at April 30, 2022, the Company has reclamation bonds on the following properties:

<b>Reclamation Bonds</b>	<b>April 30, 2022</b>	<b>April 30, 2021</b>
Aldridge 1	\$ 10,850	\$ 10,850
Aldridge 2	3,000	3,000
Hungry Creek	24,250	24,250
DD Property	28,000	28,000
Moby Dick	35,800	-
<b>Total</b>	<b>\$ 101,900</b>	<b>\$ 66,100</b>

**DLP RESOURCES INC.**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended April 30, 2022 and 2021

*(Expressed in Canadian Dollars)**(Audited)***6. PROPERTY AND EQUIPMENT**

	<b>Office Furniture &amp; Equipment</b>	<b>Computer</b>	<b>Total</b>
Balance - May 1, 2020	\$ -	\$ -	\$ -
Additions - cost	14,588	857	15,445
Accumulated depreciation and amortization	(730)	(64)	(794)
<b>Net book value, April 30, 2021</b>	<b>\$ 13,858</b>	<b>\$ 793</b>	<b>\$ 14,651</b>
Additions - cost	-	705	705
Accumulated depreciation and amortization	(2,626)	(233)	(2,859)
<b>Net book value, April 30, 2022</b>	<b>\$ 11,232</b>	<b>\$ 1,265</b>	<b>\$ 12,497</b>

**7. SHARE CAPITAL**

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

**Share capital*****Activities for the year ended April 30, 2022***

On May 3, 2021, the Company completed a private placement via the issuance of 1,200,000 flow-through common shares ("FT Shares") at a price of \$0.25 per FT Share for gross proceeds of \$300,000. Each FT share will qualify as a "flow-through share" as defined in s. 66(15) of the Income Tax Act (Canada). In connection with the private placement, the Company paid cash finders' fees of \$3,500 and legal fees of \$7,933. As at April 30, 2022 the Company incurred the required qualified flow-through expenditures and recognized a \$12,000 flow-through share premium recovery on the statement of comprehensive loss.

On June 23, 2021, the Company completed a private placement via the issuance of 4,333,967 units at a price of \$0.30 per unit for gross proceeds of \$1,300,190. Each unit consists of one common share of the Company and one non-transferable common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to acquire one common share of the Company at a price of \$0.40 per share, for a period of 12 months following the issuance of the Warrant. The Company paid cash finders' fees totaling \$51,869 and legal fees totaling \$20,648. The Company also issued 172,898 finders' warrants, having the same terms as the Warrants.

On August 10, 2021, the Company completed a private placement via the issuance of 1,000,001 FT Shares at a price of \$0.30 per FT Share for gross proceeds of \$300,000. In connection with the private placement, the Company paid cash finders' fees of \$9,485 and legal fees of \$3,253. As at April 30, 2022, the Company incurred the required qualified flow-through expenditures and recognized a \$60,000 flow-through share premium recovery on the statement of comprehensive loss. The Company also issued 31,617 finders' warrants, each finders' warrant entitles the holder to acquire one common share of the Company at a price of \$0.30 per share, for a period of 18 months from the closing of the financing.

On October 8, 2021, the Company completed a private placement via the issuance of 170,000 FT Shares at a price of \$0.30 per FT Share for gross proceeds of \$51,000. As at April 30, 2022, the Company incurred the required qualified flow-through expenditures and recognized a \$17,000 flow-through share premium recovery on the statement of comprehensive loss.

## **DLP RESOURCES INC.**

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On October 28, 2021, 292,760 warrants with a weighted average exercise price of \$0.10 were exercised for gross proceeds of \$30,026.

On November 5, 2021, 27,141 warrants with a weighted average exercise price of \$0.10 were exercised for gross proceeds of \$2,757.

On November 9, 2021, 254,141 warrants with a weighted average exercise price of \$0.10 were exercised for gross proceeds of \$26,092.

On December 29, 2021, the Company completed a private placement via the issuance of 3,120,000 FT Units at a price of \$0.25 per FT Unit for gross proceeds of \$780,000. Each FT Unit consists of one flow-through common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share of the Company at a price of \$0.40 for a period of two years from the date of issuance. In connection with the private placement, the Company paid cash finders' fees of \$49,875 and legal fees of \$7,483. As at April 30, 2022, the Company incurred \$358,867 of qualified flow-through expenditures and recognized a \$71,773 flow-through share premium recovery on the statement of comprehensive loss. The Company also issued 199,500 finders' warrants. Each finders' warrant entitles the holder to acquire one common share of the Company at a price of \$0.25 for a period of two years from the date of issuance.

On February 28, 2022, the Company issued 75,000 common shares to 453 as per the NZOU Property Option Agreement. These common shares were valued at \$16,500 (note 4).

On March 1, 2022, the Company issued 112,500 common shares for the third tranche of the Earn-In Agreement arrangement. These common shares were valued at \$28,125 (note 4).

#### ***Activities for the year ended April 30, 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. As at April 30, 2021, the Company incurred \$1,117,009 of qualified flow-through expenditures and recognized a \$194,278 flow-through share premium recovery on the statement comprehensive loss.

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. The warrants were assigned a fair value of \$100,332. The Company also incurred other share issue costs of \$32,501.

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

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. As of April 30, 2021, the Company incurred \$800,000 of qualified flow-through expenditures and recognized a \$64,000 flow-through share premium recovery on the statement of comprehensive loss.

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

## DLP RESOURCES INC.

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

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

## 8. WARRANTS AND OPTIONS

### a) Warrants

During the year ended April 30, 2022, a total of 574,042 (2021 – 4,600,000) warrants were exercised for gross proceeds of \$58,875 (2021 - \$690,000). A total of \$28,082 (2021 - \$150,422) was transferred from Share-based payments reserves to Share capital on the exercise of these warrants.

As at April 30, 2022, the Company had outstanding and exercisable warrants as follows:

	Warrants	Exercise price (C\$)	Fair value (C\$)	Expiry Date
<b>Outstanding at May 1, 2020</b>	<b>5,474,042</b>	<b>0.15</b>	<b>188,314</b>	
Issued for finders	541,146	0.25	100,332	July 28, 2022 <sup>(b)</sup>
Warrants exercised	(4,600,000)	0.15	(150,422)	
Warrants expired	(300,000)	0.15	(9,810)	
<b>Outstanding at April 30, 2021</b>	<b>1,115,188</b>	<b>0.17</b>		
Issued for finders	172,898	0.40	11,319	June 23, 2022 <sup>(b)</sup>
Issued for private placement	4,333,967	0.40	269,828	June 23, 2023 <sup>(a)</sup>
Issued for finders	31,617	0.30	4,015	February 9, 2023
Issued for private placement	1,560,000	0.40	107,639	December 29, 2023
Issued for finders	199,500	0.25	18,354	December 29, 2023
Warrants exercised	(574,042)	0.10	(28,082)	
<b>Outstanding at April 30, 2022</b>	<b>6,839,128</b>	<b>0.38</b>		

(a) During the year ended April 30, 2022, the Company received approval from the TSX Venture Exchange for a one-year extension to the term of these share purchase warrants.

(b) These warrants expired unexercised subsequent to April 30, 2022.

**DLP RESOURCES INC.**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The Company uses the Black-Scholes option pricing model to estimate the fair value of the finder's warrants. The expected volatility assumption inherent in the pricing model is based on the historical volatility of the Company's stock over a term equal to the expected term of the finder's warrants issued. The weighted average assumptions used in this pricing model, and the resulting fair values per finder's warrant for those issued during the years ended April 30, 2022 and 2021 were as follows:

	2022	2021
Risk-free rate:	0.43% to 0.99%	0.42%
Expected life:	1 to 2 years	2 years
Expected volatility:	97.45% to 130.21%	103.62%
Expected dividends:	Nil	Nil
Weighted average fair value per warrant:	\$0.07	\$0.17

**b) Stock Options**

The Company has an incentive Stock Option Plan ("the Plan") under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or service providers of the Company. The terms of the Plan provide that the Directors have the right to grant options to acquire common shares of the Company at not less than the closing market price of the shares on the day preceding the grant at terms of up to five years. No amounts are paid or payable by the recipient on receipt of the option, and the options granted are not dependent on any performance-based criteria.

During the year ended April 30, 2022, the Company granted 800,000 incentive stock options (2021 – 1,270,000 options granted) to consultants and directors with a weighted average exercise price of \$0.20 (2021 - \$0.17) and a weighted average life of 4.63 years (2021 – 5 years).

The total stock-based compensation expense for the year ended April 30, 2022 was \$90,097 (2021 – 179,070).

**DLP RESOURCES INC.**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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As at April 30, 2022, the Company's outstanding share options were as follows:

	Stock Options	Weighted average exercise price (C\$)
<b>Outstanding at May 1, 2020</b>	-	-
Granted	1,270,000	0.17
<b>Outstanding at April 30, 2021</b>	1,270,000	0.17
Granted	800,000	0.20
Expired	(120,000)	(0.21)
<b>Outstanding at April 30, 2022</b>	<b>1,950,000</b>	<b>0.18</b>

  

Expiry Date	Exercise Price	Number outstanding	Weighted-average remaining contractual life (years)	Number exercisable
June 1, 2025	\$0.15	1,000,000	3.09	1,000,000
July 29, 2025	\$0.29	150,000	3.25	100,000
November 29, 2024	\$0.20	150,000	2.59	37,500
November 29, 2026	\$0.20	650,000	4.59	216,667
<b>Outstanding at April 30, 2022</b>		<b>1,950,000</b>	<b>3.56</b>	<b>1,354,167</b>

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 assumptions used in this pricing model, and the resulting weighted average fair values per option for those granted during the years ended April 30, 2022 and 2021 were as follows:

	2022	2021
Risk-free rate:	1.04% to 1.41%	0.31% to 0.39%
Expected life:	3 to 5 years	5 years
Expected volatility:	130%	109% to 122%
Expected dividends:	Nil	Nil
Weighted average fair value per options:	\$0.17	\$0.17



## DLP RESOURCES INC.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 9. RELATED PARTY TRANSACTIONS

- a) 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 Executive Chairman of the Company.

The Company incurred the following transaction with key management personnel for the years ended April 30, 2022 and 2021:

	Year ended		Year ended	
	April 30, 2022		April 30, 2021	
Salaries and benefits	\$	368,393	\$	356,763
Salaries included in exploration costs		136,709		173,475
Stock-based compensation		71,647		166,658
	\$	<b>576,749</b>	\$	<b>696,896</b>

- b) 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 years ended April 30, 2022 and 2021 are as follows:

	Year ended		Year ended	
	April 30, 2022		April 30, 2021	
Loss attributable to ordinary shareholders	\$	1,851,610	\$	2,480,178
Weighted average number of shares outstanding - basic and diluted		73,593,921		60,339,374
<b>Loss per share - basic and diluted</b>	\$	<b>0.03</b>	\$	<b>0.04</b>

## DLP RESOURCES INC.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended April 30, 2022 and 2021

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## 11. INCOME TAXES

The nature and tax effect of the temporary differences giving rise to the deferred tax assets and liabilities at April 30, 2022 and 2021, are summarized as follows:

	Year Ended April 30, 2022	Year Ended April 30, 2021
Loss before income taxes	\$ (1,851,610)	\$ (2,480,178)
Income tax rate	27.00%	27.00%
Income tax recovery using statutory rate	(499,935)	(669,648)
Net adjustments for amortization and non-deductible amounts	(58,846)	(61,036)
Flow through amounts	272,799	517,617
True up of prior year amounts and other	(83,979)	(26,293)
Difference in tax rate of foreign jurisdiction	(2,564)	-
Change in unrecognized benefit of tax pool assets	372,525	239,360
<b>Income tax expense (recovery)</b>	<b>\$ -</b>	<b>\$ -</b>

### Deferred tax assets and liabilities

	April 30, 2022	April 30, 2021
<b>Deferred tax assets</b>		
Non-capital loss carry-forwards	\$ 637,345	\$ 325,350
Mineral properties	83,433	45,128
Property and equipment	987	214
Share issue costs	64,957	43,505
	786,722	414,197
Unrecognized deferred tax assets	(786,722)	(414,197)
<b>Deferred tax assets</b>	<b>\$ -</b>	<b>\$ -</b>

The Company has Canadian non-capital loss carry-forwards of approximately \$2,248,000 (2021 - \$1,205,000) that will expire between 2036 and 2042. The Company also has Peruvian non-capital loss carry-forwards of approximately \$103,000.

## 12. FINANCIAL INSTRUMENT AND RISK MANAGEMENT

### *Risk Management*

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

### *Fair value*

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

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

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

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

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

As at April 30, 2022	Carrying Value			Fair Value		
	FVTPL	Amortized		Level 1	Level 2	Level 3
			Cost			
<b>Financial Assets</b>						
Cash	\$ -	\$ 1,207,697	\$ -	\$ -	\$ -	\$ -
Reclamation deposits	-	101,900	-	-	-	-
	\$ -	\$ 1,309,597	\$ -	\$ -	\$ -	\$ -
<b>Financial Liabilities</b>						
Trade and other payables	\$ -	\$ 75,393	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ 75,393	\$ -	\$ -	\$ -	\$ -

As at April 30, 2021	Carrying Value			Fair Value		
	FVTPL	Amortized		Level 1	Level 2	Level 3
			Cost			
<b>Financial Assets</b>						
Cash	\$ -	\$ 1,154,193	\$ -	\$ -	\$ -	\$ -
Reclamation deposits	-	66,100	-	-	-	-
	\$ -	\$ 1,220,293	\$ -	\$ -	\$ -	\$ -
<b>Financial Liabilities</b>						
Trade and other payables	\$ -	\$ 176,161	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ 176,161	\$ -	\$ -	\$ -	\$ -

**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.

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***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.

**13. CAPITAL MANAGEMENT**

The Company's capital consists of cash and shareholders' equity. 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.

**14. SUBSEQUENT EVENT**

On July 28, 2022, the Company granted 200,000 incentive stock option to a contractor. Each option will allow the holder to purchase one common share at a price of \$0.20 per share. The options have a term of 5 years and vest over a 24 month period with one third vesting immediately, one third after 12 months and one third after 24 months.