



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

Management's Discussion & Analysis

**For the period ended
January 31, 2021**



**Stated in
Canadian dollars**

**Management's
Discussion
& Analysis**

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The following discussion and analysis of the operations, results, and financial position of the Company for the period ended January 31, 2021 should be read in conjunction with the July 31, 2020 Audited Consolidated Financial Statements and the related Notes. The effective date of this report is March 23, 2021. 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 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.

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 January 31, 2021. 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, 2020	July 31, 2019	July 31, 2018
Net loss	(186,857)	(129,738)	(156,405)
Total comprehensive loss	(186,857)	(161,247)	(177,377)
Loss per share	(0.02)	(0.02)	(0.03)
Total assets	221,094	69,101	83,926
Total liabilities	10,681	12,240	12,285
Working capital	181,497	27,945	42,725



**Stated in
Canadian dollars**

**Management's
Discussion
& Analysis**

**For the period ended
January 31, 2021**

OVERALL PERFORMANCE FOR THE PERIOD ENDED JANUARY 31, 2021

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 is not independent of Discovery-Corp.

SUMMARY OF QUARTERLY RESULTS

	2021	2020				2019		
Quarter Ended	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)	Apr. 30 Q3 (IFRS)
Loss Before Other Items	(30,590)	(35,014)	(48,761)	(40,198)	(52,541)	(45,565)	(38,401)	(32,446)
Net Loss	(30,569)	(34,994)	(48,752)	(40,158)	(52,438)	(45,509)	(38,318)	(32,398)
Comprehensive loss	(30,569)	(34,994)	(48,752)	(40,158)	(52,438)	(45,509)	(43,774)	(34,582)
Loss Per Share	(0.003)	(0.003)	(0.005)	(0.003)	(0.006)	(0.005)	(0.006)	(0.005)

OPERATION RESULTS FOR THE 1st QUARTER ENDED JANUARY 31, 2021 COMPARED TO 1st QUARTER ENDED JANUARY 31, 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, 2020 and 2019.

The comprehensive loss for the period ended January 31, 2021 was \$30,569 or \$(0.003) per share compared to a comprehensive loss of \$52,438 for the period ended January 31, 2020 or \$(0.006) per share. There was no share-based payment expense.

Administration expenses for the period ending January 31, 2021 were \$17,890 compared to \$39,541 in 2020. Administration expenses for the period ending January 31, 2021 were lower by \$21,651 or 55% lower. Investor relations and travel remain constant at under \$1,000 for the period. The administration expenses for the Company expressed in Canadian dollars are broken down as follows:



**Stated in
Canadian dollars**

**Management's
Discussion
& Analysis**

**For the period ended
January 31, 2021**

Administration Expenses

The administration expenses for the Company are broken down as follows

	Three Month Period ended Jan. 31, 2021	Six Month Period ended Jan.31, 2021	Three Month Period ended Jan. 31, 2020	Six Month Period ended Jan. 31, 2020
Consulting fees administration (Note 9)	9,800	23,150	19,900	34,900
Professional fees	2,929	4,705	7,239	10,110
Travel	0	0	315	368
Listing, filing and transfer agent fees	2,670	6,870	6,135	11,909
Office	2,401	4,959	5,421	10,514
Shareholder and investor relations	0	116	370	508
Bank charges and interest	90	204	161	297
	\$ 17,890	\$ 40,004	\$ 39,541	\$ 68,606

RESOURCE PROPERTIES

	January 31, 2021	July 31, 2020
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. Given the amount of work done, all properties remain in good standing.

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's Galaxy Property are broken down as follows:

	Three Month Period ended Jan.31, 2021	Six Month Period ended Jan 31, 2021	Three Month Period ended Jan 31, 2019	Six Month Period ended Jan. 31, 2020
Exploration Drill Planning (Note 9)	\$ 6,000	\$ 13,000	\$ -	\$ -
First Nations Consultation (Note 9)	6,700	12,600	13,000	29,500
Government fees	-	-	-	-
British Columbia METC	-	-	-	-
	\$ 12,700	\$ 25,600	\$ 13,000	\$ 29,500



**Stated in
Canadian dollars**

**Management's
Discussion
& Analysis**

**For the period ended
January 31, 2021**

LIQUIDITY AND WORKING CAPITAL

Working Capital

The Company's working capital as of January 31, 2021 is \$115,934. The working capital includes \$112,554 of cash and \$5,541 in receivables. The Company believes the working capital is sufficient to meet its on-going obligations and general operating expenses. However, the Company's ability to continue as a going concern is completely dependent upon the ability of the Company to obtain the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due. There can be no assurance that management's plans will be successful.

Cash flow

Cash utilized in operations was \$77,776 for the six months ended January 31, 2021 compared to \$96,780 for the six months ended January 31, 2020.

During the year ended July 31, 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. 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 \$9,591 were incurred yielding net proceeds of \$340,409.

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.

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.



**Stated in
Canadian dollars**

**Management's
Discussion
& Analysis**

**For the period ended
January 31, 2021**

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:

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 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 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. Management ensures that the Company has enough cash to cover the operating expenses. Based on the analysis, the Company will be able to continue as a going concern for the next 12 months.

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.



**Stated in
Canadian dollars**

**Management's
Discussion
& Analysis**

**For the period ended
January 31, 2021**

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 January 31, 2021, July 31, 2020 and July 31, 2019.

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 January 31, 2021, the Company had cash of \$112,554 (2020 - \$190,330) available to apply against short-term business requirements and current liabilities of \$2,161 (2020 - \$10,681). All of the Company's financial liabilities have contractual maturities of less than 30 days and 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 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. The Company sold the GRIT shares for \$6,844. 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, 2020.



**Stated in
Canadian dollars**

**Management's
Discussion
& Analysis**

**For the period ended
January 31, 2021**

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.

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.



**Stated in
Canadian dollars**

**Management's
Discussion
& Analysis**

**For the period ended
January 31, 2021**

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.

Covid 19 – British Columbia State of Emergency

The Company is following all government guidelines. The Company acknowledges the COVID 19 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.

British Columbia is under a state of emergency. This is impacting our exploration plans and in compliance with the Business Corporations Act have postponed our Annual General Meeting to October 2021.



**Stated in
Canadian dollars**

**Management's
Discussion
& Analysis**

**For the period ended
January 31, 2021**

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value. The Company had 12,217,096 common shares issued and outstanding as at January 31, 2021 and at time of MD&A outstanding shares remained at 12,217,096 and the Company has no outstanding stock options and the warrants outstanding at January 31, 2021 are as follows:

Number of Warrants	Exercise Price	Expiry Date
900,000	\$ 0.50	September 6, 2021*
1,500,000	\$ 0.50	March 7, 2022
3,500,000	\$ 0.15	January 20, 2023
5,900,000		

The weighted average remaining contractual life of warrants outstanding at January 31, 2021 is 1.55 years. (2020 – 1.84 years).

* 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.

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.

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:

	January 31, 2021	January 31, 2020
Short-term employee benefits (Note 11 and 12)	\$ 53,000	\$ 64,900

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

MARKETABLE SECURITIES

On March 4, 2014, the Company entered into a share exchange agreement with GRIT, an arm's length party, listed on the London Stock Exchange. The Company received 280,449 ordinary shares of GRIT at a deemed value of £1 per GRIT share for a total value of £280,449 (\$510,000). The fair value of the GRIT shares is based on the quoted market price on the London Stock Exchange. In 2019 the shares were temporarily halted and when trading resumed the GRIT shares were sold for \$6,844. Funds realized from the sale of the GRIT shares was used by the Company for working capital. Accumulated other comprehensive loss of \$503,156 related to GRIT shares was closed to deficit upon sale.



**Stated in
Canadian dollars**

**Management's
Discussion
& Analysis**

**For the period ended
January 31, 2021**

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.

OUTLOOK

Operating expenses for fiscal year 2021 are expected to be funded by cash on hand and/or the issuance of shares including the exercise of warrants. 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.