



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

October 31, 2021

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

The accompanying unaudited condensed consolidated interim financial statements of Discovery-Corp Enterprises Inc. ("the Company"), for the three months ended October 31, 2021, have been prepared by management and have not been subject to a review by the Company's independent auditor.

In the opinion of the Company's management, all adjustments considered necessary for a fair presentation of these unaudited condensed consolidated interim financial statements have been included and all such adjustments are of a normal recurring nature. Operating results for the three-month period ended October 31, 2021 are not necessarily indicative of the results that can be expected for the fiscal year ending July 31, 2022.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes thereto for the fiscal year ended July 31, 2021.

"Alex Pannu"

Alex Pannu
Chief Executive Officer

"Iain Brown"

Iain Brown
Chief Financial Officer

Vancouver, British Columbia
December 10, 2021

DISCOVERY-CORP ENTERPRISES INC.

(an exploration stage company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited)

The accompanying notes are an integral part of these condensed consolidated interim financial statements
(Expressed in Canadian dollars)

	Notes	Three Month Period Ended October 31, 2021	Three Month Period Ended October 31, 2020
Expenses			
Administration	9,11	\$ 25,986	\$ 22,114
Exploration	12	20,705	12,900
		<u>(46,691)</u>	<u>(35,014)</u>
Interest income		20	20
Net loss for year		<u>(46,671)</u>	<u>(34,994)</u>
Total comprehensive loss for year		<u>\$ (46,671)</u>	<u>\$ (34,994)</u>
Loss per share (basic)		<u>\$ (0.004)</u>	<u>\$ (0.003)</u>
Weighted average number of common shares outstanding		<u>12,461,661</u>	<u>12,217,096</u>

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

DISCOVERY-CORP ENTERPRISES INC.

(an exploration stage company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited)

(Expressed in Canadian dollars)

	Notes	As at October 31, 2021	As at July 31, 2021
ASSETS			
Current assets			
Cash		\$ 106,098	\$ 65,195
Accounts receivable		2,930	1,209
Total current assets		<u>109,028</u>	<u>66,404</u>
Non-current assets			
Reclamation bonds	6	8,000	8,000
Resource property interests	7	20,916	20,916
Total assets		<u>\$ 137,944</u>	<u>\$ 95,320</u>
LIABILITIES AND EQUITY			
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		<u>\$ 3,704</u>	<u>\$ 12,082</u>
EQUITY			
Share capital	8	7,474,140	7,376,467
Reserves	8	35,000	35,000
Deficit		(7,374,900)	(7,328,229)
Total equity		<u>134,240</u>	<u>83,238</u>
Total equity and liabilities		<u>\$ 137,944</u>	<u>\$ 95,320</u>

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 condensed consolidated interim financial statements.

DISCOVERY-CORP ENTERPRISES INC.

(an exploration stage company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Unaudited)

(Expressed in Canadian dollars)

	Number of Shares	Amount	Reserves	Accumulated Other Comprehensive Income	Deficit	Total Equity
Balance, July 31, 2020	12,217,096	\$ 7,376,467	\$ 35,000	\$ -	\$ (7,201,054)	\$ 210,413
Net loss	-	-	-	-	\$ (34,994)	\$ (34,994)
Balance, October 31, 2020	12,217,096	\$ 7,376,467	\$ 35,000	\$ -	\$ (7,236,048)	\$ 175,419
Net loss	-	-	-	-	\$ (30,569)	\$ (30,569)
Balance, January 31, 2021	12,217,096	\$ 7,376,467	\$ 35,000	\$ -	\$ 7,266,617	144,850
Net loss	-	-	-	-	\$ (25,668)	\$ (25,668)
Balance, April 30, 2021	12,217,096	\$ 7,376,467	\$ 35,000	\$ -	\$ (7,292,285)	\$ 119,182
Net loss	-	-	-	-	\$ (35,944)	\$ (35,944)
Balance, July 31, 2021	12,217,096	\$ 7,376,467	\$ 35,000	\$ -	\$ (7,328,229)	\$ 83,238
Net loss	-	-	-	-	\$ (46,671)	\$ (46,671)
Shares issued for private placement, net of share issuance costs on post consolidation (note 8)	1,250,000	\$ 97,673	-	-	-	\$ 97,673
Balance, October 31, 2021	13,467,096	7,474,140	35,000		(7,374,900)	134,240

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

DISCOVERY-CORP ENTERPRISES INC.

(an exploration stage company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Unaudited)

(Expressed in Canadian dollars)

	Notes	Three Month Period Ended October 31, 2021	Three Month Period Ended October 31, 2020
Operating activities			
Net loss for the period		\$ (46,671)	\$ (34,994)
Changes in non-cash working capital items			
Accounts receivable		(1,721)	(1,644)
Accounts payable and accrued liabilities		(8,378)	2,678
Cash used in operating activities		<u>(56,770)</u>	<u>(33,960)</u>
Investing activity			
Proceeds from sale of marketable securities	13	-	-
Cash provided by investing activity		<u>-</u>	<u>-</u>
Financing activity			
Private placement, net of issue costs	8	97,673	-
Cash provided by financing activity		<u>97,673</u>	<u>-</u>
Increase (decrease) in cash		(56,770)	(33,960)
Cash, beginning of year		65,195	190,330
Cash, end of period		<u>\$ 106,098</u>	<u>\$ 156,370</u>
Supplemental cash flow information			
Interest		-	-
Taxes		-	-

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

DISCOVERY-CORP ENTERPRISES INC.

(an exploration stage company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three month period ended October 31, 2021 and 2020

(Unaudited)

(Expressed in Canadian dollars)

NOTE 1 – NATURE AND CONTINUANCE OF OPERATIONS

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, V6B 5A1. 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.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which presumes the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Several adverse conditions cast significant doubt on the validity of this assumption. The Company has incurred significant losses since inception and as at October 31, 2021, has an accumulated deficit of \$7,374,900 (2020 - \$7,236,048).

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 condensed consolidated interim 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. Such adjustments could be material. 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. There can be no assurance that management’s plans will be successful.

NOTE 2 – STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) and in accordance and compliance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting.

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

Approval of the Condensed Consolidated Interim Financial Statements

These condensed consolidated interim financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on December 10, 2021.

DISCOVERY-CORP ENTERPRISES INC.

(an exploration stage company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three month period ended October 31, 2021 and 2020

(Unaudited)

(Expressed in Canadian dollars)

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements have been prepared under the historical cost convention, except for certain financial instruments measured at fair value. In addition, these condensed consolidated interim 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 subsidiary. The following reflects the significant accounting policies:

(a) Principles of Consolidation

The condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiary, Prebble Resources USA, Inc. (a Nevada corporation). 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) Interest Income

Interest income derived from cash is recognized on an accrual basis as earned at the stated rate of interest.

(c) 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.

(d) 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.

(e) Provisions for Environmental Rehabilitation

The Company records a liability based on the best estimate of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate. The liability is recognized at the time environmental disturbance occurs and the resulting costs are capitalized to the corresponding asset. The provision for closure and reclamation liabilities is estimated using expected cash flows based on engineering and environmental reports prepared by third-party industry specialists and discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows.

DISCOVERY-CORP ENTERPRISES INC.

(an exploration stage company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three month period ended October 31, 2021 and 2020

(Unaudited)

(Expressed in Canadian dollars)

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Provisions for Environmental Rehabilitation (continued)

Additional disturbances and changes in closure and reclamation estimates are accounted for as incurred with a change in the corresponding capitalized cost. Costs of rehabilitation projects for which a provision has been recorded are recorded directly against the provision as incurred, most of which are incurred at the end of the life of the mine.

(f) 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.

(g) 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.

(h) Equity Units

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated to common shares and warrants on a residual value basis. The value allocated to the common shares is based on the market price of the shares and the residual, if any, is allocated to the warrants. Consideration received for the exercise of warrants is recorded in share capital and the related amount recognized in warrant reserve is transferred to share capital.

(i) 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.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three month period ended October 31, 2021 and 2020

(Unaudited)

(Expressed in Canadian dollars)

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) 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).

(k) Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in net loss, except to the extent that if the income tax expense related to items recognized directly in equity, the income tax expense would also be recognized in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the statement of financial position liability method. Under this method, deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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(an exploration stage company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three month period ended October 31, 2021 and 2020

(Unaudited)

(Expressed in Canadian dollars)

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) 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.

i) 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 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three month period ended October 31, 2021 and 2020

(Unaudited)

(Expressed in Canadian dollars)

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial Instruments (continued)

ii) 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.

(m) Significant Accounting Estimates and Judgments

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

Significant assumptions about the future and other sources of estimation uncertainty that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, 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.

DISCOVERY-CORP ENTERPRISES INC.

(an exploration stage company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three month period ended October 31, 2021 and 2020

(Unaudited)

(Expressed in Canadian dollars)

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Significant Accounting Estimates and Judgements (continued)

Critical accounting judgments

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

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 October 31, 2021 and July 31, 2021 and July 31, 2020.

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.

DISCOVERY-CORP ENTERPRISES INC.

(an exploration stage company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three month period ended October 31, 2021 and 2020

(Unaudited)

(Expressed in Canadian dollars)

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 October 31, 2021, the Company had cash of \$106,098 (2020 - \$156,370) available to apply against short-term business requirements and current liabilities of \$3,704 (2020 - \$13,359). 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. 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, 2021.

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 since the year ended July 31, 2021 and is not subject to externally imposed capital requirements.

NOTE 6 – RECLAMATION BONDS

The reclamation bonds are comprised of a \$1,000 (2021 - \$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 (2021 - \$2,000) term deposit bears interest at .05% per annum and matures September 20, 2022. The \$5,000 (2021 - \$5,000) term deposit bears interest at prime minus 2.2% and matures January 13, 2022. The deposits are renewed annually.

DISCOVERY-CORP ENTERPRISES INC.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three month period ended October 31, 2021 and 2020

(Unaudited)

(Expressed in Canadian dollars)

NOTE 7 – RESOURCE PROPERTY INTERESTS

	October 31, 2021	July 31, 2021
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

The Company holds a 50% interest in the Rock Creek property. The Company has written off the property for accounting purposes in 2006, but retains its interest for viable projects in the future.

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.

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.

DISCOVERY-CORP ENTERPRISES INC.

(an exploration stage company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three month period ended October 31, 2021 and 2020

(Unaudited)

(Expressed in Canadian dollars)

NOTE 8 – EQUITY

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

(b) Issued:

During the year ended July 31, 2021:

- (i) On October 14, 2021, 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. 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 \$0.10 until October 12, 2024. Three directors participated in the private placement for an aggregate number of 312,500 units subscribed representing 25% of the total private placement subscribed. No finder's fees were paid. Total share issuance costs of \$2,327 were incurred yielding net proceeds of \$97,673. All of the units are subject to a four month hold period ending February 15, 2022.

During the year ended July 31, 2020:

- (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, of the total proceeds \$35,000 was allocated to warrants. 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. No finder's fees were paid. Total share issuance costs of \$9,591 were incurred yielding net proceeds of \$340,409.

(c) Stock Options

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

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. There were no options granted during the three month period ending October 31, 2021 or during the years ended July 31, 2021 and 2020. A summary of the changes in the Company's stock options is as follows:

	October 31, 2021		July 31, 2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of the Period Expired	-	\$ -	-	\$ -
Outstanding, end of the Period	-	\$ -	-	\$ -

The weighted average remaining contractual life of options outstanding at October 31, 2021 is nil years (2021 – nil years).

DISCOVERY-CORP ENTERPRISES INC.

(an exploration stage company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three month period ended October 31, 2021 and 2020

(Unaudited)

(Expressed in Canadian dollars)

NOTE 8 – EQUITY (continued)

(d) Warrants

Details of the status of the Company's warrants as at October 31, 2021 and July 31, 2021 and changes during the years then ended are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, July 31, 2020	6,700,000	\$ 0.32
Expired	(800,000)	\$ 0.50
Balance, July 31, 2021	5,900,000	\$ 0.29
Expired	(900,000)	\$ 0.50
Issued	1,250,000	\$ 0.10
Balance, October 31, 2021	6,250,000	\$ 0.22

The warrants outstanding at October 31, 2021 are as follows:

Number of Warrants	Exercise Price	Expiry Date
1,500,000	\$ 0.50	March 7, 2022
3,500,000	\$ 0.15	January 20, 2023
1,250,000	\$ 0.10	October 12, 2024
6,250,000		

The weighted average remaining contractual life of warrants outstanding at October 31, 2021 is 1.38 years. (2021 – 1.04 years).

NOTE 9 – RELATED PARTY TRANSACTIONS

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

	October 31, 2021	October 31, 2020
Short-term employee benefits (Note 11 and 12)	\$ 32,705	\$ 28,500

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.

(an exploration stage company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three month period ended October 31, 2021 and 2020

(Unaudited)

(Expressed in Canadian dollars)

NOTE 11 – ADMINISTRATION EXPENSES

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

	Three Month Period Ended October 31, 2021	Three Month Period Ended October 31, 2020
Consulting fees administration (Note 9)	\$ 15,000	\$ 13,350
Professional fees	4,392	1,776
Travel	0	0
Listing, filing and transfer agent fees	4,566	2,558
Office	1,748	4,200
Shareholder and investor relations	136	116
Bank charges	144	114
	<u>\$ 25,986</u>	<u>\$ 22,114</u>

NOTE 12 – EXPLORATION EXPENSES

The exploration expenses for the Company related to its Galaxy Property are broken down as follows:

	Three Month Period Ended October 31, 2021	Three Month Period Ended October 31, 2020
Government fees	\$ -	\$ -
First Nations Consultation (Note 9)	9,900	5,900
Geochem Field Exploration and drill planning (Note 9)	10,805	7,000
British Columbia mining exploration tax credit	-	-
	<u>\$ 20,705</u>	<u>\$ 12,900</u>

NOTE 13 – MARKETABLE SECURITIES

On March 4, 2014, the Company entered into a share exchange agreement with Global Resources Investment Trust (“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 during the year ended July 31, 2020. Funds realized from the sale of the GRIT shares were used by the Company for working capital. Accumulated other comprehensive loss of \$503,156 related to GRIT shares was reclassified to deficit upon sale.

NOTE 14 – COVID-19

Since March 11, 2020, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed and mandatory quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. 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.