

DLP Resources Inc.

Condensed Interim Consolidated Financial Statements

For the period ended January 31, 2020
(Unaudited)

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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 Ltd. for the three months ended January 31, 2020 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

Richard Zimmer

Chief Financial Officer

Audit Committee

April 3, 2020

DLP Resources Inc.
Condensed Interim Consolidated Statement of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)
January 31,

	Notes	2020
ASSETS		
Current		
Cash		\$ 689,401
Receivables		6,924
Prepaid expenses and deposits		1,274
Total Current Assets		697,599
Mineral property	4	47,919
Property, plant and equipment		785
Total Non-Current Assets		48,704
Total Assets		\$ 746,303
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Trade and other payables		\$ 176,993
Total Liabilities		176,993
Shareholders' Equity		
Share capital	7	1,574,727
Share-based payment reserves	8	108,198
Accumulated deficit		(1,113,615)
Total Shareholders' Equity		569,310
Total Liabilities and Shareholders' Equity		\$ 746,303

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 condensed interim consolidated financial statements.

On behalf of the Board:



CEO/Director

James Stypula



CFO

Leslie Anne "Robin" Sudo

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

	Notes	Three months ended January 31, 2020	From Incorporation on June 7, 2019 to January 31, 2020
General and administrative			
Salaries and benefits	9	\$ 21,047	\$ 21,047
Consulting fee	9	36,000	95,250
Exploration costs	4	220,638	337,492
Office and administrative		20,504	24,697
Transfer agent and filing fees		36,140	46,798
Listing costs	5	478,659	478,659
Professional fees		3,549	147,174
Travel		1,012	2,192
Flow through share premium recognition	7	(31,437)	(39,694)
Loss before income taxes		786,112	1,113,615
Income tax expense		-	-
Net loss and comprehensive loss for the period		\$ 786,112	\$ 1,113,615

Loss per share

Weighted average shares outstanding
- basic and diluted

	49,426,718	39,536,641
Basic and diluted	\$ 0.02	\$ 0.03

The accompanying notes are an integral part of these condensed interim 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 (Note 7)	11,123,131	1,001,853	80,116	-	1,081,969
Issued for other consideration					
In exchange for properties (Note 4)	14,222,220	40,000	-	-	40,000
Deemed issued to MG shareholders	5,510,000	358,150	-	-	358,150
Reverse takeover finder's fee (Note 5)	1,925,000	192,500	-	-	192,500
Private placement - finder's warrants (Note 8)	-	(28,082)	28,082	-	-
Flow through share premium (Note 7)	-	(39,694)	-	-	(39,694)
Net loss for the period	-	-	-	(1,113,615)	(1,113,615)
Balance, January 31, 2020	50,558,131	\$ 1,574,727	\$ 108,198	\$(1,113,615)	\$ 569,310

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

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

For the period from incorporation on June 7, 2019 to

	Notes	January 31, 2020
Cash flows from operating activities		
Loss for the period		\$ (1,113,615)
Adjustment to reconcile loss to net cash used in operating activities:		
Listing costs	5	478,659
Flow through share premium recognition	7	(39,694)
Changes in non-cash working capital balances:		
Receivables		(6,924)
Prepaid expenses and deposits		(1,274)
Trade and other payables		114,427
Total cash outflows from operating activities		(568,421)
Cash flows from investing activities		
Acquisition of property, plant and equipment		(785)
Purchase of mineral property		(7,919)
Net cash acquired in reverse takeover	5	109,557
Total cash inflows from investing activities		100,853
Cash flows from financing activities		
Proceeds from share issuance	7	1,202,008
Share issue costs	7	(70,039)
Proceeds from bridge loan	5	25,000
Total cash inflows from financing activities		1,156,969
Total increase in cash during the period		689,401
Cash and cash equivalents, beginning of period		-
Cash and cash equivalents, end of period		\$ 689,401

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

DLP RESOURCES INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

(Expressed in Canadian Dollars)

(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

DLP Resources Inc. ("DLP" 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 June 7, 2019 under the laws of British Columbia. 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.

As the Company was formed on June 7, 2019 there are no comparative periods presented in these audited financial statements ("financial statements").

On November 14, 2019, MG Capital Corp. ("MG") completed a reverse takeover transaction pursuant to an Amalgamation Agreement with DLP (Note 5). Subsequently DLP became the wholly owned subsidiary of MG. MG is trading on TSX Venture Exchange under the symbol of DLP.V on November 22, 2019.

These condensed interim 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 condensed interim 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, 2020, 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 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, 2020, the Company has an accumulated deficit of \$1,113,615 and has working capital of \$520,606. The Company's current forecast indicates that it will have sufficient cash available for the next year to continue as a going concern.

2. BASIS OF PRESENTATION

a) Basis of presentation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements include the accounts DLP and MG (after November 14, 2019)

These unaudited condensed interim consolidated financial statements were approved for issue by the board of directors on April 3, 2020.

b) Basis of measurement

The unaudited condensed interim consolidated financial statements have been prepared on a historical cost

DLP RESOURCES INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

(Expressed in Canadian Dollars)

(Unaudited)

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

The condensed interim 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:

Economic recoverability and probability of future economic benefits of mineral properties

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

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

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

Determination of fair value inputs regarding Share-based payments

Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The Company uses the Black-Scholes option pricing model to estimate the fair value of options and warrants granted. This estimate requires determining the most appropriate inputs for the Black-Scholes model including the expected life of the share option, volatility and dividend yield. As there is insufficient historical share price data of the Company from which to estimate expected future share price volatility, the Company has estimated expected share price volatility based on the historical share price volatility of comparable entities. The expected life of the share option is based on the full term of the instrument as there was not sufficient historical data to

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

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suggest a more appropriate term. The risk-free interest rate is based on a treasury instrument whose term is consistent with the expected term of the stock options. We have not paid and do not anticipate paying cash dividends on our shares of common stock in the foreseeable future; therefore, the expected dividend yield is assumed to be zero

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. Once a license/permit has been secured, the Company will capitalize the cost of maintaining its interest, exploring and developing mineral properties as exploration assets when future inflow of economic benefits from the properties is probable and until such time as the properties are placed into development, abandoned, sold or considered to be impaired in value.

To date the Company has not obtained a license/permit to explore the mineral properties, accordingly, no amounts have been capitalized in respect of exploration and evaluation expenditure.

Exploration costs that do not relate to any specific property are expensed as incurred.

Impairment

Management tests for impairment when facts and circumstances indicate that the carrying value of mineral property asset might exceed recoverable amounts or when the technical feasibility and commercial viability of mineral resources is demonstrable.

b) Equipment

Equipment is to be comprised of office and computer equipment which will be carried at cost and amortized on a declining balance basis over the estimated service lives of the assets at rates ranging from 20% to 30%. Amortization methods, useful lives and residual values are to be reviewed at each reporting date.

c) Cash

Cash includes cash on hand and deposits held with banks.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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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 share into i) a flow through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

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

f) Earnings/loss per share

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

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

Basic earnings/loss per share amounts are calculated by dividing the net income or loss for the period by the weighted average number of Common Shares outstanding during the period.

g) Share-based compensation

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

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

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

DLP RESOURCES INC.

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h) Standards and interpretations

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

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

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

Financial assets at FVTPL

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

Financial assets at FVTOCI

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

Financial assets at amortized cost

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

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

Leases under IFRS 16

IFRS 16, Leases is effective for accounting periods beginning on or after January 1, 2019. IFRS 16 Leases specifies how leases should be recognized, measured, presented and disclosed. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The Company assessed this new standard and the adoption does not have a material

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

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

*(Expressed in Canadian Dollars)**(Unaudited)*

impact on the financial position or results of the Company.

4. MINERAL PROPERTIES

During the period from incorporation on June 7, 2019 to January 31, 2020, 3 properties, Aldridge 1, Aldridge 2 and Redburn, were acquired by the Company from 4 shareholders of which 2 are directors/key management of the Company (Note 9.2). In consideration of the acquired properties, a total of 14,222,220 shares were issued at a fair value of \$40,000, being the fair value comparable to the arms-length share issuances of \$0.0028125 per common share of the Company at and around the same time as the acquired mineral property assets.

In August 2019, the Company staked the Hungry Creek property and Strategy claim for a cost of \$7,549 and \$369 respectively.

During the period from incorporation on June 7, 2019 to January 31, 2020, the Company incurred \$337,492 exploration cost on its properties. The following table summarized the exploration costs incurred:

For three months ended January 31, 2020

Exploration Costs	General	Aldridge 1	Aldridge 2	Redburn	Hungry Creek	Total
Geology-Fieldwork	\$ -	\$ 7,300	\$ 3,150	\$ 5,625	\$ 2,125	\$ 18,200
Geology-Transport/Fuel	-	-	-	-	-	-
Geophysics	-	122,072	68,665	-	3,150	193,887
Geochemistry	-	-	-	-	3,121	3,121
Technical Report	-	-	-	-	-	-
Maps & Reproductions	-	1,328	789	1,389	1,373	4,879
Others	551	-	-	-	-	551
Total	\$ 551	\$ 130,700	\$ 72,604	\$ 7,014	\$ 9,769	\$ 220,638

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

Exploration Costs	General	Aldridge 1	Aldridge 2	Redburn	Hungry Creek	Total
Geology-Fieldwork	\$ -	\$ 25,095	\$ 19,134	\$ 8,723	\$ 16,080	69,032
Geology-Transport/Fuel	-	790	-	467	15,974	17,231
Geophysics	-	122,072	68,665	-	9,937	200,674
Geochemistry	-	-	-	17,250	4,347	21,597
Technical Report	-	12,469	4,311	-	-	16,780
Maps & Reproductions	-	1,799	1,021	1,576	1,664	6,060
Others	6,118	-	-	-	-	6,118
Total	\$ 6,118	\$ 162,225	\$ 93,131	\$ 28,016	\$ 48,002	\$ 337,492

DLP RESOURCES INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

(Expressed in Canadian Dollars)

(Unaudited)

Aldridge 1 (RJ) and Aldridge 2 (JR) Properties – Pb/Zn prospect

The Aldridge 1(RJ) and Aldridge 2 (JR) mineral properties are separate claim blocks located 52 km southwest of Cranbrook B.C. in the East Kootenay region of the province. Both are in the Leadville corridor and are Pb/Zn prospects. They are separated by about 5.7 km north-south on NTS map-sheets 082F01 and 082F08. The Aldridge 2 property is 5 claims totaling 1,855.17 hectares; the Aldridge 1 property is 9 claims totaling 2,914.43 hectares. Both properties are owned 100% by the Company and have no ongoing commitments other than the future commitment of the net smelter royalty commitment noted in Note 9.3.

Redburn Creek Property - Cu prospect

Redburn Creek claims are 12 claim blocks totaling 5,359.5 hectares and is 15 km northeast of Golden, B.C.

The Redburn Creek claims are within an anomalous horizon at the top of the Cambrian Chancellor formation shales. This horizon has been traced from Elkford, B.C. to North of Golden, B.C. which hosts a massive sulfide deposit at Cummings Creek and the Kicking Horse Monarch mine at Field, B.C. These deposits are in the same horizon as the Redburn Creek Property. The property is owned 100% by the Company and has no ongoing commitments.

Hungry Creek Property – Cu/Co prospect

Hungry Creek Property is 4261.5 hectares in size and is located 35 km west of Kimberley, B.C. It was staked as recent prospecting in the stream bed of Hungry Creek discovered numerous boulders of massive to semi massive sulfides. The Hungry Creek Property is 100% owned by the Company.

Strategy Property claim

The stand-alone Strategy claim is 211 hectares in size and located 1 km west of the Aldridge 1 property. It was staked in response to competitor ground coming available.

5. REVERSE TAKEOVER

On September 26, 2019, the Company entered into a reverse takeover transaction pursuant to an Amalgamation Agreement with MG, a corporation incorporated under the laws of Alberta and 1224395 B.C. Ltd. a wholly owned corporate subsidiary of MG, incorporated under the laws of the Province of British Columbia (the “**Amalgamation Agreement**”).

Pursuant to the terms of the Amalgamation Agreement, and subject to certain conditions, including receipt of applicable regulatory and shareholder approvals, DLP will amalgamate with 1224395 B.C. Ltd. pursuant to the provisions of the *Business Corporations Act* (British Columbia) (the “**Amalgamation**”). The amalgamated entity (“**AmalCo**”) will be a wholly-owned subsidiary of MG and the shareholders of DLP will be issued one common share of MG (each an “**MG Share**”) for every one DLP Common Share held immediately prior to the completion of the Amalgamation. Upon completion of the Amalgamation, DLP will become a wholly-owned subsidiary of MG and the former securityholders of DLP will become securityholders of MG. The Amalgamation (and the other transactions contemplated by the Amalgamation Agreement) will constitute the Qualifying Transaction of MG (the “**Transaction**”), as defined in the policies of the TSX Venture Exchange (“**TSXV**”).

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The Amalgamation Agreement provides that no party will solicit or negotiate with any other entities in opposition to or in competition with the Transaction.

The completion of the Transaction was subject to the satisfaction of conditions, including but not limited to:

- (i) the DLP financing (see "Private Placement" above), raising gross proceeds of not less than \$1.1 million;
- (ii) approval of the Amalgamation by the shareholders of DLP;
- (iii) the absence of any material adverse change in the business, operations or capital of either MG or DLP;
- (iv) the absence of any prohibition at law against the Transaction;
- (v) the termination by MG of 540,000 of the currently outstanding stock options held by its current directors and officers; and
- (vi) receipt of all requisite third-party consents, waivers, permits, orders and approvals, including the approval of the TSXV.

Each of MG and DLP will bear their own costs in respect of the Transaction except that DLP will pay all third-party costs required to be paid to complete the Transaction, including, but not limited to sponsorship fees and any and all TSXV filing fees.

The Transaction will result in MG, as the listed issuer resulting from the Transaction (the "**Resulting Issuer**"), owning 100% of the Common Shares of DLP.

On September 26, 2019, the Company entered into a bridge loan with MG for \$25,000. The loan accrues interest at 10% per annum and is unsecured. All amounts outstanding will be repayable on the completion date of the qualifying transaction or if the qualifying transaction is not complete, 90 days from the date of September 26, 2019.

On November 14, 2019, all of the conditions described above were satisfied and the Company completed a reverse takeover transaction pursuant to the Amalgamation Agreement with MG. The Amalco became the wholly-own subsidiary of MG Capital. MG Capital carried on the mineral exploration business conducted by DLP and MG Capital's shares were trading on TSX Venture Exchange under the symbol "DLP.V" on November 22, 2019. For accounting purposes, the Amalgamation is accounted for reverse acquisition (RTO) by DLP.

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

Deemed acquisition cost		Fair value
DLP share deemed to be issued to MG	5,510,000	\$ 358,150
Finder's fee		192,500
		<u>550,650</u>
Net assets acquired		
Cash		\$ 109,557
Bridge loan to DLP		25,000
AP and accrual		(62,566)
Listing costs		478,659
		<u>\$ 550,650</u>

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Without significant operating activities, the Company did not meet the accounting definition of a business pursuant to IFRS 3, Business combinations, and the Transaction was accounted for as an acquisition of the net assets of the MG by DLP in exchange for shares in the Resulting Issuer under IFRS 2, Share-based payments. The excess of the fair value of the consideration provided over the net assets received was expensed in the current period as part of listing costs. For accounting purposes, these condensed interim consolidated financial statements reflect a continuation of the financial position, comprehensive loss, changes in equity and cash flows of the Company's legal subsidiary, DLP Resources Inc.

As part of the reverse acquisition transaction, the Company issued 1,925,000 common shares to Haywood Securities Inc at fair value of \$192,500, being the value of the Company shares on date of grant. (See Note 7).

6. INCOME TAXES

	Period from incorporation on June 7, 2019 to January 31, 2020
Loss before income taxes	\$ (1,113,615)
Income tax rate	27%
Income tax recovery using statutory rate	(300,676)
Change in unrecognized deferred income tax assets	300,676
Income tax expense (recovery)	\$ -

The nature and tax effect of the temporary differences giving rise to the deferred tax assets and liabilities at January 31, 2020, summarized as follows:

	January 31, 2020
Deferred tax assets	
Non-capital loss carry-forwards	\$ 300,676
	300,676
Unrecognized deferred tax assets	(300,676)
	\$ -

7. SHARE CAPITAL

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

During the period from incorporation of June 7 to January 31, 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 (Note 4 and Note 9.2).

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Private Placement

On October 11, 2019, the Company completed a private placement and raised \$1,152,007 by issuing 9,800,000 units (the “DLP Unit”) at \$0.10 per unit and 1,323,131 flow through shares (“DLP FT Share”) at \$0.13 per share. Each DLP Unit is comprised of one common share and one-half of one common share purchase warrant (each whole warrant, a “DLP Warrant”). Each DLP Warrant will entitle the holder thereof to purchase one additional Common Share at an exercise price of \$0.15 per common share for a period of 2 years from the date of issue, subject to the Acceleration Right (as defined below). Each DLP FT Share is a flow-through share which will qualify as a “flow-through share” as defined in s. 66(15) of the *Income Tax Act* (Canada). As of January 31, 2020, the Company incurred \$337,492 qualified flow through expenditures and recognized \$39,694 through flow premium.

The “Acceleration Right” means the Company has a right to accelerate the expiry date of the DLP 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.

In connection with the private placement, the Company paid the finders cash fees and other share issuance fees in the amount of \$70,039 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.

In connection with its role in connecting MG 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. Haywood elected to receive its fees in shares.

8. WARRANTS

As of January 31, 2020, 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	80,116	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 January 31, 2020	5,474,042	0.15	108,198	

The Company uses the Black-Scholes option pricing model to estimate the fair value of the warrants. The expected volatility assumption inherent in the pricing model is based on the historical volatility of a publicly traded company’s stock comparable to DLP over a term equal to the expected term of the warrants issued. The weighted average assumptions used in this pricing model, and the resulting weighted average fair values per warrant for the warrants issued during the period from incorporation on June 7, 2019 to January 31, 2020 were as follows:

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*(Expressed in Canadian Dollars)**(Unaudited)*

Risk-free rate:	1.65%
Expected life:	2 years
Expected volatility:	92.36%
Expected dividends:	Nil
Weighted average fair value per warrant:	\$0.0198

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 period from incorporation on June 7, 2019 to January 31, 2020, the Company paid \$90,000 in consulting fees and \$15,200 in salaries and benefits to key management personnel. For the 3 months ended January 31, 2020, \$36,000 in consulting fees and \$15,200 in salaries and benefits were paid to key management personnel.
- 2) Key management personnel of the Company contributed mineral property assets to the Company (Notes 4) for a total fair value of \$20,000 (\$10,000 each) with the allocation of \$12,000 in exchange for Aldridge 1 and \$8,000 in exchange for Aldridge 2.
- 3) In connection with the mineral property assets to the Company (Note 4), 2 directors shall retain and be entitled to a royalty (the "Royalty") entitling 2 directors to 0.5% each (total of 1%) of all Net Smelter Returns on the area currently comprising the mineral claims named "JR 1", "JR 2" and "JR 3" (collectively, the "Royalty Area") in accordance with the terms and conditions set out. The Royalty shall constitute an interest in land and will be a covenant running with the Royalty Area.

10. EARNING/LOSS PER SHARE

	For the period from incorporation on June 7, 2019 to	
	Three months ended January 31, 2020	January 31, 2020
Loss attributable to ordinary shareholders	\$ 786,112	\$ 1,113,615
Weighted average number of shares outstanding - basic	49,426,718	39,536,641
Basic and diluted loss per share	\$ 0.02	\$ 0.03

DLP RESOURCES INC.

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

(Expressed in Canadian Dollars)

(Unaudited)

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

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

The recorded amounts of cash and accounts payables and other liabilities 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.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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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

A) Earn-In Agreement

Subsequent to January 31, 2020, the Company entered into a property earn-in agreement dated March 1, 2020 (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 DLP an option to acquire up to a 100% interest in certain mineral claims comprising the Son of Captain, Liger and Hungry Miner properties (the "**Properties**"), which are situated in the vicinity of the Company's Aldridge 1, Aldridge 2 and Hungry Creek properties, respectively.

In order to exercise the option to acquire a 100% interest in the Properties (the "**Option**"), DLP will exclusively earn in to the ownership of the Properties by paying 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.

Pursuant to the Earn-In Agreement, the Company will have the option at their discretion to accelerate the payments at any time during the four-year term of the Earn-In Agreement and acquire the Properties on a 100% basis by immediately completing the issuance of the Earn-In Shares as described above.

Upon exercise of the Option, the Field Experts shall be entitled to a 1% NSR royalty 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.

The transactions contemplated under the Earn-In Agreement are subject to the approval of the TSX Venture Exchange.

B) Aldridge 1 Property

Subsequent to January 31, 2020, the Company staked claims that increased the size of the Aldridge 1 property by 109 hectares to a total of 3,104.5 hectares and is located 52 km southwest of Cranbrook B.C., in the East Kootenay region of the province. It was staked in response to competitor ground coming available.

C) Strategy Property

Subsequent to January 31, 2020, the Company staked claims that increased the size of the Strategy property by 211 hectares which doubled its size to a total of 422 hectares. The Strategy property is located 1 km west of the Aldridge 1 (RJ) property. It was staked in response to competitor ground coming available.

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(Unaudited)

D) COVID-19

Novel Coronavirus (“COVID-19”) - 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.