



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

July 31, 2025 and 2024

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF DISCOVERY-CORP ENTERPRISES INC.

Opinion

We have audited the consolidated financial statements of Discovery-Corp Enterprises Inc. and its subsidiaries (the "Company"), which comprise:

- ◆ the consolidated statements of financial position as at July 31, 2025 and 2024;
- ◆ the consolidated statements of income (loss) and comprehensive income (loss) for the years then ended;
- ◆ the consolidated statements of changes in shareholders' equity (deficit) for the years then ended;
- ◆ the consolidated statements of cash flows for the years then ended; and
- ◆ the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at July 31, 2025 and 2024, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has incurred significant losses and as at July 31, 2025 the Company has an accumulated deficit of \$7,227,064. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended July 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our auditor's report.

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Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Michelle Chi Wai So

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia

November 21, 2025

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DISCOVERY-CORP ENTERPRISES INC.**(An exploration stage company)****CONSOLIDATED STATEMENTS OF INCOME(LOSS) AND COMPREHENSIVE INCOME(LOSS)****(Expressed in Canadian dollars)**

	Notes	Year Ended July 31, 2025	Year Ended July 31, 2024
Expenses			
Administration	9,12	\$ 132,353	\$ 130,720
Exploration	9,13	71,888	19,173
Loss before other items		\$ (204,241)	(149,893)
Gain from disposal of assets	7	842,400	-
Foreign exchange loss		(16,255)	-
Interest Income		3,628	253
Net Income (Loss) and Comprehensive Income (Loss) for year		\$ 625,532	\$ (149,640)
Earnings (loss) per share (basic and diluted)		\$ 0.05	\$ (0.01)
Weighted average number of common shares outstanding	8	13,467,096	13,467,096

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

DISCOVERY-CORP ENTERPRISES INC.**(An exploration stage company)****CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****(Expressed in Canadian dollars)**

	Notes	As at July 31, 2025	As at July 31, 2024
ASSETS			
Current assets			
Cash		\$ 348,058	\$ 7,204
Accounts receivable		12,660	20,503
Total current assets		360,718	27,707
Non-current assets			
Reclamation bonds	6	8,000	8,000
Resource property interests	7	20,916	20,916
Total assets		\$ 389,634	\$ 56,623

LIABILITIES AND EQUITY (DEFICIT)**LIABILITIES****Current liabilities**

Accounts payable and accrued liabilities		\$ 143,808	\$ 436,329
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EQUITY (DEFICIT)

Share capital	8	7,472,890	7,472,890
Deficit		(7,227,064)	(7,852,596)
Total equity (deficit)		245,826	(379,706)
Total equity (deficit) and liabilities		\$ 389,634	\$ 56,623

APPROVED ON BEHALF OF THE BOARD:

*"Iain Brown"*_____
Iain Brown Director*"Alex Pannu"*_____
Alex Pannu Director

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

DISCOVERY-CORP ENTERPRISES INC.**(An exploration stage company)****CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)****(Expressed in Canadian dollars)**

	Notes	Share Capital		Deficit	Total Equity (Deficit)
		Number of Shares	Amount		
Balance, July 31, 2023		13,467,096	\$ 7,472,890	\$ (7,702,956)	\$ (230,066)
Net loss for the year		-	-	(149,640)	(149,640)
Balance, July 31, 2024		13,467,096	\$ 7,472,890	\$ (7,852,596)	\$ (379,706)
Net income for the year		-	-	625,532	625,532
Balance, July 31, 2025		13,467,096	\$ 7,472,890	\$ (7,227,064)	\$ 245,826

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

DISCOVERY-CORP ENTERPRISES INC.**(An exploration stage company)****CONSOLIDATED STATEMENTS OF CASH FLOWS****(Expressed in Canadian dollars)**

	Notes	Year Ended July 31, 2025	Year Ended July 31, 2024
Operating Activities			
Net Income (loss) for the year		\$ 625,532	\$ (149,640)
Adjustment for non-cash items			
Gain from disposal of assets		(842,400)	-
		<u>\$ (216,868)</u>	<u>\$ (149,640)</u>
Changes in non-cash working capital items			
Accounts receivable		7,843	(6,706)
Accounts payable and accrued liabilities		(292,521)	123,478
		<u>(284,678)</u>	<u>116,772</u>
Cash from (used) in operating activities		<u>\$ (501,546)</u>	<u>\$ (32,868)</u>
Cash provided by investing activity			
Proceeds from disposal of assets	7	842,400	-
		<u>\$ 842,400</u>	<u>\$ -</u>
Increase (decrease) in cash		340,854	(32,868)
Cash, beginning of year		7,204	40,072
Cash, end of year		<u>\$ 348,058</u>	<u>\$ 7,204</u>
Supplemental cash flow information			
Interest		5,962	-
Taxes		-	-

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

DISCOVERY-CORP ENTERPRISES INC.

(An exploration stage company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended July 31, 2025 and 2024

(Expressed in Canadian dollars)

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN

Discovery-Corp Enterprises Inc. (the “Company”) was incorporated under the laws of British Columbia on May 6, 1986 and maintains its head office at 125A - 1030 Denman Street, Vancouver, British Columbia, Canada, V6G 2M6. The Company’s registered and records office is at 700 - 401 West Georgia Street, Vancouver, British Columbia, Canada, V6B 5A1.

The Company is an exploration stage company engaged in exploration for base and precious metals. The recoverability of amounts shown for resource property interests and the Company’s continued viability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete their development, and upon future profitable production or proceeds from the disposition of its interests. There are no assurances that the Company will be successful in achieving these goals.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Several adverse conditions may cast significant doubt on the validity of this assumption. The Company has incurred significant losses and as at July 31, 2025 the Company has an accumulated deficit of \$7,227,064 (July 31, 2024 - \$7,852,596).

The Company’s ability to continue as a going concern is dependent upon its ability to secure additional financing on a timely basis and achieve sufficient positive cash flows from operating activities to cover obligations and expenses. Management may actively seek additional financing opportunities through the issuance of equity as the need for capital arises. These consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

Management is actively engaged in the review and due diligence on new projects. In addition to undertaking available cost-cutting measures, the Company is seeking to raise the necessary capital or asset sale to meet its funding requirements and repay debt to restore working capital. There can be no assurance that management’s plan will be successful. If the going concern assumption is not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses, and the consolidated statement of financial position classifications used. Such adjustments could be material.

NOTE 2 – STATEMENT OF COMPLIANCE

The consolidated financial statements of the Company have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). The preparation of consolidated 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 consolidated financial statements, are disclosed in Note 3.

Approval of the Consolidated Financial Statements

These consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 21, 2025.

DISCOVERY-CORP ENTERPRISES INC.

(An exploration stage company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended July 31, 2025 and 2024

(Expressed in Canadian dollars)

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. Amounts are stated in Canadian dollars, which is the functional and reporting currency for the Company and its subsidiaries. The following reflects the material accounting policies:

(a) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Prebble Resources USA, Inc. (a Nevada corporation). During the year ended July 31, 2023, the Company incorporated under the law of British Columbia, two wholly owned inactive subsidiaries, Galaxy Strategy Corp. and 1369569 B.C. Ltd. A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investee. All intercompany balances and transactions have been eliminated upon consolidation.

(b) Exploration and Evaluation

The Company is in the exploration stage and capitalizes all acquisition costs related to its resource property interests until such time as the properties are put into commercial production, sold, or abandoned. The Company expenses all exploration expenditures in the period incurred. Amounts shown as resource property interests represent acquisition costs incurred to date less amounts amortized and/or written off, and do not necessarily represent present or future values. If a property is put into commercial production, the acquisition costs relating to that property will be depleted based upon the proven reserves available.

From time to time, the Company may acquire or dispose of a resource property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received. When the amount of recoveries exceeds the total amount of capitalized costs of the property, the amount in excess of costs is recorded in income.

(c) Share-based Payments

The Company has a stock option plan that is described in Note 8(c). The Company may grant share options to acquire common shares of the Company to directors, officers, employees, and consultants. The fair value of share-based payments to employees is measured at grant date using the Black-Scholes option pricing model and is recognized over the vesting period using the graded method. Fair value of share-based payments to non-employees is recognized and measured at the date the goods or services are received based on the fair value of such goods or services. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model. Upon option expiry, related amounts are transferred from reserves to deficit.

For both employees and non-employees, the fair value of share-based payments is recognized as an expense with a corresponding increase in reserves. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in share capital and the related share-based payment in reserves is transferred to share capital.

DISCOVERY-CORP ENTERPRISES INC.

(An exploration stage company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended July 31, 2025 and 2024

(Expressed in Canadian dollars)

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(d) Common Shares

Instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(e) Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants, and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

(f) Impairment of Non-current Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually. Other non-financial assets, including resource property interests, are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. An impairment loss is charged to net loss, except to the extent they reverse gains previously recognized in other comprehensive income (loss).

(g) Mining Exploration Tax Credit

The Company recognizes mining exploration tax recoveries in the period in which the related recoveries are received. The amount recoverable is subject to review and approval by the taxation authorities.

DISCOVERY-CORP ENTERPRISES INC.

(An exploration stage company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended July 31, 2025 and 2024

(Expressed in Canadian dollars)

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**(h) Financial Instruments****i) Financial Assets**

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument. The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income, or measured at fair value through profit or loss.

Financial assets measured at amortized costs

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for such financial assets is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income.

Financial assets measured at fair value through profit or loss ("FVTPL")

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss). The Company's cash and reclamation bonds are classified as FVTPL.

ii) Financial Liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled, or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable. The Company's financial liabilities include accounts payable and accrued liabilities and classified as financial liabilities subsequently measured at amortized cost.

DISCOVERY-CORP ENTERPRISES INC.

(An exploration stage company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended July 31, 2025 and 2024

(Expressed in Canadian dollars)

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(h) Financial Instruments (continued)

iii) Fair Value Hierarchy

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

- 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); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash, reclamation bonds, accounts payables, and accrued liabilities are recorded at their carrying amounts and approximate their fair values due to their short-term nature.

(i) Significant Accounting Estimates and Judgments

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated 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 consolidated 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, relate to, but are not limited to, the following:

Critical accounting estimates

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.

Critical accounting judgments

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

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.

DISCOVERY-CORP ENTERPRISES INC.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in Canadian dollars)

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(i) Significant Accounting Estimates and Judgments (continued)

Critical accounting judgments (continued)

Exploration and evaluation assets (continued)

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 acquisition costs incurred are capitalized and 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 July 31, 2025 and 2024.

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.

NOTE 4 – RISK MANAGEMENT

(a) 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.

(b) 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 July 31, 2025, the Company had cash of \$348,058 (July 31, 2024 - \$7,204) available to apply against short-term business requirements and current liabilities of \$143,808 (July 31, 2024 - \$436,329). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(c) 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 objective of market risk management is to manage and control risk exposure within acceptable parameters, while optimizing the return. The Company is not exposed to significant market risk.

DISCOVERY-CORP ENTERPRISES INC.

(An exploration stage company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended July 31, 2025 and 2024

(Expressed in Canadian dollars)

NOTE 5 – CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the development of its resource property interests. In the management of capital, the Company includes the components of equity as capital. 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, option its resource property interests for cash and/or expenditures, or dispose of assets. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary.

The Board of Directors does not establish a quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company has not changed its capital risk management strategy during the year ended July 31, 2025 and is not subject to externally imposed capital requirements.

NOTE 6 – RECLAMATION BONDS

The reclamation bonds are comprised of a \$1,000 (July 31, 2024 - \$1,000) cash deposit plus term deposits held in a financial institution as security for reclamation obligations pursuant to the *Mines Act and Health, Safety and Reclamation Code for Mines* in British Columbia. The \$2,000 (July 31, 2024 - \$2,000 at 3%) term deposit bears interest at 2% per annum and matures September 15, 2026. The \$5,000 (July 31, 2024 - \$5,000 at prime rate less 2.85%) term deposit bears interest at prime rate less 2.7% and matures January 15, 2026. The deposits are renewed annually.

NOTE 7 – RESOURCE PROPERTY INTERESTS

	2025	2024
Galaxy Property, British Columbia, Canada	\$ 20,916	\$ 20,916

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.

Rock Creek, Nevada, USA

For accounting purposes, Rock Creek mineral rights, located in Humboldt County, Nevada, USA, was written down to zero by a charge to operations of \$128,954 in the year ended July 31, 2006. The Company for any future benefits retained its undivided 50% interest in the Rock Creek mineral rights. During the year ended July 31, 2025, the Company disposed of the mineral rights in Rock Creek for proceeds of US\$100,000 and data relating to the property for US\$500,000 to a third party. This has been recorded as a gain from disposal of assets on the consolidated statement of comprehensive income (loss).

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 significant liability to the Company.

DISCOVERY-CORP ENTERPRISES INC.

(An exploration stage company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended July 31, 2025 and 2024

(Expressed in Canadian dollars)

NOTE 7 – RESOURCE PROPERTY INTERESTS (continued)**Environmental (continued)**

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.

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.

NOTE 8 – EQUITY

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

(b) Issued

During the years ended July 31, 2025 and July 31, 2024, no shares were issued.

(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 or outstanding during the years ended July 31, 2025 and 2024.

DISCOVERY-CORP ENTERPRISES INC.

(An exploration stage company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended July 31, 2025 and 2024

(Expressed in Canadian dollars)

NOTE 8 – EQUITY (continued)

(d) Warrants

Details of the status of the Company's warrants as at July 31, 2025 and 2024 and changes during the years then ended are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, July 31, 2024	1,250,000	\$ 0.10
Expired	(1,250,000)	\$ 0.10
Balance, July 31, 2025	-	

There are no warrants outstanding as of July 31, 2025.

The warrants outstanding at July 31, 2024 are as follows:

Number of Warrants	Exercise Price	Expiry Date
1,250,000	\$ 0.10	October 12, 2024

NOTE 9 – RELATED PARTY TRANSACTIONS

The consolidated 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:

	2025	2024
Short-term employee benefits (Notes 12 and 13)	\$ 147,687	\$ 118,800

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

NOTE 10 – SEGMENT DISCLOSURE

The Company operates in one business segment, which is the acquisition and exploration of mineral property interests, and its non-current assets are held in Canada.

DISCOVERY-CORP ENTERPRISES INC.

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NOTE 11 – INCOME TAXES

The Company has operating losses that may be carried forward to apply against future years' income for income tax purposes. These losses expire as follows:

	Canada	U.S.	Total
2025	\$ 325,000	\$ -	\$ 325,000
2026	61,000	178,000	239,000
2027	216,000	1,000	217,000
2028	314,000	-	314,000
2029	210,000	2,500	212,500
2030	172,000	4,700	176,700
2031	187,000	2,700	189,700
2032	268,000	2,800	270,800
2033	269,000	2,300	271,300
2034	263,000	2,100	265,100
2035	193,000	2,000	195,000
2036	176,000	2,300	178,300
2037	179,000	2,600	181,600
2038	159,000	2,600	161,600
2039	118,000	2,800	120,800
2040	135,000	2,700	137,700
2041	61,000	1,300	62,300
2042	163,000	1,400	164,400
2043	201,000	-	201,000
2044	146,000	-	146,000
2045	(563,000)	(107,000)	(670,000)
	<u>\$ 3,253,000</u>	<u>\$ 106,800</u>	<u>\$ 3,359,800</u>

The reconciliation of income tax provision computed at statutory rates to the reported income tax provision is as follows:

	2025	2024
Net Income (loss) for year	\$ 625,532	\$ (149,640)
Canadian statutory income tax rate	27.00%	27.00%
Income (Loss) tax benefit computed at statutory rates	168,894	(40,403)
Change in timing differences	4,969	(4,466)
Unused tax losses and tax offsets not recognized in tax asset	(175,291)	41,302
Under provided in prior years	1,428	3,567
Income tax expense	<u>\$ -</u>	<u>\$ -</u>

DISCOVERY-CORP ENTERPRISES INC.**(An exploration stage company)****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Years ended July 31, 2025 and 2024

(Expressed in Canadian dollars)

NOTE 11 – INCOME TAXES (continued)

The Company recognizes tax benefits on losses or other deductible amounts generated where it is probable that taxable income will be available for the recognition of deferred tax assets. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	2025	2024
Non-capital loss carry-forwards – Canada	\$ 3,251,787	\$ 3,818,764
Capital loss carry-forwards	901,508	901,508
Excess of unused exploration expenditures for Canadian tax purposes over carrying value of mineral property interests	793,667	762,952
Non-capital loss carry-forwards – US	108,020	217,015
Share issuance costs	708	1,423
Unrecognized deductible temporary differences	<u>\$ 5,055,690</u>	<u>\$ 5,701,662</u>

NOTE 12 – ADMINISTRATION EXPENSES

The administration expenses for the Company are broken down as follows:

	2025	2024
Consulting fees administration (Note 9)	\$ 55,900	\$ 99,800
Professional fees	54,251	22,906
Listing, filing and transfer agent fees	7,515	6,870
Office	7,396	800
Shareholder and investor relations	553	-
Bank charges and interest	6,738	344
	<u>\$ 132,353</u>	<u>\$ 130,720</u>

NOTE 13 – EXPLORATION EXPENSES

The exploration expenses for the Company are broken down as follows:

	2025	2024
BC Mines Government fees	\$ 747	\$ 247
Field exploration and data assembly (Note 9)	71,141	19,000
British Columbia mining exploration tax credit	-	(74)
	<u>\$ 71,888</u>	<u>\$ 19,173</u>



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

Management's Discussion & Analysis

For the year ended
July 31, 2025



**Stated in
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**Management's
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**For the year ended
July 31, 2025**

The following discussion and analysis of the operations, results, and financial position of the Company for the fiscal year ended July 31, 2025 should be read in conjunction with the July 31, 2025 Audited Consolidated Financial Statements and the related Notes. The effective date of this report is November 21, 2025. All amounts are expressed in Canadian dollars unless otherwise noted.

OVERVIEW

Discovery-Corp Enterprises Inc. (the "Company") was incorporated under the laws of British Columbia on May 6, 1986, and maintains its head office at 125A – 1030 Denman Street, Vancouver, British Columbia, Canada, V6G 2M6. The Company's registered and records office is at 700 - 401 West Georgia Street, Vancouver, British Columbia, Canada, V6B 5A1. The Company is an exploration stage company engaged in exploration for critical mineral and precious metals. The Company's Galaxy property is located in the Kamloops Mining Division in southern British Columbia, Canada. The Galaxy 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 disposed of its interest in the mineral rights associated with Rock Creek Ranch located in Humboldt County, Nevada, USA. The Company's shares trade on the TSX Venture Exchange under the trading symbol DCY.

FORWARD LOOKING STATEMENTS

The Management's 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 July 31, 2025. 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.

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, 2025 (\$)	July 31, 2024 (\$)	July 31, 2023 (\$)
Net Income (loss)	625,532	(149,640)	(197,591)
Total comprehensive Income (loss)	625,532	(149,640)	(197,591)
Earnings (loss) per share	0.05	(0.01)	(0.01)
Total assets	389,634	56,623	82,785
Total liabilities	143,808	436,329	312,851
Working capital	216,910	(408,622)	(258,982)



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OVERALL PERFORMANCE FOR THE YEAR ENDED JULY 31, 2025

Management will continue investigating new exploration opportunities identified as having favorable potential to enhance the Company's resource property interests or other business opportunities. 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 at the time was not independent of Discovery-Corp.

OPERATION RESULTS FOR THE 4th QUARTER ENDED JULY 31, 2025 COMPARED TO 4th QUARTER ENDED JULY 31, 2024

Comprehensive Loss for the 4th Quarter ended July 31, 2025 was \$63,160 an increase loss of \$1,113 when compared to the 4th Quarter of 2024 Comprehensive Loss of \$45,792. For the 4th Quarter 2025 the \$49,270 Loss Before Other Items represents an increase loss of \$3,433 when compared to the 4th Quarter of 2024 Loss Before Other Items loss of \$45,837. Interest earned in the 4th Quarter ended July 31, 2025 was \$2,365.

SUMMARY OF QUARTERLY RESULTS

	2025			2024				2023
Quarter Ended	Jul. 31 Q4 (\$)	Apr. 30 Q3 (\$)	Jan. 31 Q2 (\$)	Oct. 31 Q1 (\$)	Jul. 31 Q4 (\$)	Apr. 30 Q3 (\$)	Jan. 31 Q2 (\$)	Oct. 31 Q1 (\$)
Loss Before Other Items	(49,270)	(71,565)	(47,888)	(35,518)	(45,837)	(34,268)	(36,939)	(32,443)
Net (Loss) Income	(63,160)	771,730	(47,704)	(35,334)	(45,792)	(34,268)	(36,733)	(32,443)
Comprehensive (Loss) Income	(63,160)	771,730	(47,704)	(35,334)	(45,792)	(34,268)	(36,733)	(32,443)
Earnings (Loss) Per Share	(0.005)	0.057	(0.004)	(0.003)	(0.003)	(0.003)	(0.003)	(0.002)

RESULTS OF OPERATION FOR THE YEAR ENDED JULY 31, 2025

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, 2025 and 2024.

The Comprehensive Income for the year ended July 31, 2025 was \$625,532 or \$0.05 per share compared to a Comprehensive Loss of \$149,640 for the year ended July 31, 2024 or \$(0.01) per share. There was no share-based payment expense in 2025 or 2024. Administration expenses for the year ending July 31, 2025 were \$132,353 compared to \$130,720 in 2024. Administration expenses for the year ending July 31, 2025 were higher by \$1,633 with increased professional fees related to the disposition of the Company's interest in the data component and mineral rights associated with Rock Creek assets where the Company received \$842,400 that accounted for the increased comprehensive income for the year ended July 31, 2025. Investor relations and travel remain constant at under \$1000 for the year.



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Administration Expenses

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

	2025	2024
Consulting fees administration	\$ 55,900	\$ 99,800
Professional fees	54,251	22,906
Listing, filing and transfer agent fees	7,515	6,870
Office	7,396	800
Shareholder and investor relations	553	-
Bank charges and interest	6,738	344
	\$ 132,353	\$ 130,720

RESOURCE PROPERTIES

	July 31, 2025	July 31, 2024
Galaxy Property, British Columbia, Canada	\$ 20,916	\$ 20,916

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.

Rock Creek, Nevada, USA

For accounting purposes, Rock Creek mineral rights, located in Humboldt County, Nevada, USA, was written down to zero by a charge to operations of \$128,954 in the year ended July 31, 2006. The Company for any future benefits retained its undivided 50% interest in the Rock Creek mineral rights. During the year ended July 31, 2025, the Company disposed of Rock Creek for proceeds of \$842,400 to a third party. This has been recorded as a gain from disposal of assets on the consolidated statement of comprehensive income (loss). Proceeds are used for working capital and further exploration.

Exploration Expenditures

With field exploration work ongoing all properties remain in good standing. The exploration expenses for the Company are broken down as follows:

	2025	2024
Government fees	\$ 747	\$ 247
Exploration and data assembly	71,141	19,000
British Columbia mining exploration tax credit	-	(74)
	\$ 71,888	\$ 19,173



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LIQUIDITY AND WORKING CAPITAL

Cash Flow

At this time the Company has no operating revenues. Historically, the Company has raised funds through equity financing, asset dispositions and the exercise of 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 Company's last financing was October 14, 2021 when the Company closed a non-brokered private placement of 1,250,000 units at a price of \$0.08 per unit for total gross proceeds of \$100,000. The Company has not issued any shares, options or warrants since October 14, 2021.

Cash utilized in operations was \$32,868 for the year ended July 31, 2024 compared to cash generated in operations of \$501,546 for the year ended July 31, 2025. The Company's liquidity and working capital have improved with proceeds of \$842,400 from the gain on disposal of Rock Creek assets that accounted for the increased comprehensive income for the year ended July 31, 2025.

Working Capital

The Company's working capital is now positive with the disposition of assets. As at July 31, 2025 the Company has an accumulated deficit of \$7,227,064 (July 31, 2024 - \$7,852,596). The Company has net income of \$625,532 for the year ending July 31, 2025 (July 31, 2024 - \$149,640 net loss) and as of that date, the Company's current liabilities of \$143,808 no longer exceeded its current assets of \$360,718. As at July 31, 2024 the Company's current liabilities exceed its current assets by \$408,622. The Company had working capital of \$216,910 as of July 31, 2025.

Management may actively seek additional financing opportunities through the issuance of equity as the need for capital arises. The Company's ability to continue as a going concern is dependent upon its ability to secure additional financing on a timely basis and achieve sufficient positive cash flows from operating activities to cover obligations and expenses. There can be no assurance that management's plan will be successful.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this Management's Discussion and Analysis and the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated 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 consolidated 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, relate to, but are not limited to, the following:



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Critical Accounting Estimates

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.

Critical Accounting Judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated 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. Based on an analysis of the Company having enough cash to cover the operating expenses for the next 12 months, the Company is a going concern.

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 July 31, 2025 and 2024.

Mining exploration tax credits

The Company is entitled to refundable tax credits on qualified resource expenditures incurred in Canada. Management's judgment is applied in determining whether the resource expenditures are eligible for claiming such credits.



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RISK MANAGEMENT

(a) 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 July 31, 2025, the Company had cash of \$348,058 (2024 - \$7,204) available to apply against short-term business requirements and current liabilities of \$143,808 (2024 - \$436,329). All of the Company's financial liabilities are subject to normal trade terms.

(b) 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.

(c) 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 is not exposed to significant market risk as USD deposits are held at major financial institutions and easily converted into CDN as required for general working capital. 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, 2025.

Inflation and tariffs

The impact of inflation and trade tariffs are causing significant volatility and weakness in global junior equity markets and it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

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 junior market conditions have significantly reduced the Company's ability to finance operations.



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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.

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.

Risks Inherent in the Exploration and Development Business

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.

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. 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.



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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.

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

The Galaxy Property in British Columbia 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.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value. The Company had 13,467,096 common shares issued and outstanding as at July 31, 2025 (2024 – 13,467,096). During the year ended July 31, 2025 the following warrants expired unexercised on October 12, 2024:

Number of Warrants	Exercise Price	Expiry Date
1,250,000	\$ 0.10	October 12, 2024

The weighted average remaining contractual life of warrants outstanding at July 31, 2025 is 0 (July 31, 2024 – 0.2) years.

At time of MD&A outstanding shares remained at 13,467,096 and the Company has no outstanding stock options or outstanding warrants.



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RELATED PARTY TRANSACTIONS

The consolidated 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:

	2025	2024
Short-term employee benefits	\$ 147,687	\$ 118,800

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

SEGMENT DISCLOSURE

The Company operates in one business segment which is the acquisition and exploration of mineral property interests and its non-current assets are held in Canada.

OFF-BALANCE SHEET ARRANGEMENTS

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

TERMINATION OF PROPOSED ARRANGEMENT AGREEMENT TRANSACTION

The Company entered into an arrangement agreement dated October 13, 2022 related to the proposed business combination (the "Transaction") of the Company with Scramble Resources Corp. (Scramble). For additional information regarding the proposed Transaction please see the news release dated October 13, 2022 and under the Company's SEDAR+ profile at www.sedarplus.ca. As described in the news release dated March 2, 2023 the Company submitted a draft joint management information circular and related initial documentation to the TSX Venture Exchange ("TSXV") for approval in connection with the Transaction. On April 17, 2025 the Company announced the proposed Transaction has terminated. The Company did not advance any monies nor issue any shares to Scramble.

Investors are cautioned that all information with respect to the Company and Scramble was supplied by each respective party and each party and its directors and officers have relied on the other party for any information concerning such other party. Investors are cautioned that except as disclosed in a TSXV approved management information circular or filing statement that was to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of the Company should be considered highly speculative.



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July 31, 2025**

OUTLOOK

Operating expenses for fiscal year 2025 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 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 junior market conditions have significantly reduced the Company's ability to finance operations.

OTHER

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

