

DELREY METALS CORP.

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTH PERIOD
ENDED AUGUST 31, 2018**

(Expressed in Canadian Dollars)

(Unaudited)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

DELREY METALS CORP.
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

	August 31, 2018	February 28, 2018
ASSETS		
Current		
Cash	\$ 683,754	\$ 562,418
Amounts receivable	6,166	1,035
Prepaid expenses	16,008	-
Deposit (Note 3)	<u>25,000</u>	<u>25,000</u>
Total current assets	730,928	588,453
Exploration and evaluation asset (Note 4)	<u>68,000</u>	<u>18,000</u>
Total assets	<u>\$ 798,928</u>	<u>\$ 606,453</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Trade payables and accrued liabilities (Note 5)	<u>\$ 18,273</u>	<u>\$ 9,125</u>
Total liabilities	<u>18,273</u>	<u>9,125</u>
Shareholders' equity		
Share capital (Note 6)	936,811	616,811
Deficit	<u>(156,156)</u>	<u>(19,483)</u>
Total shareholders' equity	<u>780,655</u>	<u>597,328</u>
Total liabilities and shareholders' equity	<u>\$ 798,928</u>	<u>\$ 606,453</u>

Nature of Operations and Going Concern (Note 1)
Basis of Presentation (Note 2)
Subsequent Event (Note 9)

"Morgan Good"

Director

"Ming Jang"

Director

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

DELREY METALS CORP.
CONDENSED INTERIM STATEMENT OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended August 31, 2018	Six months ended August 31, 2018
GENERAL AND ADMINISTRATION EXPENDITURES		
Bank and interest charges	\$ 114	\$ 159
Consulting fees	28,800	52,800
Filing fees	9,982	9,982
Management fees	7,500	15,000
Office costs	7,253	7,253
Professional and filing fees	<u>3,366</u>	<u>51,479</u>
Loss and comprehensive loss for the period	\$ (57,015)	\$ (136,673)
Loss per common share, basic and diluted	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding	12,680,579	12,680,579

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

DELREY METALS CORP.
CONDENSED INTERIM STATEMENT OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

	Six months ended August 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss for the period	\$ (136,673)
Item not affecting cash	
Issuance of share for property payment	(50,000)
Changes in non-cash working capital items:	
Increase in amounts receivable	(5,131)
Increase in prepaid expenses	(16,008)
Increase in trade payables and accrued liabilities	<u>9,148</u>
Net cash used in operating activities	<u>(198,664)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Cash from issuance of shares	<u>320,000</u>
Change in cash for the period	121,336
Cash, beginning of period	<u>562,418</u>
Cash, end of period	<u>\$ 683,754</u>

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DELREY METALS CORP.
CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)
(Unaudited)

	Share Capital			Total
	Number of Common Shares	Amount	Earnings (Deficit)	
Seed capital	4,250,001	\$ 42,500	\$ -	42,500
Private placement	7,866,000	589,950	-	589,950
Share issuance costs	-	(15,639)	-	(15,639)
Net and comprehensive loss for the period	-	-	(19,483)	(19,483)
Balance, February 28, 2018	12,116,001	\$ 616,811	\$ (19,483)	597,328
Issuance of shares for property payment	666,667	50,000	-	50,000
Issuance of shares	3,600,000	270,000	-	270,000
Net and comprehensive loss for the period	-	-	(136,673)	(136,673)
Balance, August 31, 2018	16,382,668	\$ 936,811	\$ (156,156)	780,655

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

DELREY METALS CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED AUGUST 31, 2018
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Delrey Metals Corp. (the "Company") was incorporated on October 18, 2017 under the Business Corporations Act of British Columbia. The Company's head office address is 4302 – 1151 West Georgia Street, Vancouver, BC. The registered office address is located at 800 – 885 West Georgia Street, Vancouver, BC.

The Company's common shares were listed on the Canadian Securities Exchange on October 22, 2018, and will begin trading on October 24, 2018, under the symbol "DLRY".

The principal business of the Company is the exploration and evaluation of mineral property interests. The success of the Company will be dependent on obtaining the necessary financing to evaluate and pursue these opportunities.

These unaudited condensed interim financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's ability to continue in the normal course of operations is dependent on its ability to raise equity financing or through the sale of its investments at amounts favorable to the Company. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management estimates there is sufficient working capital as at August 31, 2018 to continue current operations for the next twelve months. These unaudited condensed interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of the interim financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting.

The notes presented in these condensed interim financial statements include only significant events and transactions occurring since the Company's last fiscal year end and they do not include all of the information required in the Company's most recent annual financial statements. These condensed interim financial statements follow the same accounting policies and methods of application as the Company's annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended February 28, 2018, which were prepared in accordance with IFRS as issued by IASB. There have been no changes in judgment or estimates from those disclosed in the financial statements for the year ended February 28, 2018.

Basis of measurement

These financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The financial statements are presented in Canadian dollars, unless otherwise noted.

The financial statements of the Company for the three and six month period ended August 31, 2018 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on October 29, 2018.

DELREY METALS CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED AUGUST 31, 2018
(Expressed in Canadian Dollars)

3. DEPOSIT

On December 21, 2017, the Company executed an agreement with Leede Jones Gable (the "Agent") to act as an agent for the Company with respect to the proposed initial public offering (the "Offering"), of up to 7,500,000 shares priced at \$0.20 per share for total proceeds of \$1,500,000.

In consideration of the services performed by the Agent, the Company will: (i) pay an agent's commission equal to 9% of the proceeds raised by the Agent; and (ii) grant the option to purchase shares of the Company equal to 9% of the Offering shares sold by the Agent with an exercise price of \$0.20 per share for a period of 24 months from the date of issuance. In addition, the Company will pay the Agent a corporate finance fee of \$30,000, with the first half paid during the period and the balance to be paid from the proceeds of the Offering.

As at August 31, 2018, the Company had paid a \$25,000 deposit (February 28, 2018 - \$25,000) to the Agent for due diligence work to be performed, which is refundable if the Offering is terminated.

4. EXPLORATION AND EVALUATION ASSET

Sunset Mining Property, British Columbia

A continuity of the Company's exploration and evaluation asset is as follows:

		Sunset Property
Balance, October 18, 2017	\$	-
Exploration costs		3,000
Acquisition costs		15,000
Balance, February 28, 2018		18,000
Acquisition Costs (Note 6)		50,000
Balance, August 31, 2018	\$	68,000

On November 7, 2017, the Company entered into an agreement, whereby it will have the right to earn a 100% interest in the Sunset Property consisting of four mineral claims.

The Company will earn a 100% interest in the Property subject to a 2% Net Smelter Royalty, by completing \$1,000,000 in exploration, making cash payments of \$15,000 (paid) and issuing 666,667 common shares (issued) of the Company to the optionor.

The Company will incur \$1,000,000 of exploration on the property as follows:

By June 30, 2018	\$100,000
By June 30, 2019	\$200,000
By June 30, 2020	<u>\$700,000</u>
	<u>\$1,000,000</u>

Excess expenditures from one year can be applied to the next period. If there is a shortfall in exploration in any one year, the Agreement can be maintained in good standings by making a payment in the equivalent cash, of the shortfall to the Optionor. On June 25, 2018, the \$100,000 in exploration expenditure to incur by June 30, 2018 was extended to September 30, 2018.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED AUGUST 31, 2018
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5. TRADE PAYABLES AND ACCRUED LIABILITIES

	August 31, 2018	February 28, 2018
Trade payables	\$ 18,074	\$ 425
Accrued liabilities	200	8,700
	\$ 18,274	\$ 9,125

6. CAPITAL STOCK

Authorized capital stock: unlimited number of common shares without par value, issuable in series.

During the three month period ended August 31, 2018, the Company issued 3,600,000 common shares at \$0.075 for proceeds of \$270,000.

During the three month period ended May 31, 2018, the Company issued 666,667 common shares with an estimated fair value of \$0.075 in conjunction with the Sunset Mining property (Note 4). Of these, 300,000 shares were issued to a director of the Company (Note 8).

During the period ended February 28, 2018, the Company issued 4,250,001 common shares at \$0.01 for proceeds of \$42,500.

During the period ended February 28, 2018, the Company issued 7,866,000 common shares for gross proceeds of \$589,950.

7. FINANCIAL RISK FACTORS

The fair value of the Company's amounts receivable and accounts payable and accrued liabilities approximate their carrying value, which is the amount recorded on the statement of financial position, due to their short terms to maturity. The Company's cash is measured at fair value, under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at August 31, 2018, the Company had a cash balance of \$683,754 to settle current liabilities of \$18,274.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and, commodity and equity prices.

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7. FINANCIAL RISK FACTORS (continued):

Interest rate risk

The Company has cash balances which are not at a significant risk to fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

8. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	Three months ended August 31, 2018	Six months ended August 31, 2018
Short term benefits*	\$ 7,500	\$ 22,500

*includes base salaries pursuant to contractual employment, or consultancy arrangements. These have been recorded in management and consulting fees, and professional fees.

As at August 31, 2018, \$200 was included in trade payable and accrued liabilities for fees owed to related parties.

The terms of the Sunset Property agreement included a property option payment of \$9,000 (Note 4) to Michael Blady, an optionor of the property and a director of the Company.

Under the terms of the agreements, the Company issued 300,000 common shares of the Company to Michael Blady on April 1, 2018 (Notes 4 and 6).

9. SUBSEQUENT EVENT

- i) Subsequent to the period ended August 31, 2018, the Company completed its initial public offering ("IPO") of 7.5 million common shares in the capital of the company at a price of 20 cents per share for total gross proceeds of \$1.5-million.

In conjunction with the IPO, the Company paid total cash commissions of \$135,000 and granted an aggregate of 675,000 agents' options, each of which entitles the holder thereof to purchase one share of the Company at a price of \$0.20 per share for a period of 24 months from the date of issuance.

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The proceeds of the financing will be used by the company to finance its exploration program on its 785-hectare Sunset mineral property situated in the Vancouver mining division, located near Pemberton, B.C., and for general working capital purposes.

9. SUBSEQUENT EVENT (continued):

- ii) Subsequent to the period ended August 31, 2018, the Company granted stock options to directors, officers and consultants for the purchase of up to 2,388,000 common shares of the Company, pursuant to the Company's stock option plan. The options are exercisable for a period of five years at an exercise price of \$0.25 per share. All of the options vest immediately as of the date of grant.