

Effective Date

This Management's Discussion and Analysis ("MD&A") provides relevant information on the operations and financial results of DGS Minerals Inc. (the "Company") for the nine months ended May 31, 2016. The following information should be read in conjunction with the Company's unaudited condensed interim financial statements for the nine months ended May 31, 2016 and the audited annual financial statements for the year ended August 31, 2015 and related notes thereto. Both have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These documents can be found on SEDAR at www.sedar.com.

All amounts are in Canadian dollars unless otherwise indicated.

The Company's management is responsible for the preparation of the financial statements and the notes thereto and this MD&A.

The effective date of this MD&A is **July 28, 2016**.

Forward Looking Information

This MD&A contains forward-looking statements that are based on the Company's current expectations and estimates. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "suggest", "indicate" and other similar words or statements that certain events or conditions "may" or "will" occur. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. Such factors include, among others: the actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans to continue to be refined; possible variations in ore grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing; and fluctuations in metal prices. There may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

Overview

Description of the Business

The Company was incorporated on September 24, 1990 under the laws of British Columbia, Canada and is an exploration stage company engaged in the acquisition, exploration and development of mineral properties. The Company's objective is to acquire, explore and develop mineral property that has potential for production of mineral commodities. October 15, 2015, the common shares of the Company were delisted from the TSX Venture Exchange at the request of the Company. Effective October 16, 2015, the Company continued to trade on the Canadian Securities Exchange ("CSE") under the trading symbol "DLE".

In July 2014, the Company staked a mineral property ("Decano Property") comprising of two mineral claims (Decano 1 and Decano 2) covering approximately 1,065 hectares land located in the Similkameen Mining Division of British Columbia on NTS Map Sheet 92H. The mineral property is located approximately 40km west of Summerland in the Thompson Plateau of south-central British Columbia. The Company has commissioned an independent NI 43-101 technical report to assess the potential of the Decano property as an exploration target and design a suitable initial phase work program to begin such assessment.

In May 2016, the Company completed the phase 1 work program as set out in the technical report. The work included data compilation, maps production, geological mapping, prospecting, assaying rock samples and soil samples analysis. A total of 119 samples were collected and sent to a laboratory for testing. The results of soil and sediment samples showed sharp increase in metal values at several locations indicating potential areas for further investigations through geophysical survey and extension of soil survey grids. The Company is reviewing the assay results and evaluating the merits of further fieldwork program. During the nine months ended May 31, 2016, the Company capitalized and deferred exploration costs of \$33,771 (2015- \$16,343) on the property.

On April 12, 2016, the Company entered into an asset purchase agreement with Dragon Legend Entertainment Inc. ("Dragon Legend") for the purchase and sale of 100% of assets of Dragon Legend to be held by a wholly owned United States subsidiary of the Company in consideration for 120,000,000 common shares of the Company at a deemed price of \$0.05 per share for an aggregate value of \$6,000,000 to be issued to Dragon Legend (the "Transaction"). The Transaction is part of a fundamental change of business for the Company to re-classify itself from being a resource issuer to a company operating as a live theatrical production and management company. Following the completion of the acquisition of 100% of Dragon Legend's assets, the business of Dragon Legend shall become the business of the Company and the Company's business will be expanded to not only identify, evaluate, acquire and explore mineral properties for the purposes of identifying a mineral resource deposits, but to also operate as a live entertainment production company. The Transaction is subject to regulatory approval.

Dragon Legend was incorporated under the laws of Florida, USA on September 5, 1995, and is headquartered in Orlando, Florida, USA. Dragon Legend is an entertainment production and management service firm specializing in all aspects of live theme park show production and theatrical management and production.

Dragon Legend has over 20 years of experience managing and operating hundreds of productions and performances and oversees the entire creation, production and ongoing operation of various types of live productions including cultural festivals at major theme parks, water parks, and theaters throughout the United States of America and Asia.

Dragon Legend provides leading entertainment venue operators in the U.S. such as Walt Disney World and Sea World, and Universal Studios in Japan with a "turn-key" production services, which range from script development, creative realization of an operator's requested performance, event deployment, producing/managing the ongoing performance as well as ongoing event management.

Share Consolidation

Pursuant to the articles of the Company, which were adopted by way of special resolution of the shareholders of the Company at the 2014 AGM held on August 28, 2014, the Company completed a consolidation of its share on a basis of one post-consolidation common share for every three pre-consolidation common shares on August 5, 2015.

Financing

On April 12, 2016, the Company announced that it intended to carry out a non-brokered private placement of up to 10,000,000 units at a price of \$0.15 per unit raising aggregate proceeds of up to \$1,500,000. Each unit shall comprise of one common share and one share purchase warrant of the Company, which share purchase warrant shall be exercisable into a further common share of the Company for a two year term at an exercise price of \$0.15 per common share.

The funds shall be used for the Company's working capital and related to the preparation of documents for regulatory approval of the acquisition of the Dragon Legend assets and business operations of the Company following the completion of the Transaction. The private placement is subject to regulatory approval and customary resale restrictions.

During the period ended May 31, 2016, the Company received \$26,091 share subscriptions.

Annual Information

The following financial data is derived from the Company's audited financial statements for the years ended August 31, 2015, 2014 and 2013:

Years Ended August 31,	2015	2014	2013
Interest Income	\$ Nil	\$ Nil	\$ Nil
Net Loss	(153,096)	(139,529)	(190,513)
Net loss per share- basic and diluted	(0.05)	(0.05)	(0.07)
Total Assets	\$ 172,795	\$ 32,167	\$ 27,047

Summary of Quarterly Results

The following table summarizes information derived from the Company's financial statements for each of the eight most recently completed quarters:

Quarter Ended	Total Assets	Working Capital (Deficiency)	Shareholders' Equity	Net (Loss)	Basic & Diluted Loss Per Share
	(\$)	(\$)	(\$)	(\$)	(\$)
May 31, 2016	64,178	(67,431)	(30,948)	(51,300)	(0.00)
Feb 29, 2016	46,011	(31,556)	(5,739)	(52,054)	(0.00)
Nov 30, 2015	96,590	20,234	46,315	(49,832)	(0.00)
Aug 31, 2015	172,795	69,804	96,147	(42,972)	(0.01)
May 31, 2015	63,387	(336,099)	(315,881)	(47,122)	(0.02)
Feb 28, 2015	32,352	(289,352)	(268,759)	(30,118)	(0.01)
Nov 30, 2014	32,389	(259,609)	(238,641)	(32,884)	(0.01)
Aug 31, 2014	32,167	(227,100)	(205,757)	(43,263)	(0.02)

As the Company is in the exploration stage, the Company does not have any operating revenue and is expected to continue to incur losses in the foreseeable future.

Results of Operations

For the three months ended May 31, 2016 and May 31, 2015

For the three months ended May 31, 2016, the Company incurred a net loss of \$51,300 as compared to a net loss of \$47,122 for the same quarter in 2015.

Major expenses and their respective changes are as follows:

- Accounting, audit and legal were \$28,534 (2015 - \$25,637). The increase was mainly due to the Company incurred higher legal fees for preparing the asset purchase agreement & related documentation;
- Consulting fees were \$1,500 (2015-\$1,500) ;
- Management fees were \$7,500 (2015-\$7,500);
- Filing and transfer agent fees were \$4,392 (2015- \$7,563);
- Rent and office administration were \$4,550 (2015-\$4,547);
- Travel expenses were \$4,560 (2015-\$nil).

For the nine months ended May 31, 2016 and May 31, 2015

For the nine months ended May 31, 2016, the Company incurred a net loss of \$153,186 as compared to a net loss of \$110,124 for the same period in 2015.

Major expenses and their respective changes are as follows:

- Accounting, audit and legal were \$78,877 (2015 - \$56,264);
- Consulting fees were \$4,500 (2015-\$4,500) ;
- Management fees were \$22,500 (2015-\$22,500);
- Filing and transfer agent fees were \$24,914 (2015- \$12,055);
- Rent and office administration were \$13,550 (2015-\$13,680);
- Travel expenses were \$8,057 (2015-\$nil).

Liquidity and Capital Resources

The Company had a net working capital deficit of \$67,431 at May 31, 2016 as compared to a net working capital of \$69,804 as at August 31, 2015.

Based on the Company's existing working capital deficit of \$67,431 at May 31, 2016, the Company does not have sufficient capital to meet its ongoing corporate obligations and initiate any business acquisition programs going forward. While the Company's cash consumption from operations is relatively low given the lack of operations, without the continued support of its directors and related parties, the Company will not have

sufficient cash to pursue and fund future operations, including the operational and administrative expenses that will result. In the short term, the Company intends to raise additional funds through equity financing as well as advances from the Company's directors and related parties to meet its working capital and expenditure requirements. Although the Company has been successful in raising the equity funds in the past, there is no assurance that equity funding will be accessible to the Company at the times and in the amounts required to fund the Company's activities.

The global economy has experienced significant volatility and uncertainty since 2008. This could negatively affect the accessibility of equity financing. Presently the Company has not planned any changes to its strategy to acquire and explore potential properties. Subject to the successful acquisition of new exploration properties, the Company will be required to raise additional capital as necessary through equity financing if available. In the meantime, Company continues to manage and monitor its corporate overhead and ongoing costs. Debt financing has not been used to fund property acquisitions and exploration and the Company has no current plans to use debt financing.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet transactions.

Related Party Transactions

During the nine months ended May 31, 2016, the Company entered into the following transactions with related parties:

- Incurred office rent expense of \$13,500 (2015 - \$13,500) and accounting fees of \$27,000 (2015 - \$27,000) to a company controlled by a director. As at May 31, 2016, the amounts of \$4,725 (2015 - \$39,375) and \$9,450 (2015 - \$78,750) were payable for rent and accounting fees respectively.
- Incurred accounting fees of \$7,500 (2015 - \$7,500) to an officer of the Company of which \$5,000 was payable as at May 31, 2016 (2015 - \$29,225).
- Incurred management fees of \$22,500 (2015 - \$22,500) to a company controlled by a director. As at May 31, 2016, the amount of \$10,000 (2015 - \$60,000) was payable.
- Incurred consulting fees of \$4,500 (2015 - \$4,500) to a director of the Company of which \$25,500 was payable as at May 31, 2016 (2015 - \$19,500).
- Due to related parties consisted of \$nil (2015 - \$8,000) loan payable to a company controlled by a director and officer of the Company.

Amounts due to related parties are non-interest bearing, unsecured and have no specific terms of repayment.

These related party transactions were in the normal course of business and were measured at exchange amounts which is the amount of consideration established and agreed to by the related parties.

Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an

entity, and include executive and non-executive directors. Key management personnel compensation comprised:

Key management personnel:	May 31, 2016	May 31, 2015
CEO	\$ 22,500	\$ 22,500
CFO	7,500	7,500
Directors	4,500	4,500
	\$ 34,500	\$ 34,500

Related Party:

A company related to CEO (rent expenses and accounting fees)	\$ 40,500	\$ 40,500
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Proposed Transactions

Except for those disclosed herein, as at the date of this MD&A, there are no proposed transactions that the board of directors, or senior management who believe that confirmation of the decision by the board is probable, has decided to proceed with.

Critical Accounting Policies and Estimates

The management makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates and judgments relate to assessments of the recoverability and carrying value of exploration and evaluation assets, assumptions used in determining the fair value of share-based payments, recognition and valuation of deferred income tax amounts as well as provision for restoration and environmental costs. Due to the inherent uncertainty involved with making such estimates, actual results could differ from these estimates. Future events and risk factors inherent in the mining industry could result in changes in these estimates and assumptions.

New Accounting Standards Adopted

No new IFRS accounting standards have been adopted by the Company during the nine-month period ended May 31, 2016.

Recent Accounting Pronouncements Issued and Not Yet Effective

The following accounting standard is mandatory effective from January 1, 2018. The Company has not adopted this standard early and is assessing the impact of adoption on the consolidated financial statements:

- IFRS 9: Financial Instruments. Replacement standard for IAS 39 Financial instruments: Recognition and Measurement. IFRS 9 retains (and simplifies) the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

Financial Instruments and Related Risks

All significant financial assets, financial liabilities and equity instruments of the Company are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

The Company's financial instruments consist of cash, receivables, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest rate or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term nature. The fair value of cash is measured based on level 1 of the fair value hierarchy.

Management believes that the Company is not exposed to significant interest rate risk, currency risk and credit risk.

Outstanding Share Data

As at the date of this MD&A, the Company had the following outstanding securities:

- (1) Common shares – 12,674,689
- (2) Share purchase warrants – 10,000,000
- (3) Stock options – Nil

The outstanding warrants have an exercise price at \$0.05, with an expiry date on August 10, 2016.

Additional Information

Additional information pertaining to the Company can be found on SEDAR at www.sedar.com

Directors and Officers

Simon Tam – Director and President
Craig Walker - Director
Tai Chen - Director
Simon Ma - CFO