



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

Management's Discussion & Analysis

**For the period ended
January 31, 2024**



**Stated in
Canadian dollars**

**Management's
Discussion
& Analysis**

**For the period ended
January 31, 2024**

The following discussion and analysis of the operations, results, and financial position of the Company for the period ended January 31, 2024 should be read in conjunction with the July 31, 2023 Audited Consolidated Financial Statements and the related Notes. The effective date of this report is February 29, 2024. 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 and have been halted since October 13, 2022 when the Company entered into a definitive arrangement agreement with Scramble Resources Corp.

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, 2024. 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 dollars:

	July 31, 2023 (\$)	July 31, 2022 (\$)	July 31, 2021 (\$)
Net loss	(197,591)	(212,136)	(127,175)
Total comprehensive loss	(197,591)	(212,136)	(127,175)
Loss per share	(0.01)	(0.02)	(0.01)
Total assets	82,785	63,217	95,320
Total liabilities	312,851	95,692	12,082
Working capital	(258,982)	(61,391)	54,322



**Stated in
Canadian dollars**

**Management's
Discussion
& Analysis**

**For the period ended
January 31, 2024**

OVERALL PERFORMANCE FOR THE PERIOD ENDED JANUARY 31, 2024

Management will continue investigating new exploration opportunities identified as having favorable potential to enhance the Company's resource property interests or other business opportunities such as the acquisition of Scramble announced October 13, 2022 that includes spinning out Discovery-Corp's Galaxy property – refer to *Proposed Transactions* discussion below. 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

	2024	2023				2022		
Quarter Ended	Jan. 31 Q2 (\$)	Oct. 31 Q1 (\$)	Jul. 31 Q4 (\$)	Apr. 30 Q3 (\$)	Jan. 31 Q2 (\$)	Oct. 31 Q1 (\$)	Jul. 31 Q4 (\$)	Apr. 30 Q3 (\$)
Loss Before Other Items	(36,939)	(32,443)	(38,780)	(50,907)	(58,112)	(50,068)	(113,570)	(33,608)
Net Loss	(36,733)	(32,443)	(38,600)	(50,907)	(58,016)	(50,068)	(113,570)	(33,608)
Comprehensive loss	(36,733)	(32,443)	(38,600)	(50,907)	(58,016)	(50,068)	(113,570)	(33,608)
Loss Per Share	(0.003)	(0.002)	(0.003)	(0.004)	(0.004)	(0.004)	(0.008)	(0.002)

OPERATION RESULTS FOR THE 2nd QUARTER ENDED JANUARY 31, 2024 COMPARED TO 2nd QUARTER ENDED JANUARY 31, 2023

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, 2023 and 2022.

The comprehensive loss for the period ended January 31, 2024 was \$36,733 or \$(0.003) per share compared to a comprehensive loss of \$58,016 for the period ended January 31, 2023 or \$(0.004) per share. There was no share-based payment expense. Administration expenses for the period ending January 31, 2024 was \$36,939 compared to \$58,112 in 2023. Total administration expenses for the period ending January 31, 2024 were lower by \$21,173. While consulting administrative expenses remain constant, the administrative time being spent on the acquisition of Scramble has lowered professional accounting and legal costs by \$20,880 compared to the period ending January 31, 2023.

Investor relations and travel remain constant at under \$500 for the period.

The Company is financing itself through accounts payable and these expenses have increased accounts payable to \$354,065 as of January 31, 2024 compared to \$194,854 on January 31, 2023, an increase of \$159,211.



**Stated in
Canadian dollars**

**Management's
Discussion
& Analysis**

**For the period ended
January 31, 2024**

Administration Expenses

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

	Three Month Period ended Jan. 31, 2024	Six Month Period ended Jan.31, 2024	Three Month Period ended Jan. 31, 2023	Six Month Period ended Jan. 31, 2023
Consulting fees administration (Note 9)	29,700	59,400	29,700	59,400
Audit and Accounting fees	1,582	1,582	9,065	11,995
Legal fees	920	920	14,317	28,230
Travel	-	-	-	-
Listing, filing and transfer agent fees	4,449	6,870	4,569	7,363
Office	210	460	51	553
Shareholder and investor relations	-	-	236	357
Bank charges and interest	78	195	174	283
	\$ 36,939	\$ 69,427	\$ 58,112	\$ 108,181

RESOURCE PROPERTIES

	January 31, 2024	January 31, 2023
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. After the Scramble Transaction is complete Galaxy is spun out. For accounting purposes the Company's 2024 exploration expenses will be \$0 and the Galaxy property value will be \$0 on the Company's financial statements.

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

With past field exploration work all properties remain in good standing. The exploration expenses for the Company related to its Galaxy Property are broken down as follows:

	Three Month Period Ended January 31, 2024	Three Month Period Ended January 31, 2023
Government fees	\$ -	\$ -
British Columbia mining exploration tax credit	-	-
	\$ -	\$ -



**Stated in
Canadian dollars**

**Management's
Discussion
& Analysis**

**For the period ended
January 31, 2024**

LIQUIDITY AND WORKING CAPITAL

Cash flow

Cash utilized in operations was \$32,092 for the six months ended January 31, 2024 for expenses of \$69,176 for the six months ended January 31, 2024. This limited use of cash during the six month period ended January 31, 2024 is attributed to the Company financing expenses through increased accounts payables from 194,854 in January 31, 2023 to \$354,065 in January 31, 2024. The one-time expense of the Company's Scramble acquisition are being funded through accounts payable.

The last private placement financing was October 14, 2021 when the Company closed a non-brokered private placement of 1,250,000 units at a price of \$0.08 per unit for total gross proceeds of \$100,000. 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 \$3,577 were incurred yielding net proceeds of \$96,423. All of the units were subject to a four month hold period that ended February 15, 2022. There were no shares issued during the period ending January 31, 2024 and no shares were issued during the year ended July 31, 2023.

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

LIQUIDITY AND WORKING CAPITAL

Working Capital

The Company has incurred significant losses since inception and as at January 31, 2024 the Company has an accumulated deficit of \$7,772,132 (July 31, 2023 - \$7,702,956). The Company incurred a net loss of \$69,176 for the six month period ending January 31, 2024 (July 31, 2023 - \$197,591) and as of that date, the Company's current liabilities exceeded its current assets by \$328,158 (July 31, 2023 - \$258,982). 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 and Management is actively engaged in the review and due diligence on new projects, is seeking to raise the necessary capital to meet its funding requirements including entering into a definitive arrangement agreement dated October 13, 2022 related to the proposed business combination of the Company with Scramble Resources Corp. ("Scramble"), and has undertaken available cost-cutting measures. The Company's negative working capital of \$328,158 is a result of the Scramble definitive agreement and upon completion the Company may have sufficient cash on hand to meet the Company's ongoing cash requirements; however, this requires receiving Shareholder, TSXV and Court approval and should anyone of these not be obtained then the Company has significant risk of not be a going concern. There can be no assurance that management's plan will be successful.



**Stated in
Canadian dollars**

**Management's
Discussion
& Analysis**

**For the period ended
January 31, 2024**

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:

IFRS 9 Financial Instruments

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

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. Based on an analysis of the Company having enough cash to cover the operating expenses for the next 12 months, the Company will not be able to continue as a going concern for the next 12 months if the proposed transaction is not approved by Shareholders, TSXV and the Courts.



**Stated in
Canadian dollars**

**Management's
Discussion
& Analysis**

**For the period ended
January 31, 2024**

Critical Accounting Judgments (continued)

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, 2024, July 31, 2023 and 2022.

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, 2024, the Company had cash of \$7,980 (July 31, 2023 - \$40,072) available to apply against short-term business requirements and current liabilities of \$354,065 (July 31, 2023 - \$312,851). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms and are past due.

(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'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, 2023.



**Stated in
Canadian dollars**

**Management's
Discussion
& Analysis**

**For the period ended
January 31, 2024**

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.

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.

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.



**Stated in
Canadian dollars**

**Management's
Discussion
& Analysis**

**For the period ended
January 31, 2024**

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.

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.

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.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value. The Company had 13,467,096 common shares issued and outstanding, and as at January 31, 2024 (2023 – 13,467,096). At time of MD&A outstanding shares remained at 13,467,096. The Company has no outstanding stock options and warrants outstanding at time of MD&A are:

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

The weighted average remaining contractual life of warrants outstanding at January 31, 2024 is 0.7 (January 31, 2023 – 1.78) years.



**Stated in
Canadian dollars**

**Management's
Discussion
& Analysis**

**For the period ended
January 31, 2024**

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 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:

	January 31, 2024	January 31, 2023
Short-term employee benefits (Note 9 and 11)	\$ 59,400	\$ 59,400

At January 31, 2024, the Company had \$198,000 (July 31, 2023 - \$138,600) owing to related parties. The amounts due to related parties are unsecured and are interest-free.

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

OFF-BALANCE SHEET ARRANGEMENTS

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

OUTLOOK

Operating expenses for fiscal year 2024 are expected to be funded by cash on hand and/or the issuance of shares including the exercise of warrants and options. Financing through the issuance of common shares is affected by certain market conditions including the price of metals. The market price of metals is highly speculative and volatile. Instability in the market price may affect investor interest in mining stocks. If the metal prices substantially decline, this may adversely affect the Company's ability to raise sufficient capital to fund operations including exploration. The current uncertain global market conditions have significantly reduced the Company's ability to finance operations.

PROPOSED TRANSACTIONS

Discovery-Corp Enterprises Inc. (the "Company") (TSXV: DCY) entered into a definitive arrangement agreement dated October 13, 2022 (the "Arrangement Agreement") related to the proposed business combination (the "Transaction") of the Company with Scramble Resources Corp. ("Scramble"), a company incorporated under the laws of British Columbia.

Completion of the Transaction is subject to certain conditions including, but not limited to, receipt of all applicable shareholder, court and regulatory approvals, including that of the TSX Venture Exchange (the "TSXV"), the Company completing the Spin-Out Transaction (as defined below), completion of the Consolidation (as defined below), as well as such other closing conditions customary to transactions of this nature.



**Stated in
Canadian dollars**

**Management's
Discussion
& Analysis**

**For the period ended
January 31, 2024**

PROPOSED TRANSACTIONS (continued)

It is expected that, immediately prior to closing the Transaction, there will be an aggregate of 22,800,000 shares in the capital of Scramble (the “**Scramble Shares**”) issued and outstanding and, accordingly, 22,800,000 Consideration Shares (as defined below) are expected to be issued on closing. The Consideration Shares will be issued at a post-consolidation price per share of \$0.1897, for a total consideration of \$4,325,160. Assuming the completion of the Transaction a minimum of approximately 27,769,400 common shares (each, a “**Resulting Issuer Share**”) of the combined company that will result from the completion of the Transaction (the “**Resulting Issuer**”) are expected to be issued and outstanding, of which approximately 17.9% Resulting Issuer Shares will be held by the current shareholders of the Company and approximately 82.1% will be held by the current shareholders of Scramble (“**Scramble Shareholders**”).

The Transaction

The Transaction is subject to the approval of the TSXV and is intended to constitute a reverse takeover (a “**RTO**”) of the Company by Scramble as defined in TSXV Policy 5.2 – *Change of Business and Reverse Takeovers* (“**Policy 5.2**”). The Resulting Issuer will be renamed as agreed to by the Company and Scramble. Subject to TSXV approval, the common shares of the Resulting Issuer will trade on the TSXV under a new trading symbol to be determined by the parties and the Resulting Issuer will continue to be listed on Tier 2 of the TSXV as a mining issuer.

The Transaction is an Arm’s Length Transaction as such term is defined in the policies of the TSXV and, in connection with the announcement of the Transaction, trading in the Shares has been halted and is expected to remain halted until the closing of the Transaction.

Pursuant to the terms of the Arrangement Agreement, the Transaction is to be completed pursuant to a plan of arrangement (the “**Arrangement**”) under the provisions of the *Business Corporations Act* (British Columbia). All of the issued and outstanding Scramble Shares will be exchanged for Shares (the “**Consideration Shares**”) on the basis of one post-Consolidation Share for each Scramble Share and Scramble will become a wholly owned subsidiary of the Company.

The Transaction will require the approval of (i) 66²/₃% of the Shares cast at the annual and special meeting of the shareholders of the Company (the “**Discovery Meeting**”), (ii) if required, a majority of the votes cast at the Discovery Meeting by Company shareholders excluding votes attached to Shares held by persons described in items (a) through (d) of section 8.1(2) of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, and (iii) 66²/₃% Scramble Shares cast at the special meeting (the “**Scramble Meeting**”) of Scramble Shareholders.

In connection with the Discovery Meeting and Scramble Meeting, as applicable, a management information circular will be prepared in accordance with TSXV Form 3D1 – *Information Required in an Information Circular for a Reverse Take-Over or Change of Business* (the “**Discovery Information Circular**”) setting out the terms of the Arrangement, as well as further information regarding the Arrangement and the Resulting Issuer, will be circulated to all Company shareholders in connection with the Discovery Meeting, and the Scramble Shareholders in connection with the Scramble Meeting. Further details regarding the dates and locations of the Discovery Meeting will be provided.



**Stated in
Canadian dollars**

**Management's
Discussion
& Analysis**

**For the period ended
January 31, 2024**

About Scramble Resources Corp.

Scramble is a geologist-founded gold exploration company focused on orogenic and greenstone belts in top-rated mining jurisdictions globally. Scramble has the right to 100% interest in three land packages that comprise the 1,456 hectare NewFind gold project (359 hectares of which are directly owned through a wholly-owned Scramble subsidiary). NewFind is located in the mining district of the Eastern Goldfields of Western Australia, and includes the Mount Clifford gold mine, recently under production by small-scale miners. NewFind lies along the same structural corridor as, and between two of the top 20 gold deposits in Australia.

Change of Directors and Officers

Upon the completion of the Transaction and subject to prior acceptance by the TSXV, it is expected that the directors of the Resulting Issuer will be Daniel Vega, Darren Lindsay, Nicole Hoeller, Ross Sherlock, Paul Koros and Iain Brown. Management of the Resulting Issuer will include Iain Brown continuing as the Chief Financial Officer and Paul Koros as the Chief Executive Officer.

Daniel Vega

Mr. Daniel Vega is a mining engineer, entrepreneur, and businessman. A Chilean national residing in Santiago, he is General Manager of MPM Ltda, a mine construction and heavy equipment maintenance company he founded in 2008 that now employs over 1,000 people. MPM's clients include BHP Billiton, Codelco, and Antofagasta. Daniel graduated with a degree in Civil and Mechanical engineering from the University of Concepción.

Darren Lindsay

Mr. Darren Lindsay is a professional geologist with more than 25 years' experience including senior positions with Newmont, Miramar Hope Bay, and a number of junior gold exploration companies. His experience ranges from grassroots project identification and acquisition to feasibility level studies of gold deposits. Darren has been involved with, and led, successful teams undertaking belt-scale prospectivity analysis, belt-scale exploration, target definition and evaluation, resource definition and expansion and deposit scale studies. He has worked nationally and internationally with a primary focus on greenstone belt hosted gold deposits. Darren currently oversees the belt scale exploration program of Blue Star Gold Corp in the position of Vice President Exploration and is a director of Visionary Gold Corp. He is a member in good standing with the Professional Engineers and Geoscientists of BC and the Northwest Territories and Nunavut Association of Professional Engineers and Geoscientists.

Nicole Hoeller

Ms. Nicole Hoeller is a leader in marketing and communications in the Canadian mining and mineral exploration industry, with a wide global investor network. Along with her over 26 years of experience in investor relations and communications in the industry, Ms. Hoeller has also spent extensive time traveling in the Arctic, liaising and consulting with communities, Inuit organizations and all levels of government about the benefits and impacts of mining in Canada's North. Ms. Hoeller also has significant experience in capital markets, corporate financing and M&A and is currently the Vice-President, Communications & Corporate Secretary for Sabina Gold & Silver Corp.



**Stated in
Canadian dollars**

**Management's
Discussion
& Analysis**

**For the period ended
January 31, 2024**

Ross Sherlock

Dr. Ross Sherlock is a professional geologist with more than 30 years' experience including senior positions with Kinross Gold and Gold Fields, junior exploration/mining companies, consulting firms and a Research Scientist with the Geological Survey of Canada. Ross has worked nationally and internationally with a primary focus on greenstone belt hosted gold deposits. Ross currently holds an Industrial Research Chair in Exploration Targeting and is the Director of the Mineral Exploration Research Center at the Harquail School of Earth Sciences at Laurentian University in Sudbury, Ontario. He is a member of the Professional Engineers and Geoscientists of BC and the Professional Geoscientists of Ontario.

Paul Koros

Mr. Paul Koros is a professional engineer and businessman with over 25 years' experience in financial markets, sales & marketing, and commercialization of new technologies, with roles as contract CFO, CEO, and advisor to C-level and Boards. His experience ranges across a wide variety of industries, from technology and software to industrial and food manufacturing to medical devices and aviation. Paul has supported and led financing efforts for numerous early-stage companies in the software, hardware, mining, and in the life sciences. An active angel investor, Paul is the CEO of the General Partner of two limited partnerships he founded, one of which invests exclusively in the mineral exploration sector. He graduated with a degree in environmental engineering from the University of Guelph, is a member of Professional Engineers Ontario, and is a student member of Chartered Professional Accountants of BC.

Iain Brown

Mr. Iain Brown provides strategic planning, BD, HR and finance advice to large companies and has over 25 years of public company experience as a director and officer of gold and copper exploration companies. While at Yorkton Securities Mr. Brown successfully completed IPOs both for gold and tech companies. Over the years Mr. Brown has developed relationships with a wide network of bankers. After graduating with his B. Com. in finance from UBC Mr. Brown started his banking career as a Manager at BMO then advancing his career at RBC. His M.Sc. in International Business is from a combination of Manchester Business School and UBC where his thesis developed an econometric model to determine the location of Japanese Greenfield investment and contributed to the Economic Council of Canada's report on Asian investment. Other published award-winning papers include Recipient of Business Review Award for his essay on Small Business Financing and a Canada-Hong Kong Trade Competition award for marketing.

Technical Disclosure

Darren Lindsay, P.Geo., Director of Scramble Resources Corp., is the Qualified Person under National Instrument 43-101 and has reviewed and approved the technical information in this news release related to the NewFind Project.

Sponsorship

Sponsorship of an RTO is required by the TSXV unless exempt or waived in accordance with TSXV policies. The Company intends to apply for a waiver from the sponsorship requirements. There is no assurance that the Company will be able to obtain such a waiver.



**Stated in
Canadian dollars**

**Management's
Discussion
& Analysis**

**For the period ended
January 31, 2024**

Applicable Securities Exemptions

The Company intends to rely on Section 2.11 of National Instrument 45-106 – *Prospectus Exemptions* for an exemption from the prospectus requirements for the issuance of the Consideration Shares to the former Scramble Shareholders. In addition, the parties intend that the issuance of any Consideration Shares to Scramble Shareholders who are U.S. residents in exchange for their Scramble Shares shall be exempt from the registration requirements of the United States *Securities Act of 1933*, as amended, and the rules and regulations promulgated thereunder pursuant to Section 3(a) (10) thereof, and applicable U.S. state securities law in reliance upon such exemptions as may be available therefrom.

Share Consolidation

Following the Spin-Out Transaction and prior to the closing of the Transaction, to achieve the approximately 17.9% Resulting Issuer Shares being held by the current shareholders of the Company, the Company intends to consolidate its outstanding Shares on the basis of 2.71 pre-consolidation Shares for every one post-consolidation Share (the “**Consolidation**”).

The Spin-Out Transaction

As part of the proposed Acquisition two subsidiaries of Discovery were incorporated under the law of British Columbia. Galaxy Strategy Corp. and 1369569 BC Ltd. was incorporated to be used as Newco in the Plan of Arrangement.

Prior to the closing of the Transaction, and as one of the steps in the Arrangement, the Company will sell or transfer to Galaxy Strategy Corp. (“**Spinco**”), a wholly-owned subsidiary of the Company, the following: (i) its 100% interest in the Galaxy Copper-Gold Project located in the Kamloops Mining District, British Columbia, Canada that includes Sugar claims and crown grants with a book value of \$20,916; (ii) certain water rights; (iii) reclamation bonds totaling \$8,000; and (iv) the Mineral Exploration Tax Credit totaling \$20,776 (collectively, the “**Discovery Spin-Out Property**”).

Spinco will provide an indemnity to the Resulting Issuer and an undertaking to issue Spinco warrants (the “**Spinco Warrants**”) to shareholders of the Company at a rate of one Spinco Warrant for each common share in the capital of Discovery (each, a “**Share**”) held by such holder at October 13, 2022 being the date of this news release (the “**Spin-Out Transaction**”). Each Spinco Warrant will entitle the holder thereof to acquire one common share in the capital of Spinco at an exercise price of \$0.01 per share for a period of 30 days from the date of issuance of the Spinco Warrants. There is no present intention to list the Spinco common shares nor the Spinco Warrants for trading on any stock exchange.

Additional Information

All information contained in the October 13, 2022 news release with respect to the Company and Scramble was supplied, for inclusion herein, by each respective party and each party and its directors and officers have relied on the other party for any information concerning such other party.

Completion of the Transaction is subject to a number of conditions, including but not limited to, the approval of the Arrangement by the Supreme Court of British Columbia, TSXV acceptance and if applicable, disinterested shareholder approval. Where applicable, the Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.



**Stated in
Canadian dollars**

**Management's
Discussion
& Analysis**

**For the period ended
January 31, 2024**

Additional Information (continued)

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of the Company should be considered highly speculative.

OTHER

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