

This Management's Discussion and Analysis ("MD&A") prepared as at October 28, 2019, reviews the financial condition and results of operations of Delrey Metals Corp. ("Delrey" or the "Company") for the period ended August 31, 2019 and all other material events up to the date of this report. The following discussion should be read in conjunction with the Company's February 28, 2019 annual audited financial statements and related notes.

The financial data included in the discussion provided in this report has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC"). All dollar amounts are in Canadian dollars, unless otherwise noted.

The Company's certifying officers are responsible for ensuring that the unaudited condensed interim financial statements and MD&A do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's officers certify that the unaudited condensed interim financial statements and MD&A fairly present, in all material respects, the financial condition, results of operations and cash flows, of the Company as the date hereof.

## **DESCRIPTION AND OVERVIEW OF BUSINESS**

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 3707 – 1111 Alberni Street, Vancouver, BC. The registered office address is located at 800 – 885 West Georgia Street, Vancouver, BC. The Company's common shares began trading on the Canadian Securities Exchange (the "CSE") on October 24, 2018, under the symbol "DLRY". The Company's consolidated financial statements include the financial statements of the following subsidiaries:

| Company                                | Place of Incorporation | Effective Interest |
|--|------------------------|--------------------|
| BC Vanadium Corp. ("BCVC")             | British Columbia       | 100%               |
| WEM Western Energy Metals Ltd. ("WEM") | British Columbia       | 100%               |

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.

The Company's consolidated 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. These consolidated 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.

## **PERFORMANCE SUMMARY AND SUBSEQUENT EVENTS**

During the period ended August 31, 2019, the Company:

- granted an aggregate of 500,000 stock options to various consultants with a life of 5 years and exercise price of \$0.25; and
- entered into a mineral property option agreement to acquire an undivided 80% right, title, and interest in the Four Corners Project, located in west-central Newfoundland, as discussed below. The Company has made initial payments on the option by paying \$50,000 and issuing 1,200,000 common shares.
- granted 600,000 stock options to a consultant with a life of 5 years and exercise price of \$0.13. These options were subsequently exercised for proceeds of \$78,000.

**EXPLORATION AND EVALUATION ASSETS**

A continuity of the Company's exploration and evaluation assets for the period ended August 31, 2019 is as follows:

|                                   | Sunset            | Star /<br>Porcher | Blackie /<br>Penece | Four<br>Corners   | Total               |
|-----------------------------------|-------------------|-------------------|---------------------|-------------------|---------------------|
| <b>Acquisition costs:</b>         |                   |                   |                     |                   |                     |
| Balance, February 28, 2018        | \$ 15,000         | \$ -              | \$ -                | \$ -              | \$ 15,000           |
| Additions                         | 50,000            | 730,000           | 500,000             | -                 | 1,280,000           |
| Balance, February 28, 2019        | 65,000            | 730,000           | 500,000             | -                 | 1,295,000           |
| Additions                         | -                 | -                 | -                   | 290,000           | 290,000             |
| Balance, August 31, 2019          | 65,000            | 730,000           | 500,000             | 290,000           | 1,585,000           |
| <b>Exploration costs:</b>         |                   |                   |                     |                   |                     |
| Balance, February 28, 2018        | 3,000             | -                 | -                   | -                 | 3,000               |
| Field Personnel                   | 59,000            | -                 | -                   | -                 | 59,000              |
| Sampling                          | 21,182            | -                 | -                   | -                 | 21,182              |
| Supplies and other                | 2,615             | -                 | -                   | -                 | 2,615               |
| Travel and meals                  | 17,698            | -                 | -                   | -                 | 17,698              |
| Balance, February 28, 2019        | 103,495           | -                 | -                   | -                 | 103,495             |
| Field Personnel                   | -                 | -                 | -                   | 24,400            | 24,400              |
| Sampling                          | -                 | 104,357           | 95,093              | 2,325             | 201,775             |
| Geological consulting             | -                 | -                 | -                   | 29,850            | 29,850              |
| Supplies and other                | -                 | 2,961             | -                   | 19,419            | 22,380              |
| Travel and meals                  | -                 | -                 | -                   | 8,240             | 8,240               |
| Balance, August 31, 2019          | 103,495           | 107,318           | 95,093              | 84,234            | 390,140             |
| <b>Balance, February 28, 2019</b> | <b>\$ 168,495</b> | <b>\$ 730,000</b> | <b>\$ 500,000</b>   | <b>\$ -</b>       | <b>\$ 1,398,495</b> |
| <b>Balance, August 31, 2019</b>   | <b>\$ 168,495</b> | <b>\$ 837,318</b> | <b>\$ 595,093</b>   | <b>\$ 374,234</b> | <b>\$ 1,975,140</b> |

**Sunset Mining Property, British Columbia**

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 during the period ended August 31, 2019) of the Company to the optiono.

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

|                       |                  |   |
|-----------------------|------------------|---|
| By September 30, 2018 | \$ 100,000       | (completed during the year ended February 28, 2019) |
| By June 30, 2019      | 200,000          |   |
| By June 30, 2020      | 700,000          |   |
|                       | <u>1,000,000</u> |   |
|                       | \$ 1,000,000     |   |

**BCVC Projects, British Columbia**

On December 6, 2018, pursuant to the terms of a share purchase agreement between the Company and the shareholders of BCVC, the Company acquired 100% of issued and outstanding common shares of BCVC in exchange for 5,500,000 common shares of the Company valued at \$1,980,000 and agreement to repay \$10,000 in BCVC's existing payables. The acquisition of BCVC was accounted for as an asset acquisition. The Company determined that of the 5,500,000 common shares issued, 3,500,000 common shares with a fair value of \$1,260,000 were compensatory in nature and recognized these as share-based payments during the year ended February 28, 2019. The remaining 2,000,000 common shares issued were considered as the purchase price consideration of BCVC. BCVC owns a 100% interest in the Star and the Porcher vanadium properties, located in northwestern British Columbia.

### **WEM Projects, British Columbia**

On December 12, 2018, pursuant to the terms of a share purchase agreement between the Company and the shareholders of WEM, the Company acquired 100% of issued and outstanding common shares of WEM in exchange for 4,250,000 common shares of the Company valued at \$1,041,250 and agreement to repay \$10,000 in WEM's existing payables. The acquisition of WEM was accounted for as an asset acquisition. The Company determined that of the 4,250,000 common shares issued, 2,250,000 common shares with a fair value of \$551,250 were compensatory in nature and recognized these as share-based payments during the year ended February 28, 2019. The remaining 2,000,000 common shares issued were considered as the purchase price consideration of WEM. WEM owns a 100% interest in the Blackie and the Penece vanadium properties, located in northwestern British Columbia.

### **Four Corners Project, Newfoundland**

During the period ended May 31, 2019, the Company entered into a mineral property option agreement to acquire an undivided 80% right, title, and interest in the Four Corners Project, located in west-central Newfoundland. The option will be deemed to be exercised by the Company upon the Company:

- a) paying the following amounts to the optionor:
  - \$25,000 upon entry into the term sheet (*paid*);
  - \$25,000 upon executing the option agreement (*paid*);
  - \$50,000 on or before the first anniversary date;
  - \$50,000 on or before the second anniversary date;
  - \$50,000 on or before the third anniversary date; and
  - \$250,000 on or before the earlier of the fourth anniversary date or the 30th day after completion of an approved exploration program.
  
- b) issuing the following amounts of common shares to the optionor:
  - 1,200,000 upon executing the option agreement (*issued*);
  - 2,600,000 on or before the first anniversary date;
  - 3,600,000 on or before the second anniversary date;
  - 2,600,000 on or before the third anniversary date; and
  - 2,000,000 on or before the fourth anniversary date.
  
- c) incurring the following exploration expenditures:
  - \$1,000,000 on or before the first anniversary date;
  - \$2,000,000 on or before the second anniversary date;
  - \$1,000,000 on or before the third anniversary date; and
  - \$1,000,000 on or before the fourth anniversary date.

## **RESULTS OF OPERATIONS**

During the six-month period ended August 31, 2019, the Company incurred a loss of \$1,135,911 (2018 - \$136,673). Significant expenditures include the following:

**Consulting fees** – increased to \$205,300 for the period ended August 31, 2019 (2018 - \$24,000) and represent corporate consulting fees in support of the Company as it proceeds with acquisition and exploration activities.

**Depreciation** – increased to \$48,231 for the period ended August 31, 2019 (2018 - \$nil) primarily due to the adoption of IFRS 16 and the capitalization of right-of-use assets.

**Investor relations fees** – increased to \$474,966 for the period ended August 31, 2019 (2018 - \$nil). As the Company has become public, it has undergone significant investor relations and shareholder communications programs to promote and support healthy growth.

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**Management fees** – increased to \$108,500 for the period ended August 31, 2019 (2018 - \$15,000) and represents fees paid to the Company's Chief Executive Officer, Chief Financial Officer, and corporate secretary.

**Office Costs** – increased to \$9,900 for the period ended August 31, 2019 (2018 - \$7,253) and represent various general and administrative costs required in setting up and maintaining the Company's corporate head office.

**Professional fees** – increased to \$56,813 for the period ended August 31, 2019 (2018 - \$51,479). The fees are considered comparable period over period.

**Share-based payments** – increased to \$149,026 for the period ended August 31, 2019 (2018 - \$nil) and represent a non-recurring, non-cash expense related to the fair value of 1,100,000 stock options granted to various consultants during the period.

**Transfer agent and filing fees** – increased to \$13,132 for the period ended August 31, 2019 (2018 - \$9,982) as the Company was in the process of filing its prospectus in the comparative period.

**Travel and entertainment** – increased to \$57,633 for the period ended August 31, 2019 (2018 - \$nil) and relate to expenditures required for business development and the identification of strategic acquisition targets.

**SUMMARY OF QUARTERLY RESULTS**

The following table summarizes information derived from the Company's financial statements for all completed from incorporation:

|                                  | <b>August 31,<br/>2019</b> | <b>May 31,<br/>2019</b> | <b>February 28,<br/>2019</b> | <b>November 30,<br/>2018</b> |
|----------------------------------|----------------------------|-------------------------|------------------------------|------------------------------|
| Total Assets                     | \$ 2,275,547               | \$ 2,460,292            | \$ 2,873,694                 | \$ 1,849,823                 |
| Shareholders' equity             | 1,827,283                  | 2,107,789               | 2,496,168                    | 1,846,673                    |
| Revenue                          | -                          | -                       | -                            | -                            |
| Comprehensive Loss               | (427,270)                  | (708,641)               | (2,349,967)                  | (613,067)                    |
| Basic and diluted loss per share | (0.01)                     | (0.02)                  | (0.07)                       | (0.03)                       |

|                                  | <b>August 31,<br/>2018</b> | <b>May 31,<br/>2018</b> | <b>February 28,<br/>2018</b> | <b>October 18, 2017<br/>to November 30,<br/>2017</b> |
|----------------------------------|----------------------------|-------------------------|------------------------------|--|
| Total Assets                     | \$ 798,928                 | \$ 601,508              | \$ 606,453                   | \$ 112,538   |
| Shareholders' equity             | 780,665                    | 567,670                 | 597,328                      | 112,338  |
| Revenue                          | -                          | -                       | -                            | -  |
| Comprehensive Loss               | (57,015)                   | (79,658)                | (19,321)                     | (162)  |
| Basic and diluted loss per share | (0.00)                     | (0.01)                  | (0.00)                       | (162.00)   |

**LIQUIDITY AND CAPITAL RESOURCES**

The Company has not generated any cash flow from operations. Delrey's financial success relies on management's ability find economically recoverable reserves in its exploration and evaluation asset.

In order to finance the acquisition of assets or a business and corporate overhead, the Company will be dependent on investor sentiment remaining positive towards the junior companies, and towards Delrey Metals Corp., in particular, so that funds can be raised through the sale of the Company's securities. Many factors have an influence on investor sentiment, including a positive climate from investors to support junior exploration companies, a company's track record and the experience and calibre of a company's management. There is no certainty that equity funding will be available at the times and in the amounts required to fund the Company's activities. Note 1 of the Company's 2019 audited financial statements further discusses the going concern issue. The financial statements do not include any adjustments that might result from these uncertainties.

The Company plans on financing its continued activities through equity financings. It is anticipated as general sentiment towards junior exploration companies remains positive, the Company can raise the necessary capital to secure and finance

the acquisition of assets or a business. Debt financing has not been used to fund asset and business acquisitions; the Company has no current plans to use such financing. There are no other sources of financing that have been arranged by the Company. The Company's working capital for the period ended August 31, 2019 was a deficit of \$249,100 compared to a working capital of \$1,089,077 as at February 28, 2019.

### **Cash and Financial Conditions**

The Company had a cash balance of \$88,412 as at August 31, 2019 compared to a cash balance of \$1,231,092 as at February 28, 2019.

*Operating activities:* The Company used \$1,086,924 in operations for the period ended August 31, 2019 (2018 – \$198,6646).

*Investing activities:* The Company used \$90,756 in investing activities for the period ended August 31, 2019 (2018 – \$nil) related to exploration and evaluation activities on the Company's vanadium projects.

*Financing activities:* The Company generated \$35,000 in financing activities during the period ended August 31, 2019 (2018 - \$320,000) relating to proceeds of \$78,000 from stock options exercised, less lease payments of \$25,500 and loans issued of \$17,500 in the current period and \$320,000 in proceeds from the issuance of common shares in the comparable period.

### **SECURITIES OUTSTANDING**

As at August 31, 2019 and the date of this MD&A the Company has 35,526,605 common shares outstanding and 3,444,063 stock options outstanding. As at the date of this MD&A and August 31, 2019, the Company did not have any warrants outstanding.

### **OUTLOOK**

It is anticipated that in the continued and foreseeable future, Delrey will rely on the equity markets to meet its financing needs. Should cash flow build through its business operations, the Company will be in a position to finance other initiatives from cash flow.

Without continued external funding to pursue and finance any business opportunities, there is substantial doubt as to the Company's ability to operate as a going concern. Although Delrey has been successful in raising funds to date, there can be no assurance that additional funding will be available in the future.

Management and the Board of Directors continuously review and examine business proposals for the Company and conduct their due diligence in respect of the same.

### **OFF-BALANCE SHEET ARRANGEMENTS**

At the date of this report, the Company had no off-balance sheet arrangements.

### **TRANSACTIONS WITH RELATED PARTIES**

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, the Chief Executive Officer, and Chief Financial Officer.

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|                         | <b>Management fees</b> | <b>Consulting fees</b> | <b>Share-based payments</b> | <b>Total</b> |
|-------------------------|------------------------|------------------------|-----------------------------|--------------|
| Chief Executive Officer | \$ 72,500              | \$ -                   | \$ -                        | \$ 72,500    |
| Chief Financial Officer | 18,000                 | -                      | -                           | 18,000       |
| Non-executive directors | -                      | 45,000                 | -                           | 45,000       |
|                         | \$ 90,500              | \$ 45,000              | \$ -                        | \$ 135,500   |

There were no key management personnel payments for the comparative period ended August 31, 2018.

As at August 31, 2019, \$14,346 (February 28, 2019 - \$669) was included in trade payables and accrued liabilities for fees owed to related parties and \$nil (February 28, 2019 - \$20,000) was included in prepaid expenses for amounts prepaid to related parties for travel advances and management fees.

During the period ended August 31, 2019, the Company issued a loan of \$17,500 to a Company with an officer in common. The loan is non-interest bearing and repayable on demand.

The terms of the Sunset Property agreement included a property option payment of \$9,000 to an optionor of the property, who is also a director of the Company. Under the terms of the acquisition agreements, the Company issued 300,000 common shares of the Company to a director of the Company on April 1, 2018.

### **PROPOSED TRANSACTIONS**

There are currently no proposed asset or business acquisitions or dispositions, other than those in the ordinary course of business before the board of directors for consideration.

### **CRITICAL ACCOUNTING ESTIMATES**

Delrey Metals Corp. prepares its financial statements in accordance with International Financial Reporting Standard ("IFRS") and requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Estimates and assumption where there is significant risk of material adjustments to assets and liabilities in future accounting period include the recoverability of the carry value of the exploration and evaluation assets, the measurements for financial instrument, the measurement of share-based payments and the recoverability of deferred tax assets.

### **RECENT ACCOUNTING PRONOUNCEMENTS**

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended February 28, 2019 except for the adoption of IFRS 16 as discussed below.

#### *IFRS 16, Leases*

The Company adopted IFRS 16 - Leases ("IFRS 16") on March 1, 2019. The objective of the new standard is to eliminate the classification of leases as either operating or financing leases for a lessee and report all leases on the statement of financial position. The only exemption to this will be for leases that are one year or less in duration or for leases of assets with low values. Under IFRS 16 a lessee is required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligations to make lease payments. IFRS 16 also changes the nature of expenses relating to leases, as lease expenses previously recognized for operating leases are replaced with depreciation expense on capitalized right-of-use assets and finance or interest expense for the corresponding lease liabilities associated with the capitalized right-of-use leased assets.

The Company adopted IFRS 16 using the modified retrospective approach and did not restate comparative amounts for the year prior to first adoption. For all leases, the lease liability was measured at March 1, 2019 as the present value of any future minimum lease payments discounted using the appropriate incremental borrowing rate. The associated right of use assets was measured at the amount equal to the lease liability on March 1, 2019.

The following leases accounting policies have been applied as of March 1, 2019 on adoption of IFRS 16:

At inception of a contract, we assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. We assess whether the contract involves the use of an identified asset, whether we have the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and if we have the right to direct the use of the asset.

As a lessee, we recognize a right-of-use asset, and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received. The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain measurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if we are reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in our estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit.

As part of the initial application of IFRS 16, we have elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit on a straight-line basis over the lease term.

#### Impact of transition to IFRS 16:

Effective March 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach and accordingly the information presented for the year ended February 28, 2019 has not been restated. The cumulative effect of initial application is recognized in deficit at March 1, 2019. Comparative amounts for the year ended February 28, 2019 remains as previously reported under IAS 17 and related interpretations.

On initial application, the Company has elected to record right-of-use assets based on the corresponding lease liabilities. Lease liabilities have been measured by discounting future lease payments at the incremental borrowing rate at March 1, 2019. The incremental borrowing rate applied was 10% per annum and represents the Company's best estimate of the rate of interest that it would expect to pay to borrow, on a collateralized basis, over a similar term, an amount equal to the lease payments in the current economic environment.

As of the initial date of application of IFRS 16, the Company has one office lease outstanding with a remaining noncancelable period of 19 months. The application of IFRS 16 to leases, previously classified as operating leases under IAS 17, resulted in the recognition of right-of-use assets of \$149,311 included within property, equipment, and right-of-use assets and lease liabilities with no net impact on deficit.

#### **FINANCIAL INSTRUMENTS AND RELATED RISKS**

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value

measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of receivables, reclamation bond, and accounts payable and accrued liabilities approximates fair value due to the short-term nature of the financial instruments. Cash is valued at a level 1 fair value measurement and is carried at fair value through profit or loss. Receivables, reclamation bond, and accounts payable and accrued liabilities are carried at amortized cost.

### **Risk management**

The Company is exposed to varying degrees to a variety of financial instrument related risks:

#### *Credit risk*

Credit risk is the risk of an unexpected loss of a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash and reclamation bond are held at a large Canadian financial institution in interest bearing accounts. The Company has no investment in asset backed commercial paper.

The Company's receivables consist of Goods and Services Tax receivable from the government of Canada and the Company considers credit risk associated with these amounts to be low.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its capital management as outlined below. Trades payable and accrued liabilities are due within one year.

#### *Market risk*

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

##### a) Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's practice has been to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash as they are generally held with large financial institutions. As at August 31, 2019, the Company is not exposed to significant interest rate risk.

##### b) Foreign currency risk

The majority of purchases are transacted in the Canadian dollar. Management believes the foreign exchange risk derived from currency conversions is not significant and therefore does not hedge its foreign exchange risk.

##### c) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.



### *Capital management*

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue acquisition, exploration and evaluation of mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

### **FINANCIAL INSTRUMENTS**

The fair value of the Company's amounts receivable and trades payable and accrued 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.

### **FORWARD-LOOKING STATEMENTS**

Certain information set forth in this document includes forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Delrey Metals Corp.'s control, including but not limited to: general economic and business conditions, information included or implied in the various independently produced and published technical reports; cash flow projections; currency fluctuations; commodity price fluctuations; risks relating to our ability to obtain adequate financing for future activities; risks related to government regulations, including environmental regulations and other general market and industry conditions as well as those factors discussed in each management discussion and analysis, available on SEDAR at [www.sedar.com](http://www.sedar.com).

Although Delrey Metals Corp. has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Delrey's actual results, programs and financial position could differ materially from those expressed in or implied by these forward-looking statements and accordingly, no assurance can be given that the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits Delrey will derive from them. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and as such, undue reliance should not be placed on forward-looking statements.

The Company believes that the expectations reflected in these forward looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and as such forward looking statements contained into this report should not be relied upon. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward looking statements contained in this report. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to assumptions about general business and economic conditions, the availability of financing for the Company, the ability to attract and retain skilled staff and the ability to identify and secure a quality asset or a business with a view of completing a transaction subject to receipt of shareholder approval and acceptance by regulatory authorities.

The Company's forward-looking statements and information are based on the assumptions, beliefs, expectations and opinions of management as of the date of this MD&A. The Company will update forward-looking statements and information if and when, and to the extent required by applicable securities laws. Readers should not place undue reliance on forward-looking statements. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

### **ADDITIONAL SOURCES OF INFORMATION**

Additional information relating to Delrey Metals Corp. can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com).