Description of Management Discussion and Analysis

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited financial statements of the Deer Horn Metals Inc. ("Deer Horn Metals" or the "Company") for the six months ended January 31, 2012 and the audited financial statements for the year ended July 31, 2011. This MD&A contains forward-looking information and statements which are based on the conclusions of management. The forward-looking information and statements are only made as of the date of this MD&A.

All financial information is presented in Canadian dollars unless otherwise stated. All references to a year refer to the year ended on July 31st of that year, and all references to a quarter refer to the quarter ended on January 31, 2012. The Company is a reporting issuer in British Columbia and Alberta. The Company's common shares trade on the TSX under the symbol "DHM".

Financial results are now being reported in accordance with International Financial Reporting Standards ("IFRS"). As a result, accounting policies, presentation, financial statement captions and terminology used in this discussion and analysis differ from those used in previous financial reporting. Further details on the transition to IFRS are included in Notes 2 and 3 of the financial statements for the three and six months ended January 31, 2012.

Additional information related to the Company is available on SEDAR at www.sedar.com and on the Company's website at www.deerhornmetals.com.

Company Overview

Deer Horn Metals is a Canadian-based resource exploration company in the business of acquiring and exploring exploration and evaluation assets. The recovery of the amounts comprising exploration and evaluation assets are dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete the exploration and development of those reserves and upon future profitable production. It is the intention of the Company to obtain financing through access to public equity markets, debt and partnerships or joint ventures.

Description of Business

The Company was incorporated under the Canada Business Corporations Act on April 16, 2004 under the name "Golden Odyssey Mining Inc." On January 20, 2011, shareholders of the Company approved a name change and it commenced trading as Deer Horn Metals Inc. on January 27, 2011. The Company has a wholly-owned subsidiary, Golden Odyssey Exploration Inc., a company incorporated in the State of Nevada, United States of America, who does not undertake exploration programs, however; it receives reclamation deposits for properties no longer being explored by the Company. The Company's strategy is to identify, acquire, explore and develop precious and base metal deposits amenable to low production costs and high operating margins, focusing on properties with low initial entry costs.

Forward Looking Statements

This MD&A includes certain statements that may be deemed “forward-looking statements.” All statements in this discussion, other than statements of historical facts that address future production, reserve potential, exploration drilling, exploration activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and those actual results or developments may differ materially from those projected in the forward-looking statements.

Description of Properties

Deerhorn Property

In August 2009, the Company entered into an option agreement with a company related by virtue of common directors, to acquire an initial 50% interest in the Deerhorn property, located in north western British Columbia.

To acquire its interest, the Company is required to incur $5,000,000 in exploration expenditures as follows:

1) Incur $400,000 by August 12, 2010 (incurred)

2) Incur an additional $1,100,000 by August 12, 2011 (incurred)

3) Incur an additional $1,500,000 by August 12, 2012 (incurred)

4) Incur an additional $2,000,000 by August 12, 2013

After the Company has acquired the initial 50% interest, it may acquire an additional 25% interest by incurring all costs required to bring the property to commercial production.

On April 13, 2011, the Company announced that it had received permitting for planned 2011 and 2012 work programs on the property, including a 10,000 tonne bulk sample in 2012. The focus of the exploration programs would be drilling to increase the existing gold and silver resource calculations from the 2010 technical report on the property, which reported an indicated/inferred resource of 1,970,000 ozs of silver and 63,000 ozs of gold, and to produce an initial resource calculation on the tellurium in accordance with NI 43-101.

On July 5, 2011, the Company announced it was mobilizing to the Deerhorn property on July 8, 2011, to commence 3,150 meters of drilling and 2,000 meters of trenching. The Company also announced plans to undertake a high-resolution aeromagnetic and radiometric survey to expose other potential areas of mineralization on the property not previously explored.

As at October 31, 2011, the company incurred $4,286,965 of the $5,000,000 in exploration expenditures required to earn an initial 50% interest in the property. The Company's 2009 work program included 60 holes totalling 2,500 of drilling and 1,000 meters of trenching, including 6 holes totalling 650 meters of drilling and 1,000 meters of trenching focusing on the historical tungsten showing.

The Company encountered mineralization in all 49 holes drilled in the 2011 exploration program and near-surface mineralization was extended to a distance of at least 875 meters and is open in three directions. The Company intends to in-fill drill as part of its next phase of work on the property in order to potentially add further resources to the existing estimates. Results of the 2011 drill program are being utilized to update the resource estimates contained in a technical report prepared in accordance with NI 43-101 in 2010.

Summary of Quarterly Results

Selected quarterly financial information of the Company for the quarters ended January 31, 2012 is as follows:

Table of Results for the Quarters to January 31, 2012

	Jan. 31 2012 (1)	Oct. 31 2011 (1)	July 31 2011 (1)	Apr. 30 2011 (1)
Total assets	$ 803,936	$ 945,189	$ 2,688,056	$ 3,534,870
Exploration and evaluation assets	$ 8,250	$ 8,250	$ 8,250	$ 11,000
Working capital (deficit)	$ 514,755	$ 596,829	$ 2,391,275	$ 3,271,717
Shareholders' equity	$ 618,962	$ 712,466	$ (2,517,963)	$ 3,403,285
Net earnings (loss)	$ (211,366)	$ (1,818,009)	$ (877,283)	$ (721,683)
Basic earnings (loss) per share	$ (0.00)	$ (0.02)	$ (0.01)	$ (0.01)
Fully diluted earnings (loss) per share	$ (0.00)	$ (0.02)	$ (0.01)	$ (0.01)

Table of Results for the Quarters to January 31, 2011

Selected quarterly financial information of the Company for the quarters ended October 31, 2010 is as follows:

	Jan. 31 2011 (1)	Oct. 31 2010 (1)	July 31 2010 (2)	Apr. 30 2010 (2)
Total assets	$ 1,130,350	$ 363,244	$ 113,239	$ 223,754
Exploration and evaluation assets	$ 11,000	$ 11,000	$ 11,000	$ 11,000
Working capital (deficit)	$ 524,066	$ (330,048)	$ (905,958)	$ (898,593)
Shareholders' equity	$ 601,572	$ (246,939)	$ (811,953)	$ (804,794)
Net earnings (loss)	$ (282,729)	$ (164,992)	$ (239,651)	$ (158,873)
Basic earnings (loss) per share	$ (0.02)	$ (0.00)	$ (0.01)	$ (0.01)
Fully diluted earnings (loss) per share	$ (0.02)	$ (0.00)	$ (0.01)	$ (0.01)

(1) Reported under IFRS
(2) Reported under pre-changeover Canadian generally accepted accounting principles ("GAAP")

Results of Operations for the Quarter ended January 31, 2012

The Company did not generate operating revenue during the quarter ended January 31, 2012, as all of the operating activities of the Company were directed towards acquisition and exploration. Exploration activity carried out on the Deerhorn Property during the quarter was minimal and consisted mainly of data compilation and interpretation relating to its 2011 drill program.

Deerhorn Property

Total costs incurred on the project during the quarter totaled $1,623,034, all of which related to exploration costs. As at January 31, 2012, the Company had incurred $4,268,965 in exploration expenditures on the property.

Office and Administration Expenses

Amortization during the quarter amounted to $272 (2011 - $795). This relates to amortization and depreciation in respect of computer equipment. Salaries and management fees in the quarter were $204,227 (2011 - $87,000); this amount included the salaries, bonuses, and employment related costs of the President and Chief Executive Officer, Chief Financial Officer, and administrative staff. Investor Relations cost in the quarter was $70,982 (2011 - $91,109). Regulatory and filing fees (including transfer agent and filing fees) were $1,372 (2011 - $11,041) for the quarter. Office expenses and related costs amounted to $2,964 (2011 – $8,238) for the quarter. This included rent, telephone, postage and courier, dues and subscriptions, stationery, repairs and maintenance, utilities and related costs. Share-based payments for the quarter was $117,860 (2011 - $107,818) for stock options granted in the quarter. Travel and related costs for the quarter amounted to $3,245 (2011 – $2,337) and were composed of such costs not specifically related to exploration projects, business development or investor relations. Professional fees of $11,450 (2011 – $4,047) for the quarter were incurred in respect of legal costs and non-audit related accounting and taxation costs.

Results of Operations for the Six Months ended January 31, 2012

The Company did not generate operating revenue during the six months ended January 31, 2012, as all of the operating activities of the Company were directed towards acquisition and exploration. Exploration activity carried out on the Deerhorn Property during the six months ended January 31, 2012 consisted of an exploration program that consisted of diamond drilling and related exploration.

Office and Administration Expenses

Amortization during the six months ended January 31, 2012 amounted to $544 (2011 - $1,485). This relates to amortization and depreciation in respect of computer equipment. Salaries and management fees in the quarter were $343,727 (2011 - $140,000); this amount included the salaries, bonuses, and employment related costs of the President and Chief Executive Officer, Chief Financial Officer, and administrative staff. Investor Relations cost in the quarter was $138,707 (2011 - $111,226). Regulatory and filing fees (including transfer agent and filing fees) were $5,382 (2011 - $16,293) for the quarter. Office expenses and related costs amounted to $6,538 (2011 – $12,759) for the quarter. This included rent, telephone, postage and courier, dues and subscriptions, stationery, repairs and maintenance, utilities and related costs. Share-based payments for the quarter was $130,372 (2011 - $156,374) for stock options granted in the quarter. Travel and related costs for the quarter amounted to $6,277 (2011 – $3,146) and were composed of such costs not specifically related to exploration projects, business development or investor relations. Professional fees of $43,636 (2011 – $6,023) for the quarter were incurred in respect of legal costs and non-audit related accounting and taxation costs.

Liquidity and Capital Resources at January 31, 2012

At January 31, 2012, the Company's working capital was $514,755 (2011 - $524,066). At the date of this MD&A, the management of the Company believes that it has sufficient funds to carry out its day to day operations, however; must undertake financing in order to carry out future exploration programs. As at January 31, 2012, the Company had a cash balance of $558,010 (2011 - $1,016,163) to settle current liabilities of $184,974 (2011 - $528,778). The Company's ability to remain liquid over the long term depends on its ability to obtain additional financing. At this time, the Company has enough cash to pay all of its current liabilities. There can be no assurance that the Company will be able to obtain sufficient capital in the case of operating cash deficits. The Company has no long term debt and will incur rental expense of approximately $17,655 per annum until July 2013.

Transactions with Related Parties

During the six months ended January 31, 2012, the Company entered into the following transactions with related parties:

a) Paid or accrued management fees, included in salaries and management fees, of $343,727 (2011 - $53,000), of which $132,500 was paid to Tyrone Docherty and $15,000 was paid to Pamela Saulnier. Also included in management fees was a bonus of $60,000 payable to Tyrone Docherty.

b) Paid or accrued directors' fees of $30,000 (2011 - $nil) to a director of the Company.

c) Exploration activities were performed by a private company controlled by a common director.

Key management personnel compensation (including senior officers and directors of the Company) and exploration costs paid to a company controlled by a related party:

Six months ended		January 31, 2012		January 31, 2011
Short-term benefits	$	240,000	$	107,500
Exploration expenses	$	1,598,034	$	-
Total remuneration	$	1,669,784	$	107,500

Financial Instruments

The Company has designated its cash and reclamation deposit as held-for-trading, measured at fair value. Receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payables and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The carrying value of cash, deposits, receivables, accounts payable and accrued liabilities reflected in the consolidated statement of financial position approximate fair value because of the limited term of these instruments.

Other

Outstanding Share Data as at March 29, 2012

(a) Authorized and issued share capital

Class	Par Value	Authorized	Issued Number
Common	No Par Value	Unlimited	95,609,166

(b) Summary of options outstanding:

Exercise price	Expiry date	Number outstanding
$0.27	April 27, 2012	125,000
$0.10	May 29, 2013	175,000
$0.10	March 9, 2014	500,000
$0.22	July 14, 2014	500,000
$0.22	August 28, 2014	850,000
$0.10	May 21, 2015	2,500,000
$0.10	October 8, 2015	300,000
$0.25	March 11, 2016	2,750,000
$0.25	June 24, 2016	500,000
$0.18	November 1, 2016	1,000,000
		9,200,000

(c) Summary of Warrants outstanding.

Exercise price	Number outstanding	Expiry date
$0.10	14,060,000	September 28, 2012
	14,060,000	

Accounting Principles

The financial statements have been prepared in accordance with IFRS.

The policies and estimates are considered appropriate under the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

Changes in Accounting Policies

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises were required to adopt IFRS for fiscal years beginning on or after January 1, 2011. Accordingly, the Company has transitioned from GAAP reporting and commenced reporting under IFRS effective this quarter, with restatement of comparative information presented. The conversion to IFRS from GAAP has not affected the Company's internal control over financial reporting and disclosure controls and procedures, but has affected and the Company's accounting policies, the Company's opening statement of financial position at the Transition Date, the statement of financial position as at August 1, 2010, and the statement of comprehensive loss for the six month period ended January 31, 2012.

Business Combinations

In January 2009, the CICA issued Handbook Sections 1582 “Business Combinations”, 1601 “Consolidated Financial Statements” and 1602 “Non-Controlling Interests”, which replace CICA Handbook Sections 1581 “Business Combinations” and 1600 “Consolidated Financial Statements”. Section 1582 establishes a standard for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. These sections are applicable for the Company’s interim and annual consolidated financial statements for its fiscal year beginning on or after January 1, 2011. Early adoption of these Sections is permitted, although all three Sections must be adopted concurrently.

Risks and Uncertainties

Credit risk

The Company's credit risk is primarily attributable to cash and equivalents and receivables. The Company has no significant concentration of credit risk arising from operations. Cash consists of chequing accounts at reputable financial institutions, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances up to $100,000 in Canada. Financial instruments included in receivables consist of amounts due from government agencies, and receivables from related and unrelated companies. The Company limits its exposure to credit loss for cash by placing its cash with high quality financial institutions and for receivables by standard credit checks. The Company’s credit risk has not changed significantly from the prior period.

Liquidity risk

The Company’s ability to remain liquid over the long term depends on its ability to obtain additional financing. The Company has in place planning and budgeting processes to help determine the funds required to support normal operating requirements on an ongoing basis as well as its planned development and capital expenditures. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at January 31, 2012, the Company had a cash balance of $558,010 to settle current liabilities of $184,974.

Interest rate risk

The Company has cash balances subject to fluctuations in the prime rate. The Company's current policy is to invest excess cash in investment-grade deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management believes that interest rate risk is remote as investments have maturities of three months or less and the Company currently does not carry interest bearing debt at floating rates. A 1% change in the interest rate would have had a $42,500 impact on interest income.

Foreign currency risk

The Company's functional currency is the Canadian dollar, however; there are transactions in US dollars. The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility in these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Other risks

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

The exploration and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not be successful in overcoming. Few exploration and evaluation assets which are explored ultimately develop into producing mines. There has been no commercial production of minerals on properties held by the Company to date and there is a high degree of risk that commercial production of minerals will not be achieved. There is no certainty that the expenditures made towards the search and evaluation of mineral resources will result in discoveries of commercial quantities of any minerals. The Company has a limited history of operations and no material earnings to date and there can be no assurance that the business of the Company will be successful or profitable. No dividends have been paid to date.

Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. The mining industry is intensely competitive. The commercial viability of a mineral deposit depends on a number of factors including the particular attributes of the deposits (principally size and grade), proximity to infrastructure, the impact of mine development on the environment, environmental regulations imposed by various levels of government and the competitive nature of the industry which causes mineral prices to fluctuate substantially over short periods of time. There can be no assurance that the minerals can be marketed profitably or in such a manner as to provide an adequate return on invested capital.

The operations of the Company are subject to all of the risks normally associated with the operation and development of exploration and evaluation assets and the development of a mine, including encountering unexpected formations or pressures, caving, flooding, fires and other hazards, all of which could result in personal injuries, loss of life and damage to property of the Company and others. In accordance with customary industry practice, the Company is not fully insured against all of these risks, nor are all such risks insurable. Interference in the maintenance or provision of adequate infrastructure could adversely affect the Company's operations, financial condition and results of operations.

The operations of the Company's properties will be subject to various laws and regulations relating to the environment, prospecting, development, production, waste disposal and other matters. Amendments to current laws and regulations governing activities related to the Company's exploration and evaluation assets may have material adverse impact on operations. The Company has paid all site reclamation costs or posted site reclamation bonds with the appropriate government agencies. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the operations of the Company. There can be no assurance that the Company will not incur substantial financial obligations in connection with environmental compliance. Failure to comply with applicable environmental and other laws, regulations and permitting requirements may result in enforcement actions.

The Company will need additional funding to complete its short and long term objectives. The ability of the Company to raise such financing in the future will depend on the prevailing market conditions, as well as the business performance of the Company. Current global financial conditions have been subject to increased volatility as a result of which access to public financing has been negatively impacted. There can be no assurances that the Company will be successful in its efforts to raise additional financing on terms satisfactory to the Company. The market price of the Company's shares at any given point in time may not accurately reflect the long-term value. If adequate funds are not available or not available on acceptable terms, the Company may not be able to take advantage of opportunities, to develop new projects or to otherwise respond to competitive pressures.

The Company is dependent upon the services of key executives, including the Chief Executive Officer.

Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in mineral exploration and development and, consequently, there exists the possibility for such directors and officers to be in a position of conflict.

Changes in Internal Controls Over Financial Reporting

There were no changes in internal controls over financial reporting during the period.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Actual results could differ from those estimates.

Other Information

The Company's web site address is www.deerhornmetals.com. Other information relating to the Company may be found on SEDAR at www.sedar.com.