FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: **DELREY METALS CORP.** (the “Issuer”).

Trading Symbol: **DLRY**

SCHEDULE A: FINANCIAL STATEMENTS

The unaudited interim financial statements for the three months ended May 31, 2019 are attached hereto.

SCHEDULE B: SUPPLEMENTARY INFORMATION

1. Related party transactions

Refer to Note 7 of the unaudited interim financial statements for the three months ended May 31, 2019, which are attached hereto as Schedule A.

2. Summary of securities issued and options granted during the period.

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
17 May 2019	Common shares	Property shares	1,200,000	$0.20	$140,000	Mineral property acquisition		

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
21 March 2019	400,000		Consultants	$0.25	21 March 2024	$0.22
25 March 2019	100,000	RP – officer		$0.25	25 March 2024	$0.22
31 May 2019	600,000		Consultant	$0.13	31 May 2024	$0.13

3. **Summary of securities as at the end of the reporting period.**

See Note 9 of the unaudited interim financial statements for the three months ended May 31, 2019, which are attached hereto as Schedule A.

4. **List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.**

Morgan Good	***President, Chief Executive Officer and Director***
Mike Blady	***Director***
Leighton Bocking	***Director***
Alastair Brownlow	***Chief Financial Officer***
Donna M. Moroney	***Corporate Secretary***

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Management's Discussion & Analysis of the unaudited interim financial statements for the three months ended May 31, 2019 is attached hereto as Schedule B**.**

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated **July 30, 2019**.

Morgan Good
Name of Director or Senior Officer

/s/ Morgan Good
Signature

Chief Executive Officer
Official Capacity

Issuer Details Name of Issuer **Delrey Metals Corp.**	For Quarter Ended **May 31, 2019**	Date of Report YY/MM/DD **19/07/30**
Issuer Address **#3707 – 1111 Alberni Street**		
City/Province/Postal Code **Vancouver, B.C. V6Z 2E6**	Issuer Fax No. **N/A**	Issuer Telephone No. **(604) 620-8904**
Contact Name **Morgan Good**	Contact Position **CEO**	Contact Telephone No. **(604) 620-8904**
Contact Email Address **morgan@delreymetals.com**	Web Site Address https://delreymetals.com/	

DELREY METALS CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canada Dollars)
(Unaudited)

FOR THE THREE MONTHS ENDED MAY 31, 2019

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 CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

		May 31, 2019		February 28, 2019
ASSETS				
Current assets				
Cash	$	268,759	$	1,231,092
Amounts receivable		57,126		37,052
Loan receivable (Note 7)		17,500		-
Prepaid expenses		90,066		198,459
Total current assets		433,451		1,466,603
Property, equipment, and right-of-use assets (Notes 2 and 3)		133,773		8,596
Exploration and evaluation assets (Note 4)		1,893,068		1,398,495
Total Assets	$	2,460,292	$	2,873,694
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable	$	82,261	$	357,720
Accrued liabilities		143,035		19,806
Lease liabilities (Note 5)		93,874		-
		319,170		377,526
Lease liabilities (Note 5)		33,333		-
Total liabilities		352,503		377,526
Shareholders' Equity				
Share capital (Note 6)		5,344,960		5,104,960
Reserves (Note 6)		590,660		510,398
Deficit		(3,827,831)		(3,119,190)
Total Shareholders' Equity		2,107,789		2,496,168
Total Liabilities and Shareholders' Equity	$	2,460,292	$	2,873,694

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 10)

APPROVED ON BEHALF OF THE BOARD ON JULY 25, 2019

"Morgan Good" Director *"Mike Blady"* Director

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

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

	For the three months ended May 31, 2019	For the three months ended May 31, 2018
General and administrative expenses		
Bank and interest charges	$ 768	$ 45
Consulting fees (Note 7)	100,125	24,000
Depreciation (Note 3)	24,134	-
Investor relations fees	378,870	-
Management fees (Note 7)	53,000	7,500
Office costs	6,967	-
Professional fees	10,608	48,113
Share-based payments (Notes 4, 6 and 7)	80,262	-
Transfer agent and filing fees	6,798	-
Travel and entertainment	39,046	-
Loss before other items	(700,578)	(79,658)
Other items		
Foreign exchange loss	(4,667)	-
Lease accretion	(3,396)	-
Loss and comprehensive loss for the period	$ (708,641)	$ (79,658)
Loss per common share, basic and diluted	$ (0.02)	$ (0.01)
Weighted average number of common shares outstanding	33,909,214	12,550,784

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

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

	For the three months ended May 31, 2019	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (708,641)	$ (79,658)
Items not affecting cash		
Depreciation	24,134	-
Lease accretion	3,396	-
Share-based payments	80,262	-
Changes in non-cash working capital items:		
Amounts receivable	(20,074)	(2,555)
Prepaid expenses	82,893	-
Accounts payables and accrued liabilities	(351,679)	24,713
Net cash used in operating activities	(889,709)	(57,500)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	(55,124)	-
Net cash used in investing activities	(55,124)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans issued	(17,500)	-
Net cash used in financing activities	(17,500)	-
Change in cash for the period	(962,333)	(57,500)
Cash, beginning	1,231,092	562,418
Cash, ending	$ 268,759	$ 504,918

Supplemental Cash Flow Information (Note 8)

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

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

	Share Capital				
	Shares	**Amount**	**Reserves**	**Deficit**	**Total**
Balance, February 28, 2018	12,116,001	$ 616,811	$ -	$ (19,483)	$ 597,328
Loss and comprehensive loss for the period	-	-	-	(79,658)	(79,658)
Balance, May 31, 2018	12,116,001	616,811	-	(99,141)	517,670
Shares issued for private placement	3,600,000	270,000	-	-	270,000
Shares issued for initial public offering	7,500,000	1,500,000	-	-	1,500,000
Shares issued for exploration and evaluation assets and acquisitions (Note 4)	10,416,667	3,071,250	-	-	3,071,250
Shares issued for stock options exercised	93,937	28,769	(9,982)	-	18,787
Share issuance costs – cash	-	(310,140)	-	-	(310,140)
Share issuance costs – agents' options	-	(71,730)	71,730	-	-
Share-based payments	-	-	448,650	-	448,650
Loss and comprehensive loss for the period	-	-	-	(3,020,049)	(3,020,049)
Balance, February 28, 2019	33,726,605	5,104,960	510,398	(3,119,190)	2,496,168
Shares issued for exploration and evaluation assets (Note 4)	1,200,000	240,000	-	-	240,000
Share-based payments	-	-	80,262	-	80,262
Loss and comprehensive loss for the period	-	-	-	(708,641)	(708,641)
Balance, May 31, 2019	34,926,605	$ 5,344,960	$ 590,660	$ (3,827,831)	$ 2,107,789

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

(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 3707 – 1111 Alberni Street, Vancouver, BC. The registered office address is located at 800 – 885 West Georgia Street, Vancouver, BCThe 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 condensed consolidated interim 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.

These condensed consolidated 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 May 31, 2019 to continue current operations for the next twelve months. These condensed consolidated 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 PREPARATION

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements are prepared using accounting policies consistent with the Company's annual audited consolidated financial statements issued under International Financial Reporting Standards ("IFRS") for the year ended February 28, 2019 except for the adoption of IFRS 16 as discussed below.

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Use of Estimates and Critical Judgments

The preparation of financial statements in accordance with IFRS requires the Company to use judgment in applying its accounting policies and make estimates and assumptions about reported amounts at the date of the financial statements and in the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

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

2. BASIS OF PREPARATION *(cont'd…)*

Basis of Consolidation

These condensed consolidated interim financial statements include the financial statements of the Company and its controlled and wholly owned subsidiaries BCVC and WEM. Control is achieved where the Company has power over an entity, has exposure or rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the investor's returns. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. All inter-company balances and transactions have been eliminated on consolidation.

New standard adopted

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.

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION *(cont'd…)*

New standard adopted *(cont'd…)*

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.

<u>Impact of transition to IFRS 16:</u>

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 (Note 3) and lease liabilities (Note 5) with no net impact on deficit.

3. PROPERTY, EQUIPMENT, AND RIGHT-OF-USE ASSETS

A continuity of the Company's property and equipment is as follows:

	Furniture and Fixtures	Computer Equipment	Right-of-Use Assets	Total
Cost				
Balance, February 28, 2018	$ -	$ -	$ -	$ -
Additions	3,783	6,044	-	9,827
Balance, February 28, 2019	3,783	6,044	-	9,827
Adoption of IFRS 16	-	-	149,311	149,311
Balance, May 31, 2019	3,783	6,044	149,311	159,138
Accumulate Depreciation				
Balance, February 28, 2019	$ -	$ -	$ -	$ -
Depreciation expense	349	882	-	1,231
Balance, February 28, 2019	349	882	-	1,231
Depreciation expense	172	387	23,575	24,134
Balance, May 31, 2019	521	1,269	23,575	25,365
As at February 28, 2019	$ 3,434	$ 5,162	$ -	$ 8,596
As at May 31, 2019	$ 3,262	$ 4,775	$ 125,736	$ 133,773

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS

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 Sunset 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 year ended February 28, 2019) 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	*(completed during the year ended February 28, 2019)*
By June 30, 2019		200,000	
By June 30, 2020		700,000	
	$	1,000,000	

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.

BCVC acquisition, British Columbia

On December 6, 2018, pursuant to the terms of an agreement the Company acquired 100% of issued and outstanding common shares of BCVC in exchange for 5,500,000 common shares and agreed to pay $10,000 in BCVC's existing payables. The acquisition of BCVC was accounted for as an asset acquisition. BCVC owns a 100% interest in the Star and the Porcher vanadium properties, located in northwestern British Columbia. 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 for the year ended February 28, 2019. The remaining 2,000,000 common shares issued were considered as the purchase price consideration of BCVC.

The following table summarizes the consideration paid, the relative fair value of the assets acquired, and the liabilities assumed:

Purchase price consideration		
Fair value of 2,000,000 common shares issued at $0.36	$	720,000
Assets acquired and liabilities assumed		
Exploration and evaluation assets	$	730,000
Trade payables and accrued liabilities		(10,000)
Total purchase price allocated	$	720,000

WEM acquisition, British Columbia

On December 12, 2018, pursuant to the terms of an agreement the Company acquired 100% of issued and outstanding common shares of WEM in exchange for 4,250,000 common shares and agreed to pay $10,000 in WEM's existing payables. The acquisition of WEM was accounted for as an asset acquisition. WEM owns a 100% interest in the Blackie and the Peneece vanadium properties, located in northwestern British Columbia. 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 for the year ended February 28, 2019. The remaining 2,000,000 common shares issued were considered as the purchase price consideration of WEM.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS *(cont'd…)*

The following table summarizes the consideration paid, the relative fair value of the assets acquired, and the liabilities assumed:

Purchase price consideration		
Fair value of 2,000,000 common shares issued at $0.245	$	490,000
Assets acquired and liabilities assumed		
Exploration and evaluation assets	$	500,000
Trade payables and accrued liabilities		(10,000)
Total purchase price allocated	$	490,000

Sunset Mining Property, British Columbia

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:

(i) 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.

(ii) issuing the following amounts of common shares to the optionor:

- 1,200,000 upon executing the option agreement (*issued with a fair value of $240,000 – Note 6*);
- 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.

(iii) 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.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS *(cont'd…)*

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

	Sunset	Star / Porcher	Blackie / Peneece	Four Corners	Total
Acquisition costs:					
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, May 31, 2019	65,000	730,000	500,000	290,000	1,585,000
Exploration costs:					
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
Sampling	-	104,357	95,093	-	199,450
Geological consulting	-	-	-	3,600	3,600
Travel and meals	-	-	-	1,523	1,523
Balance, May 31, 2019	103,495	104,357	95,093	5,123	308,068
Balance, February 28, 2019	$ 168,495	$ 730,000	$ 500,000	$ -	$ 1,398,495
Balance, May 31, 2019	$ 168,495	$ 834,357	$ 595,093	$ 295,123	$ 1,893,068

5. LEASE LIABILITIES

Pursuant to the adoption of IFRS 16 (Note 2), the Company has recognized the impact of off-balance lease obligations as of February 28, 2019:

Reconciliation of lease liabilities	**February 28, 2019**
Future aggregate minimum lease payments as of February 28, 2019	$ 161,500
Effect of discounting at the incremental borrowing rate	(12,189)
Total lease liabilities on application of IFRS 16 as at March 1, 2019	$ 149,311

Lease liabilities	
Balance, March 1, 2019	$ 149,311
Lease accretion	3,396
Lease payments (Note 8)	(25,500)
Balance, May 31, 2019	127,207
Current lease liabilities	(93,874)
Non-current liabilities	$ 33,333

6. CAPITAL STOCK

Authorized capital stock

An unlimited number of common shares without par value, issuable in series.

Issued share capital

During the period ended May 31, 2019, the Company issued 1,200,000 common shares with a fair value of $240,000 in connection with the Four Corners option agreement (Note 4).

During the year ended February 28, 2019, the Company:

a) issued 666,667 common shares with a fair value of $50,000, in connection with the Sunset Property agreement (Note 4). Of these, 300,000 were issued to a director of the Company (Note 7);

b) completed a private placement by issuing 3,600,000 common shares for gross proceeds of $270,000;

c) closed its initial public offering ("IPO") by issuing 7,500,000 common shares at a price of $0.20 per common share for gross proceeds of $1,500,000. 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 common share at a price of $0.20 per common share for a period of 24 months from the date of issuance. The agents' options were valued at $71,730 using the Black Scholes pricing model using an expected life of two years, volatility of 100%, risk-free interest rate of 1.61% and expected dividends of $nil. The Company incurred additional closing and legal fees of $175,140 including $49,049 paid to the CEO for services rendered relating to the IPO (Note 7);

d) issued 5,500,000 common shares with a fair value of $0.36 per common share, for a total value of $1,980,000 in connection with the acquisition of BCVC (Note 4). Of the total common shares issued, 3,500,000 were considered compensatory and $1,260,000 was recognized as share-based payments for the year ended February 28, 2019;

e) issued 4,250,000 common shares with a fair value of $0.245 per common share, for a total value of $1,041,250 in connection with the acquisition of WEM (Note 4). Of the total common shares issued, 2,250,000 were considered compensatory and $551,250 was recognized as share-based payments for the year ended February 28, 2019; and

f) issued 93,937 common shares at a price of $0.20 per common share, for gross proceeds of $18,787 on the exercise of stock options.

Stock options

During the year ended February 28, 2019, the Company adopted a stock option plan. The stock option plan provides that, the aggregate number of securities reserved for issuance will be 10% of the number of common shares of the Company issued and outstanding from time to time. In addition, the number of common shares which may be reserved for issuance on a yearly basis to any one individual upon exercise of all stock options held by such individual may not exceed 5% of the issued shares calculated at the time of grant. All options granted under the stock option plan will expire no later than the date that is five years from the date that such options are granted.

The following is a summary of stock options outstanding as at May 31, 2019 and February 28, 2019 and changes during the periods ended:

(Expressed in Canadian Dollars)

6. CAPITAL STOCK *(cont'd…)*

Stock options *(cont'd…)*

	Number of Stock Options	Weighted Average Exercise Price
Balance, February 28, 2018	-	$ -
Granted	3,063,000	0.24
Cancelled	(25,000)	0.25
Exercised	(93,937)	0.20
Balance, February 28, 2019 – outstanding and exercisable	2,944,063	$ 0.24
Granted	500,000	0.25
Balance, May 31, 2019 – outstanding and exercisable	3,444,063	$ 0.24

At May 31, 2019 the following stock options were outstanding:

Number outstanding	Number outstanding and exercisable	Exercise Price	Expiry Date
581,063	581,063	$ 0.20	October 23, 2020
2,363,000	2,363,000	$ 0.25	October 29, 2023
400,000	400,000	$ 0.25	March 21, 2024
100,000	100,000	$ 0.25	March 24, 2024
3,444,063	3,444,063		

The weighted average fair value of incentive options granted during the period ended May 31, 2019 was $0.16 (year ended February 28, 2019 - $0.19). Total share-based payments recognized in the statement of shareholders' equity for the period ended May 31, 2019 was $80,262 (2018 - $nil) for incentive options was recognized in the profit or loss.

The fair value of incentive options at the date of grant was estimated using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	May 31, 2019	**February 28, 2019**
Weighted average exercise price	$0.25	$0.25
Risk-free interest rate	1.54%	2.33%
Expected life of option	5 years	5 years
Expected annualized volatility	100%	100%
Expected dividend rate	Nil	Nil

(Expressed in Canadian Dollars)

7. 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, the Chief Executive Officer, and Chief Financial Officer.

	Management fees	Consulting fees	Share-based payments	Total
Chief Executive Officer	$ 35,000	$ -	$ -	$ 35,000
Chief Financial Officer	9,000	-	-	9,000
Non-executive directors	-	20,125	-	20,125
	$ 44,000	$ 20,125	$ -	$ 64,125

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

As at May 31, 2019, $nil (February 28, 2019 - $669) was included in trade payables and accrued liabilities for fees owed to related parties and $20,000 (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 May 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 (Note 4) 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 (Notes 4 and 6).

8. SUPPLEMENTAL CASH FLOW INFORMATION

The Company had the following non-cash transactions:

	May 31, 2019	May 31, 2018
Prepaid expenses applied to lease payments	$ 25,500	$ -
Impact of IFRS 16 on property, equipment, and right-of-use assets	$ 149,311	$ -
Exploration and evaluation assets included in accounts payable and accrued liabilities	$ 199,449	$ -
Fair value of common shares issued for exploration and evaluation asset	$ 240,000	$ -

9. FINANCIAL AND CAPITAL RISK MANAGEMENT

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 amounts receivable 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. Amounts receivable and trade payables 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 is 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. Accounts 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 May 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.

9. FINANCIAL AND CAPITAL RISK MANAGEMENT *(cont'd…)*

Risk management *(cont'd…)*

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.

10. SUBSEQUENT EVENTS

Subsequent to the period ended May 31, 2019, the Company granted 600,000 stock options to a consultant with a life of five years and exercise price of $0.13. These options were subsequently exercised for proceeds of $78,000.

DELREY METALS CORP.
Management’s Discussion and Analysis
For the period ended May 31, 2019

This Management’s Discussion and Analysis (“MD&A”) prepared as at July 25, 2019, reviews the financial condition and results of operations of Delrey Metals Corp. (“Delrey” or the “Company”) for the period ended May 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, BCThe 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. Management estimates there is sufficient working capital as at May 31, 2019 to continue current operations for the next twelve months. 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 May 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.

Subsequent to the period ended May 31, 2019, the Company:

- granted 600,000 stock options to a consultant with a life of 5 years and exercise price of $0.13. These options were subsequent exercised for proceeds of $78,000.

EXPLORATION AND EVALUATION ASSETS

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

	Sunset	Star / Porcher	Blackie / Peneece	Four Corners	Total
Acquisition costs:					
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, May 31, 2019	65,000	730,000	500,000	290,000	1,585,000
Exploration costs:					
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
Sampling	-	104,357	95,093	-	199,450
Geological consulting	-	-	-	3,600	3,600
Travel and meals	-	-	-	1,523	1,523
Balance, May 31, 2019	103,495	104,357	95,093	5,123	308,068
Balance, February 28, 2019	$ 168,495	$ 730,000	$ 500,000	$ -	$ 1,398,495
Balance, May 31, 2019	$ 168,495	$ 834,357	$ 595,093	$ 295,123	$ 1,893,068

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 May 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	
	$ 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 May 31, 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 Peneece vanadium properties, located in northwestern British Columbia.

Four Corners Project, Newfoundland

Subsequent to 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 period ended May 31, 2019, the Company incurred a loss of $708,641 (May 31, 2018 - $79,658). Significant expenditures include the following:

Consulting fees – increased to $100,125 for the period ended May 31, 2019 (May 31, 2018 - $24,000) and represent corporate consulting fees in support of the Company as it proceeds with acquisition and exploration activities.

Depreciation – increased to $24,134 for the period ended May 31, 2019 (May 31, 2018 - $nil) primarily due to the adoption of IFRS 16 and the capitalization of right-of-use assets.

Investor relations fees – increased to $378,870 for the period ended May 31, 2019 (May 31, 2018 - $nil). As the Company has become public, it has undergone significant investor relations and shareholder communications programs to promote and support healthy growth.

Management fees – increased to $53,000 for the period ended May 31, 2019 (May 31, 2018 - $7,500) and represents fees paid to the Company's Chief Executive Officer, Chief Financial Officer, and corporate secretary.

Office Costs – increased to $6,967 for the period ended May 31, 2019 (May 31, 2018 - $nil) and represent various general and administrative costs required in setting up and maintaining the Company's corporate head office.

Professional fees – decreased to $10,608 for the period ended May 31, 2019 (May 31, 2018 - $48,113). The prior period included fees relating primarily to accounting fees billed by the Company's former Chief Financial Officer and for corporate legal fees provided in support of the Company's public listing.

Share-based payments – increased to $80,262 for the period ended May 31, 2019 (May 31, 2018 - $nil) and represent a non-recurring, non-cash expense related to the fair value of 500,000 stock options granted to various consultants during the period.

Transfer agent and filing fees – increased to $6,798 for the period ended May 31, 2019 (May 31, 2018 - $nil) as the Company was not public in the comparative period but is now.

Travel and entertainment – increased to $39,046 for the period ended May 31, 2019 (May 31, 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:

	May 31, 2019	February 28, 2019	November 30, 2018	August 31, 2018
Total Assets	$ 2,460,292	$ 2,873,694	$ 1,849,823	$ 798,928
Shareholders' equity	2,107,789	2,496,168	1,846,673	780,665
Revenue	-	-	-	-
Comprehensive Loss	(708,641)	(2,349,967)	(613,067)	(57,015)
Basic and diluted loss per share	(0.02)	(0.07)	(0.03)	(0.00)

	May 31, 2018	February 28, 2018	October 18, 2017 to November 30, 2017
Total Assets	$ 601,508	$ 606,453	$ 112,538
Shareholders' equity	567,670	597,328	112,338
Revenue	-	-	-
Comprehensive Loss	(79,658)	(19,321)	(162)
Basic and diluted loss per share	(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 May 31, 2019 was $114,281 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 $268,759 as at May 31, 2019 compared to a cash balance of $1,231,092 as at February 28, 2019.

Operating activities: The Company used $889,709 in operations for the period ended May 31, 2019 (May 31, 2018 – $57,700).

Investing activities: The Company used $55,124 in investing activities for the period ended May 31, 2019 (May 31, 2018 – $nil) related to exploration and evaluation activities on the Company's vanadium projects.

Financing activities: The Company used $17,500 in financing activities during the period ended May 31, 2019 (May 31, 2018 - $nil) relating to a loan issued.

SECURITIES OUTSTANDING

As at the date of this MD&A the Company has 35,526,605 (May 31, 2019 – 34,926,605) common shares outstanding, and 3,444,063 (May 31, 2019 – 3,444,063) stock options outstanding. As at the date of this MD&A and May 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.

	Management fees	Consulting fees	Share-based payments	Total
Chief Executive Officer	$ 35,000	$ -	$ -	$ 35,000
Chief Financial Officer	9,000	-	-	9,000
Non-executive directors	-	20,125	-	20,125
	$ 44,000	$ 20,125	$ -	$ 64,125

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

As at May 31, 2019, $nil (February 28, 2019 - $669) was included in trade payables and accrued liabilities for fees owed to related parties and $20,000 (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 May 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.

<u>Impact of transition to IFRS 16:</u>

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 May 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.

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.