



DISCOVERY-CORP ENTERPRISES INC.
(an exploration stage company)

Management's Discussion & Analysis

**For the period ended
April 30, 2020**



**Stated in
Canadian dollars**

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**For the period ended
April 30, 2020**

The following discussion and analysis of the operations, results, and financial position of the Company for the period ended April 30, 2020 and should be read in conjunction with the July 31, 2019 Audited Consolidated Financial Statements and the related Notes. The effective date of this report is June 22, 2020. All amounts are expressed in Canadian dollars unless otherwise noted.

INTERIM REPORTING

The condensed consolidated interim financial statements of Discovery-Corp Enterprises Inc. (an exploration stage company) are the responsibility of the Company's management. The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available. The financial information contained elsewhere in this report has been reviewed to ensure consistency with the condensed consolidated interim financial statements.

Management maintains systems of internal control designed to provide reasonable assurance that the assets are safeguarded, all transactions are authorized and duly recorded, and financial records are properly maintained to facilitate the preparation of financial statements in a timely manner. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

The accompanying unaudited condensed consolidated interim financial statements of Discovery-Corp Enterprises Inc. ("the Company"), for the nine months ended April 30, 2020, have been prepared by management and have not been subject to a review by the Company's independent auditor. In the opinion of the Company's management, all adjustments considered necessary for a fair presentation of these unaudited condensed consolidated interim financial statements have been included and all such adjustments are of a normal recurring nature. Operating results for the nine month period ended April 30, 2020 are not necessarily indicative of the results that can be expected for the fiscal year ending July 31, 2020.

Effective January 14, 2020, the Company consolidated its common shares on the basis of 10 pre-consolidation common shares to 1 post-consolidation common share. All the figures as to the number of common shares, warrants, prices of issued shares, exercise prices of warrants, as well as loss per share, in the condensed consolidated interim financial statements are post-consolidation amounts and the prior year comparatives have been retroactively restated to present the post-consolidation amounts.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which presumes the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Several adverse conditions cast significant doubt on the validity of this assumption. The Company has incurred significant losses since inception and as at April 30, 2020, has an accumulated deficit of \$6,649,146 (2019 - \$6,960,376).

These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes thereto for the fiscal year ended July 31, 2019.



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STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance and compliance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. These unaudited condensed consolidated interim financial statements, including comparatives, of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and should be read in conjunction with annual audited statements. The preparation of condensed consolidated interim financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the condensed consolidated interim financial statements are disclosed in Note 3. The accounting standards set out in Note 3 have been applied consistently to all periods presented.

Approval of the Condensed Consolidated Interim Financial Statements

These condensed consolidated interim financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on June 22, 2020.

OVERVIEW

Discovery-Corp Enterprises Inc. (the "Company") was incorporated under the laws of British Columbia on May 6, 1986 and maintains its head office and registered office at Suite 1108 - 193 Aquarius Mews, Vancouver, British Columbia, Canada, V6Z 2Z2. The Company is an exploration stage company engaged in the exploration for base and precious metals. The Company holds an undivided 50% interest in the mineral rights associated with Rock Creek Ranch located in Humboldt County, Nevada, USA. The company's Galaxy property is located in the Kamloops Mining Division in southern British Columbia, Canada. The property is comprised of two Crown granted mineral claims and seven two-post legacy mineral claims that cover an area of approximately 90 hectares. The legacy claims are 100% owned by Discovery-Corp Enterprises Inc. The Company's shares trade on the TSX Venture Exchange under the trading symbol DCY.V.

FORWARD LOOKING STATEMENTS

The Management Discussion and Analysis is based on a review of the Company's operations, financial position and plans for the future based on facts and circumstances as of April 30, 2020. Except for historical information or statements of fact relating to the Company, certain information contained herein constitutes forward looking statements. Forward looking statements are based on the opinions, plans and estimates of management at the date the statements are made and are subject to a variety of risks, uncertainties and other factors that could cause the actual results to differ materially from those projected by such statements. The primary risk factors affecting the Company are discussed further under the heading "Risk Factors" below. The Company undertakes no obligation to update forwarding looking statements if circumstances or management's estimates, plans or opinions should change. The reader is cautioned not to place undue reliance on forwarding looking statements.



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SELECTED ANNUAL INFORMATION

The following are highlights of financial data on the Company for the most recently completed three financial years:

Expressed in Canadian \$

	July 31, 2019	July 31, 2018	July 31, 2017
Net loss	(129,738)	(156,405)	(176,396)
Total comprehensive loss	(161,247)	(177,377)	(145,792)
Loss per share	(0.002)	(0.003)	(0.002)
Total assets	69,101	83,926	144,338
Total liabilities	12,240	12,285	11,516
Working capital	27,945	42,725	103,906

SUMMARY OF QUARTERLY RESULTS

Quarter Ended	2020		2019				2018	
	Apr. 30 Q3 (IFRS)	Jan. 31 Q2 (IFRS)	Oct. 31 Q1 (IFRS)	Jul. 31 Q4 (IFRS)	Apr. 30 Q3 (IFRS)	Jan. 31 Q2 (IFRS)	Oct. 31 Q1 (IFRS)	Jul. 31 Q4 (IFRS)
Loss Before Other Items	(44,626)	(52,541)	(45,565)	(38,401)	(32,446)	(32,158)	(26,734)	(30,152)
Net Loss	(40,158)	(52,438)	(45,509)	(38,319)	(32,398)	(32,088)	(26,700)	(30,126)
Comprehensive loss	(40,158)	(52,438)	(45,509)	(43,774)	(34,582)	(38,963)	(43,929)	(34,907)
Loss Per Share	(0.003)	(0.006)	(0.005)	(0.005)	(0.005)	(0.005)	(0.006)	(0.006)

OVERALL PERFORMANCE FOR THE PERIOD ENDED APRIL 30, 2020

Discovery-Corp's 43-101 Technical Report on its Galaxy Project is available for viewing on SEDAR and the Company's website www.discovery-corp.com. The technical information was approved by Christopher Naas, P. Geo, a qualified person as defined by NI 43-101 and is not independent of Discovery-Corp.

To date our Fiscal 2020 work program is to move forward the Galaxy project building on last year's field work program. The next planned step is permitting to drill the Galaxy gold copper property.

Management will continue investigating new opportunities identified as having favorable potential to enhance the Company's share value.



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RESULTS OF OPERATION FOR THE PERIOD ENDED APRIL 30, 2020

The review of results should be read in conjunction with the Audited Consolidated Financial Statements of the Company for the fiscal years ended July 31, 2019 and 2018.

The comprehensive loss for the period ended April 30, 2020 was \$40,158 or \$(0.003) per share. This comprised of exploration expense of \$13,500 and administration expenses for the period ending April 30, 2020 of \$31,126. The administration expenses for the Company expressed in Canadian dollars are broken down as follows:

	Three Month Period ended April 30, 2020	Nine Month Period ended April 30, 2020	Three Month Period ended April 30, 2019	Nine Month Period ended April 30, 2019
Share-based payment expense (Note 8)	\$ -	\$ -	\$ -	\$ -
Consulting fees (Note 9)	15,700	50,600	18,000	54,000
Professional fees	889	10,999	1,324	3,718
Travel	-	368	-	-
Listing, filing and transfer agent fees	9,073	20,982	7,584	13,567
Office and miscellaneous	5,186	15,700	5,084	15,352
Shareholder and investor relations	193	701	74	74
Bank charges and interest	85	382	105	309
	\$ 31,126	\$ 99,732	\$ 32,171	\$ 87,020

OPERATION RESULTS FOR THE 3rd QUARTER ENDED APRIL 30, 2020 COMPARED TO 3rd QUARTER ENDED APRIL 30, 2019

The comprehensive loss for the period ended April 30, 2020 was \$40,158 or \$(0.003) per share compared to a comprehensive loss of \$34,582 for the period ended April 30, 2019 or \$(0.005) per share. The comprehensive loss for April 30, 2019 includes a change in fair value of marketable securities that had a \$2,184 decrease in value in the three month period ended April 30, 2019; whereas, there is no change in marketable securities value in the period ending January 31, 2020. Administration expenses for the period ending April 30, 2020 were lower by \$1,045. Investor relations and travel remain constant at under \$1,000 for the period.

RESOURCE PROPERTIES

Galaxy Property, British Columbia, Canada

The Company holds an undivided 100% interest in seven mineral claims and two Crown-granted mineral claims in the Kamloops Mining Division of British Columbia, Canada, known as the Galaxy Property.

	April 30, 2020	July 31, 2019
Galaxy Property, British Columbia, Canada	\$ 20,916	\$ 20,916



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Rock Creek, Nevada, USA

The Company holds a 50% interest in the Rock Creek property. The Company has written off the property for accounting purposes, but retains its interest for viable projects in the future.

Exploration Expenditures

The exploration expenses for the Company expressed in Canadian dollars are broken down as follows:

	Three Month Period ended April 30, 2020	Nine Month Period ended April 30, 2020	Three Month Period ended April 30, 2019	Nine Month Period ended April 30, 2019
Geochem & Drilling Planning	\$ 9,000	\$ 9,000	\$ -	\$ 3,542
First Nations Consultation	4,500	34,000	275	275
Government fees	-	-	-	500
	\$ 13,500	\$ 43,000	\$ 275	\$ 4,317

LIQUIDITY AND WORKING CAPITAL

Working Capital

The Company's working capital as of April 30, 2020 is \$230,248. This is a significant improvement since last year's negative working capital of \$71,718 at April 30, 2019. The working capital includes \$240,440 of cash and \$2,295 in receivables. The company has sufficient working capital.

Cash flow

Cash utilized in operations was \$137,525 for the nine months ended April 30, 2020 compared to \$79,561 for the nine months ended April 30, 2019.

At this time the Company has no operating revenues. Historically, the Company has raised funds through equity financing and the exercise of options and warrants to fund its operations. Financing through the issuance of common shares is affected by certain market conditions including the price of metals. The market price of metals is highly speculative and volatile. Instability in the market price may affect investor interest in mining stocks. If the metal prices substantially decline, this may adversely affect the Company's ability to raise sufficient capital to fund operations including exploration.

On January 20, 2020 the Company closed a non-brokered private placement of 3,500,000 units ("Units") at a price of \$0.10 per Unit for total gross proceeds of \$350,000 (the "Offering"). Each Unit consisted of one common share ("Share") and one share purchase warrant of the Company ("Warrant"). Each whole Warrant will entitle the holder to purchase an additional Share for a period of up to 36 months to January 20, 2023 at an exercise price of \$0.15 per Share. All of the Units issued are subject to a four-month hold period. The proceeds raised from the Offering will be used for working capital and exploration work.



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CRITICAL ACCOUNTING ESTIMATES

The preparation of these condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated interim financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made. Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement. In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities.

CRITICAL ACCOUNTING JUDGMENTS

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements include, but are not limited to, the following:

Going concern

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. Management assesses the amount of cash on hand at each reporting date to determine whether the Company pursues any exploration programs or adjusts management salaries and other expenses in the following year. Management ensures that the Company has enough cash to cover the operating expenses.

Impairment of marketable securities

Management assesses at each reporting date to determine whether there is any objective evidence that marketable securities are other than temporarily impaired. Marketable securities are considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows. Management applies judgment in determining impairment by considering whether the decline in fair value is both significant and prolonged. All impairment losses are recognized in profit or loss.



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Exploration and evaluation assets

Management is required to make judgments on the status of each mineral property and the future plans with respect to finding commercial reserves. Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Estimates and assumptions made in the realization of the Company's investment in mineral property interests may change if new information becomes available. New information may become available during the use of these assets that causes the Company to adjust its estimates.

Cash-generating units ("CGUs") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's mineral properties. In respect of costs incurred for its mineral properties, management has determined that exploratory drilling, evaluation, and related costs incurred, which have been capitalized, continue to be appropriately recorded on the consolidated statements of financial position at its carrying value as management has determined there are no indicators of impairment for its mineral properties as at April 30, 2020 and July 31, 2019 and July 31, 2018.

IFRS

IFRS 16 Leases

The Company has no leases as defined by IFRS 16.

IFRS 9 Financial Instruments

On August 1, 2019, the Company adopted IFRS 9 *Financial Instruments* ("IFRS 9"), which replaced IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 provides a revised model for classification and measurement of financial assets, including a new expected credit loss ("ECL") impairment model. The revised model for classifying financial assets results in classification according to their contractual cash flow characteristics and the business models under which they are held. IFRS 9 also introduces a reformed approach to hedge accounting. IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. The change did not result in a change in carrying value of any of our financial instruments on transition date. The adoption of the ECL impairment model did not have an impact on the Company's condensed consolidated interim financial statements.

For equity investments not held for trading, the Company may make an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss. The Company elected to designate its equity investments as financial assets at FVTOCI, where they will be recorded initially at fair value. Subsequent changes in fair value will be recognized in other comprehensive income only and will not be recycled into income (loss) upon disposition. As a result of this change, the Company reclassified \$487,653 of impairment losses recognized in prior years on marketable securities from opening deficit to accumulated other comprehensive income on August 1, 2018.

The adoption of IFRS 9 has not had a significant impact on the Company's policies related to financial assets of cash, marketable securities, and accounts payables and accrued liabilities.



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RISK MANAGEMENT

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk with respect to its cash and reclamation bonds. The Company limits exposure to credit risk by maintaining its cash and reclamation bonds with major financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required for operations and anticipated investing and financing activities.

At April 30, 2020, the Company had cash of \$240,440 (2019 - \$30,713) available to apply against short-term business requirements and current liabilities of \$12,487 (2019 - \$12,240). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market Risk

Market risk is the risk that the fair value or future cash flows from the Company's financial instruments will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk. The Company held 280,449 Global Resource Investment Trust, plc ("GRIT") common shares traded on the London Stock Exchange and as such the Company was exposed to significant market risk and foreign currency risk. The Company's exposure to and management of credit risk, liquidity risk and market risk related to financial instruments above have not changed materially since July 31, 2019. During the nine month period ending April 30, 2020 the Company sold the GRIT shares for \$6,844.

RISK FACTORS

The reader is cautioned that the following description of risks and uncertainties is not all-inclusive as it pertains only to conditions currently known to management. There can be no guarantee, or assurance, that other factors will or will not adversely affect the Company.

Risks Inherent in the Exploration and Development Business

Exploration and development involve a high degree of risk and few properties are ultimately developed into producing mines. There is no assurance that the Company's future exploration and development activities will result in any discoveries of commercial bodies of ore. Whether an ore body will be commercially viable depends on a number of factors including the particular attributes of the deposit such as size, grade and proximity to infrastructure, as well as mineral prices and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in a mineral deposit being unprofitable. Availability of skilled people, equipment and infrastructure (including roads, posts, power supply) can constrain the timely development of a mineral deposit.



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RISK FACTORS (continued)

Risks Inherent in the Exploration and Development Business (continued)

Even after the commencement of mining operations such operations may be subject to risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected geological formations, ground controls problems and flooding. The occurrence of any of the foregoing could result in damage to or destruction of mineral properties and production facilities, personal injuries, environmental damage, delays or interruption of production, increases in production costs, monetary losses, legal liability and adverse governmental action. Insurance coverage against certain risks, including certain liabilities for environmental pollution, may not be available to the Company or to other companies within the industry. In addition, insurance coverage may not continue to be available at economically feasible premiums, or at all. Any such event could have a material adverse effect on the Company.

The Pandemic – British Columbia State of Emergency

The Company is following all government guidelines. The Company acknowledges the COVID pandemic has increased risk. In addition to risks of metal prices, a global economic recession, increased risks include the ability to obtain necessary work permits at a time when government offices are closed and to stay safe First Nation communities have closed outside access. Being good Corporate Citizens, we are delaying our exploration plans to avoid sensitive areas in local communities for this exploration season to maintain the Health and Safety of our team, First Nations, our local communities, and contractors as everyone's well-being is our top priority.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the property may be diminished or negated.

Title

Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its resource properties and, to the best of its knowledge, title to all its properties are in good standing. However, such properties may be subject to prior agreements or transfer and title may be affected by undetected defects.



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RISK FACTORS (continued)

Realization

The investment in resource properties comprises a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the confirmation of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Competition for Mining Properties

The mining industry in which the Company is engaged is in general, highly competitive. Competitors include well-capitalized mining companies, independent mining companies and other companies having financial and other resources far greater than those of the Company. The Company competes with other mining companies in connection with the acquisition of mineral properties. In general, properties with a higher grade of recoverable mineral with economically viable deposits afford the owners a competitive advantage in that the cost of production of the final mineral product is lower. Thus, a degree of competition exists between those engaged in the mining industry to acquire the most valuable properties. As a result, the Company may eventually be unable to acquire attractive mining properties.

Seasonality

Currently the Company's exploration has been focused on the Galaxy Property in British Columbia. The property lies within an area that is semi-arid, with hot summers, little rainfall and with temperatures typically exceeding 30° C during summer months. Winters are relatively mild with little snowfall and with average temperatures just below freezing. Short "cold-snaps" where temperatures drop to -20° C are common. Although winter may last from November to April, exploration is possible year-round. In the summer months access to the property may be limited if there are access restrictions imposed to monitor the risks of forest fires.

Financing and Market price

Historically, the Company has raised funds through equity financing and the exercise of options and warrants to fund its operations. Financing through the issuance of common shares is affected by certain market conditions including the price of metals. The market price of metals is highly speculative and volatile. Instability in the market price may affect investor interest in mining stocks. If the metal prices substantially decline, this may adversely affect the Company's ability to raise sufficient capital to fund operations including exploration. The current uncertain global market conditions have significantly reduced the Company's ability to finance operations.



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OUTSTANDING SHARE DATA

(a) Authorized: unlimited number of common shares without par value

(b) Issued:

During the nine months ended April 30, 2020:

- (i) On January 14, 2020, the Company consolidated all outstanding shares on the basis of 10 pre-consolidation common shares to 1 post-consolidation common share. All figures as to the number of common shares, warrants, prices of issued shares, exercise prices of warrants are post-consolidation amounts. The common share consolidation was approved by 99.6% of Shareholders that voted on December 4, 2019 at the Company's AGM and Special Meeting. There is no name change and the Company's shares will continue to trade under symbol DCY on the TSX Venture exchange.
- (ii) On January 20, 2020, the Company closed a non-brokered private placement of 3,500,000 units at a price of \$0.10 per unit for total gross proceeds of \$350,000. Each unit consists of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder to purchase an additional share in the capital of the Company at an exercise price of \$0.15 until January 20, 2023. All securities issued pursuant to the Private Placement will be subject to a four-month resale restriction expiring on May 21, 2020. Three Directors of the Company purchased an aggregate of 740,000 Units for an aggregate total of \$74,000. No finder's fees were paid. Total share issuance costs of \$9,592 were incurred yielding net proceeds of \$340,408.

During the year ended July 31, 2019:

- (iii) On March 12, 2019, the Company closed a non-brokered private placement of 1,500,000 units at a price of \$0.10 per unit for total gross proceeds of \$150,000. Each unit consists of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder to purchase an additional share in the capital of the Company at an exercise price of \$0.50 until March 7, 2022. No finder's fees were paid. Total share issuance costs of \$3,533 were incurred yielding net proceeds of \$146,467.

During the year ended July 31, 2018:

- (iv) On December 12, 2017, the Company closed a non-brokered private placement of 800,000 units at a price of \$0.15 per unit for total gross proceeds of \$120,000. Each unit consists of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder to purchase an additional share in the capital of the Company at an exercise price of \$0.50 until December 11, 2020. No finder's fees were paid. Total share issuance costs of \$3,804 were incurred yielding net proceeds of \$116,196.



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OUTSTANDING SHARE DATA (continued)

(c) Stock Options

The Company established a stock option plan under which it may grant stock options totaling in aggregate up to 10% of the Company's total number of shares issued and outstanding on a non-diluted basis. The stock option plan provides for the granting of stock options to employees and persons providing investor-relation or consulting services up to a limit of 5%, 2% and 2%, respectively, of the Company's total number of issued and outstanding shares per year. The stock options are fully vested on the date of grant, except for options granted to persons providing investor relations services, which vest over a twelve-month period. The option price must be greater or equal to the discounted market price on the grant date and the option expiry date cannot exceed five years after the grant date.

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. There were no options granted during the nine month period ending April 30, 2020 or during the years ended July 31, 2019 and 2018.

During the year ended July 31, 2019, 500,000 options exercisable at \$0.12 per share expired unexercised (150,000 options expired on January 17, 2019 and 400,000 options expired on September 23, 2018). The related reserve amount of \$53,844 was transferred to deficit.

During the year ended July 31, 2018, 500,000 options exercisable at \$0.12 per share expired unexercised. The related reserve amount of \$73,650 was transferred to deficit.

A summary of the changes in the Company's stock options is as follows:

	April 30, 2020		July 31, 2019	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of the Period	-	\$ -	55,000	\$ 1.20
Expired		\$ -	(55,000)	\$ 1.20
Outstanding, end of the Period	-	\$ -	-	\$ -

The weighted average remaining contractual life of options outstanding at April 30, 2020 is nil years (2019 – nil years).

(d) Warrants

Details of the status of the Company's warrants as at April 30, 2020 and July 31, 2019 and changes during the years then ended are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, July 31, 2018	1,900,000	\$ 0.50
Issued	1,500,000	\$ 0.50
Balance, July 31, 2019	3,400,000	\$0.50
Issued	3,500,000	\$0.15
Balance, April 30, 2020	6,900,000	\$ 0.32



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OUTSTANDING SHARE DATA (continued)

The warrants outstanding at April 30, 2020 are as follows:

Number of Warrants	Exercise Price	Expiry Date
200,000	\$ 1.00	June 16, 2020*
900,000	\$ 0.50	September 6, 2021**
800,000	\$ 0.50	December 11, 2020
1,500,000	\$ 0.50	March 7, 2022
3,500,000	\$ 0.15	January 20, 2023
6,900,000		

The weighted average remaining contractual life of warrants outstanding at April 30, 2020 is 2.0 years. (2019 – 2.1 years).

* These warrants were originally issued with an expiration date of June 16, 2017. The expiration date of these warrants has been extended to June 16, 2020.

** These warrants were originally issued with an expiration date of September 6, 2019. The expiration date of these warrants has been extended to September 6, 2021.

RELATED PARTY TRANSACTIONS

The condensed consolidated interim financial statements include transactions with directors and/or officers of the Company and/or corporations related to or controlled by them. The remuneration of directors and other key management personnel was as follows:

	April 30, 2020	April 30, 2019
Short-term employee benefits (Note 11 and 12)	\$ 94,100	\$ 54,000

Key management personnel were not paid any post-employment benefits, termination benefits or other long-term benefits during the respective periods.

CHANGES IN ACCOUNTING POLICIES

There has been no change in the Company's significant accounting policies from those disclosed in Note 3 of the Company's audited consolidated financial statements for the July 31, 2019.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements in the current year.

PROPOSED TRANSACTIONS

The Company does not have any proposed transactions.



**Stated in
Canadian dollars**

**Management's
Discussion
& Analysis**

**For the period ended
April 30, 2020**

SEGMENT DISCLOSURE

The Company operates in one business segment, mining exploration, and its consolidated assets are held in Canada.

OUTLOOK

Operating expenses for fiscal year 2020 are expected to be funded by cash on hand and/or the issuance of shares including the exercise of warrants and options. Financing through the issuance of common shares is affected by certain market conditions including the price of metals. The market price of metals is highly speculative and volatile. Instability in the market price may affect investor interest in mining stocks. If the metal prices substantially decline, this may adversely affect the Company's ability to raise sufficient capital to fund operations including exploration. The current uncertain global market conditions have significantly reduced the Company's ability to finance operations.

Additional information relating to the Company is available on SEDAR at www.sedar.com and at www.discovery-corp.com.