



The following discussion and analysis of the operations, results and financial position of Deer Horn Metals Inc. (formerly Golden Odyssey Mining Inc.) (the “Company”) for the six months ended January 31, 2013 should be read in conjunction with the unaudited financial statements for the six months ended January 31, 2013 and the audited financial statements ended July 31, 2012.

This Management Discussion and Analysis (“MD&A”) is dated March 28, 2013 and discloses specified information up to that date. The Company is classified as a “venture issuer” for the purposes of National Instrument 51-102. The Company’s financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) in Canada. Unless otherwise cited, references to dollar amounts are in Canadian dollars.

***We recommend that readers consult the “Cautionary Statement” on the last page of this report.***

### **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’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.

### **Overall Performance and Outlook**

Since the year ended July 31, 2008, the Company underwent a significant change in management and direction. The Company no longer focuses on gold properties in the state of Nevada and, effective July 31, 2008, relinquished all property interests in the state of Nevada and closed its Reno, Nevada-based office. During the fiscal year ended July 31, 2012, the Company dissolved its wholly-owned subsidiary, Golden Odyssey Exploration Inc., a company incorporated in the State of Nevada, United States of America. The Company relocated its head-office to Delta, British Columbia, Canada and focused on opportunities in Canada to acquire interests in precious and base metal properties. The Company entered into an option agreement to acquire an interest in the Deer Horn property, located in British Columbia, Canada, in August 2009. The company continues to seek and evaluate opportunities to participate in similar projects.

### **Company Activity**

During the six months ended January 31, 2013, the Company completed a non-brokered private placement of 5,700,000 units for aggregate proceeds of \$285,000. The Company also incurred \$300,998 in exploration expenditures on its Deerhorn property during the six months ended January 31, 2013.

### **Deer Horn**

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 Deer Horn 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 (partially incurred)

As at the date of this MD&A, the Company has incurred \$4,721,363 of the \$5,000,000 in exploration expenditures required to earn an initial 50% interest in the property.

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.

The Company's 2011 work program included 60 holes totalling 2,500 meters 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 infill drill as part of its next phase of work on the property in order to potentially add further resources to the existing estimates.

In April 2012, the Company announced that a mineral resource update, prepared in compliance with NI 43-101, showed increased tonnage and significantly higher resources of gold and silver, and an initial resource for tellurium. The estimate, authored by R.A. Lane, P.Geo. and G.H. Giroux, P.Eng., both independent consultants and Qualified Persons as defined by NI 43-101, showed the deposit containing 68,000 ounces of gold, 2.1 million ounces of silver and 66,000 kg of tellurium in the indicated category and 32,000 ounces of gold, 930,000 ounces of silver and 27,000 kg of tellurium in the inferred category. The updated mineral resource estimate is based on historical diamond drill holes completed from 1944 to 1990, 35 drill holes completed by the Company in 2009 and a further 29 drill holes completed in 2011.

In May 2012, the Company announced that it had received initial documents relating to an airborne survey carried out to test the remaining unexplored areas of the property. R.A. Lane, P.Geo, the Company's Qualified Person as defined by NI 43-101, has subsequently identified a number of targets that merit advanced interpretation, notably the gold-silver tellurium zone as well as the tungsten zone.

In October 2012, the Company completed a 10-day prospecting program to evaluate several anomalies identified during an assessment of 2011 airborne magnetic and radiometric survey data. The work program resulted in several new discoveries, including a previously-unknown copper zone and an extension of the known near surface high grade Au/Ag/Te vein system.

In March 2013, the Company announced results of a Preliminary Economic Assessment ("PEA") for the property. The PEA describes a 74,000 tonnes per year seasonal (six month), open pit mining operation and conventional flotation mill which would produce a combined Au/Ag/Te concentrate. It is estimated that the project will carry a 14 year mine life with a 2.4 year payback.

Drilling is planned for 2013 to potentially upgrade the inferred resource contained in the 14 year mine plan to the indicated or measured categories. The Company is planning to proceed with further in-fill and step-out drilling, engineering and environmental programs to advance the project to a preliminary feasibility stage.



### **Summary**

The Company's main focus is to exercise its option to earn an initial 50% interest on the Deerhorn property by incurring the remaining \$278,637 of the required \$5,000,000 in exploration expenditures required under the terms of the option agreement, as well as continue to advance the project to preliminary feasibility status.

### **Results of Operations**

#### ***Three months ended January 31, 2013 compared with the three months ended January 31, 2012.***

General and administrative expenses totalled \$244,102 for the three months ended January 31, 2013 compared with \$481,627 in 2012. The decrease of \$237,525 is the result of decreases in amounts recorded for investor relations and shareholder information of \$45,016, professional fees of \$7,300, rent of \$4,238, salaries and management fees of \$109,727 and share-based payments of \$117,860, however; the decreases were offset slightly by increases in amounts recorded for exploration expenses of \$42,396, office expenses of \$2,992, regulatory filing fees of \$907, and travel of \$321.

The decrease in general and administrative expenses is due mainly to decreased salaries, management and consulting fees and decreased expenses for investor relations and shareholder information. Decreases in other categories are due to reduced levels of marketing activity as well as decreased professional fees attributed to expenses incurred for non-audit accounting services in the prior year due to IFRS transitioning.

#### **Exploration Expenses**

The Company incurred \$103,146 in exploration expenses during the three months' ended January 31, 2013 compared with \$60,750 in 2012.

The Company continued to carry out a preliminary economic assessment on its Deerhorn property during the three months' ended January 31, 2013 whereas the Company did not undertake significant exploration activity other than property maintenance during the same quarter in 2012.

#### **Income for the Period**

The Company did not report any income for the three months' ended January 31, 2013 or 2012.

#### ***Six months ended January 31, 2013 compared with the six months ended January 31, 2012.***

General and administrative expenses totalled \$621,019 for the six months ended January 31, 2013 compared with \$2,311,018 in 2012. The decrease of \$1,689,999 is the result of decreases in amounts recorded for exploration expenditures of \$1,322,036, investor relations and shareholder information of \$85,647, professional fees of \$39,290, rent of \$4,268, salaries and management fees of \$117,227, share-based payments of \$130,372 and travel of \$478, however; the decreases were offset slightly by increases in amounts recorded for office expenses of \$3,842 and regulatory filing fees of \$5,477.

The decrease in general and administrative expenses is due mainly to a reduction in exploration activity in the current year. In addition, IFRS transitioning and related expenses increased professional and management fees in the six months ended January 31, 2012 whereas no such expenditures were incurred in the six months ended January 31, 2013. The Company also reduced salaries and management and consulting fees in the current year.

### **Exploration Expenses**

The Company incurred \$300,998 in exploration expenses during the six months' ended January 31, 2013 compared with \$1,623,034 in 2012.

The Company completed an extensive diamond drill program in the six months' ended January 2012 whereas the Company's focus for the same period in 2013 was activity related to a preliminary economic assessment on its Deerhorn property.

### **Income for the Period**

The Company did not report any income for the six months' ended January 31, 2013 or 2012.



**Summary of Quarterly Results**

Quarter Ended	2013 Jan. 31 Q2 \$	2012 Oct. 31 Q1 \$	2012 July 31 Q4 \$	2012 April 30 Q3 \$	2012 Jan. 31 Q2 \$	2011 Oct. 31 Q1 \$	2011 July 31 Q4 \$	2011 April 30 Q3 \$
<b>Revenues</b>		-	5,339	-	-	-	-	-
<b>G&amp;A Expenses</b>	244,102	376,917	303,572	384,299	481,627	1,829,197	864,049	721,683
<b>Option Benefits</b>	-	-	399	-	117,860	12,512	(8,037)	351,294
<b>Net Loss</b>								
- per share	-	-	-	-	-	(0.02)	(0.01)	(0.01)
- per share (diluted)	-	-	-	-	-	(0.01)	-	-
<b>Total Assets</b>	291,530	489,083	601,340	547,936	803,936	945,189	2,688,056	3,534,870
<b>Liabilities (Long Term)</b>	-	-	-	-	-	-	-	-
<b>Cash Dividends</b>	-	-	-	-	-	-	-	-
<b>Working Capital (Deficiency)</b>	97,476	341,306	442,900	230,806	514,755	596,829	2,391,275	3,217,717
<b>Share Capital:</b>								
<b>Authorized</b>	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
<b>Outstanding</b>	104,353,166	104,353,166	98,653,166	95,609,166	95,609,166	95,609,166	95,609,166	95,609,166
<b>Warrants</b>	19,764,000	19,764,000	17,104,000	14,060,000	35,655,000	38,201,271	38,201,271	38,892,771
<b>Options</b>	8,075,000	9,075,000	9,075,000	9,075,000	9,200,000	8,370,000	8,370,000	8,057,500

**Liquidity**

At January 31, 2013 the Company had current assets of \$200,614, of which \$157,867 was comprised of cash. Current liabilities totalled \$103,138 and consisted of trade payables.

Total working capital as at January 31, 2013 was \$97,476. The Company continues to assess funding opportunities to address its ongoing financial obligations and for exploration programs on its property.

**Capital Resources**

The Company plans to continue its participation in the Deerhorn project discussed above. The Company expects to finance expenditures on these projects through the sale of common shares by way of equity financings, and through the exercise of warrants and stock options.

### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

### **Related Party Transactions**

Amounts owing to related parties consists of \$Nil (2012 - \$Nil).

Exploration expenses of \$190,853 (2012 - \$1,598,534) were paid or accrued to a company related by virtue of a former (common) director, Scott Gifford.

### **Related Party Transactions - Key Management Compensation**

During the period, \$105,000 (2012 - \$207,500) was paid or accrued to a company controlled by the President, Tyrone Docherty, for services as director and officer of the Company, \$30,000 (2012 - \$30,000) was paid or accrued to a company controlled by a Director, Tony Fogarassy, for consulting services and \$15,000 (2012 - \$15,000) was paid or accrued to the CFO, Pamela Saulnier, for services as an officer of the Company.

### **New standards, amendments and interpretations not yet effective:**

The following IFRS standards have been recently issued by the International Accounting Standards Board ("IASB"). The Company is assessing the impact of these new standards, but does not expect them to have a significant effect on the financial statements.

#### *Consolidation*

IFRS 10 requires an entity to consolidate investee when it's exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 "Consolidation-Special Purpose Entities" and parts of IAS 27 "Consolidated and Separate Financial Statements". The standard is required to be adopted for periods beginning January 1, 2013. The Company does not expect the standard to have a material impact on its financial statements.

#### *Joint Arrangements*

IFRS 11 "Joint Arrangements", requires a venturer to classify its interest in a joint arrangement as a joint venture or a joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation, the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, "Interests in Joint Ventures", and SIC-13, "Jointly Controlled Entities – Non-monetary Contributions by Venturers". The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 10, "Consolidated Financial Statements", IFRS 12, "Disclosure of Interests in Other Entities", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures". The Company does not expect the standard to have a material impact on its financial statements.

#### *Disclosure of Interests in Other Entities*

IFRS 12, "Disclosure of Interests in Other Entities", establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 10, "Consolidated Financial Statements", IFRS 11, "Joint Arrangements", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures". The Company does not expect the standard to have a material impact on its financial statements.

#### *Joint Ventures*

The IASB issued Exposure Draft 9 – Joint Arrangements ("ED-9") in September 2007. ED-9 proposed to eliminate the Company's choice to proportionately consolidate jointly controlled entities and required such entities to be accounted for using the equity method. During the second quarter of 2009, the IASB commenced re-deliberations of ED-9 and now proposes to establish a principles-based approach to the accounting for joint arrangements which focuses on the nature, extent and financial effects of the activities that an entity carries out through joint arrangements and its contractual rights and obligations to assets and liabilities, respectively, of the joint arrangements. The standard is required to be adopted for periods beginning January 1, 2013. Earlier application is permitted. The Company does not expect the standard to have a material impact on its financial statements.

#### *Fair Value Measurement*

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. The Company does not expect the standard to have a material impact on its financial statements.

#### *Financial instruments*

The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39") in its entirety with IFRS 9 – Financial Instruments ("IFRS 9") in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39, and is effective for annual periods beginning on or after January 1, 2015, with earlier adoption permitted. The Company has not early-adopted the standard and is currently assessing the impact it will have on the financial statements.

## **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

### **Classification of financial instruments**

Financial instruments measured at fair value are classified into one of three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value ("FV") hierarchy has the following levels:

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 (ie. as prices) or indirectly (ie. derived from prices); and

Level 3- inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments consist of cash, receivable, accounts payable and accrued liabilities.

### **Fair values**

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The fair value of cash is measured at Level 1 of the fair value hierarchy. The carrying value of receivables, accounts payable and accrued liabilities approximate their fair value because of the short term nature of these instruments.

### **Financial instrument risk exposure and risk management**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company considers the fluctuations of financial markets and seeks to minimize potential adverse effects on financial performance. The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management process.

### **Credit risk**

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk includes cash and receivables. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The Company's receivables consist primarily of tax receivables due from federal government agencies. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets.

### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.





**Interest rate risk**

The Company has cash balances. The Company's current policy is to invest excess cash in investment grade short-term demand deposit certificates issued by its banking institutions. The company periodically monitors the investments it makes and is satisfied with the credit rating of its banks. The Company is exposed to interest rate risk. The Company's bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to short-term rates.

**Commodity price risk**

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

**OTHER MD&A REQUIREMENTS**

**Additional Disclosure for Venture Issuers without Significant Revenue:**

As the Company has not had revenue from operations in either of its last two financial years, the following is a breakdown of the material costs incurred:

	<b>Six months ended Jan. 31, 2013</b>	<b>Six months ended Jan. 31, 2012</b>
General and Administration Expenses	<b>\$621,019</b>	<b>\$2,311,018</b>

**Disclosure of Outstanding Share Data**

The Company's authorized share capital consists of unlimited common shares without par value.

As at July 31, 2012, the Company had 98,653,166 issued and outstanding common shares and as at March 28, 2013 the Company had 104,353,166 issued and outstanding common shares.

The following is a summary of stock options outstanding as at July 31, 2012 and March 28, 2013:

<b>Expiry Date</b>	<b>Exercise Price Per Share</b>	<b>Number of Shares Remaining Subject to Options (July 31, 2012)</b>	<b>Number of Shares Remaining Subject to Options (March 28, 2013)</b>
May 29, 2013	\$0.10	175,000	175,000
March 9, 2014	\$0.10	500,000	500,000
July 14, 2014	\$0.22	500,000	500,000
August 28, 2014	\$0.22	850,000	850,000
May 21, 2015	\$0.10	2,500,000	2,500,000
October 8, 2015	\$0.10	300,000	300,000
March 16, 2016	\$0.25	2,750,000	2,750,000
June 24, 2016	\$0.25	500,000	500,000
October 6, 2016	\$0.18	1,000,000	-
March 25, 2018	\$0.10	-	1,000,000
<b>Total</b>		<b>9,075,000</b>	<b>9,075,000</b>

The following is a summary of share purchase warrants outstanding as at July 31, 2012 and March 28, 2013:

<b>Expiry Date</b>	<b>Exercise Price Per Share</b>	<b>Number of Shares Remaining Subject to Warrants (July 31, 2012)</b>	<b>Number of Shares Remaining Subject to Warrants (March 28, 2013)</b>
Sept. 28, 2013	\$0.10	14,060,000	14,060,000
June 20, 2014	\$0.14 - \$0.17	3,044,000	3,044,000
Oct. 9, 2015	\$0.10	-	2,660,000
<b>Total</b>		<b>17,104,000</b>	<b>19,764,000</b>

### Internal Controls over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting, or causing them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company assessed the design of the internal controls over financial reporting as at January 31, 2013 and concluded that there are material weaknesses in internal controls over financial reporting, which are as follows:

- a) Due to the limited number of staff resources, the Company believes there are instances where a lack of segregation of duties exist to provide effective controls; and
- b) Due to the limited number of staff resources, the Company may not have the necessary in-house knowledge to address complex accounting and tax issues that may arise.

The weaknesses and their related risks are not uncommon in a company the size of the Company because of limitations in size and number of staff. The Company believes it has taken steps to mitigate these risks by hiring additional personnel, consulting outside advisors and involving the Audit Committee and Board of Directors in reviews and consultations where necessary. However, these weaknesses in internal controls over financial reporting could result in a more than remote likelihood that a material

misstatement would not be prevented or detected. The Company believes that it must take additional steps to further mitigate these risks by consulting outside advisors on a more regular and timely basis.

There have been no changes in the Company's internal controls over financial reporting that occurred during the three months ended January 31, 2013 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

#### **Additional Information**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **Cautionary Statement**

This MD&A is based on a review of the Company's operations, financial position and plans for the future based on facts and circumstances as of March 28, 2013. Except for historical information or statements of fact relating to the Company, this document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change. These statements involve known and unknown risks, uncertainties, and other factor that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward-looking statements.