

The following discussion and analysis of the operations, results and financial position of Deer Horn Capital Inc. (the “Company” or “Deer Horn”) for the six months ended January 31, 2020 should be read in conjunction with the interim unaudited financial statements for the six months ended January 31, 2020, which can be found on SEDAR at www.sedar.com.

This Management Discussion and Analysis (“MD&A”) is dated March 30, 2020 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.

The Company is a reporting issuer in each of the provinces of British Columbia, Alberta and Ontario. Its head office is located at 381 – 1440 Garden Place, Delta, BC, V4M 3Z2. Its registered records office is located at Suite 1100-736 Granville Street, Vancouver, BC, V6T 1G3.

Forward-looking Information

Certain statements in this MD&A and the documents incorporated by reference contain forward-looking information, which includes forward-looking statements within the meaning of applicable Canadian securities laws. Forward-looking statements are statements which relate to future events or our future performance, including our future financial performance. In some cases, you can identify forward-looking statements by terminology such as “may”, “should”, “expects”, “plans”, “anticipates”, “believes”, “estimates”, “predicts”, or “potential” or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause the Company’s or the industry’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. No assurance can be given that any of the events anticipated by the forward-looking information and statements will occur or, if they do occur, what benefits the Company will obtain from them. This MD&A contains forward-looking information and statements, which may include but are not limited to: statements with respect to the financial and operating performance of the Company; investments objectives and strategies; the business goals and strategies; forecast operating and financial results; planned capital expenditures; potential future market for products, business prospects and opportunities; costs and timing of developmental new projects; management’s assessment of future plans and operations; and requirements for additional capital.

Overview

Deer Horn is a publicly-traded, Vancouver-based, diversified issuer. During fiscal 2016, the Company discontinued operations of its organic retailing division, under which it operated one location, Bodhi Tree Natural Market Corp. (“Bodhi”). Bodhi was subsequently dissolved in May 2018. The Company has a 50% interest in the Deer Horn Property, located in British Columbia. The Company is refocusing its efforts on mineral exploration and intends to complete further equity financing in order to resume exploration and development on its mineral property interest while seeking additional opportunities in the junior mining sector to expand its property portfolio.

Strategy, Performance and Outlook

The Company is currently planning a spring/summer 2020 exploration campaign on its Deer Horn Property and further develops its partnership contributions with Cheona Metals Inc., and has entered into an agency agreement to raise up to US\$2.5M to support these exploration campaigns.

Deer Horn Property

The Company intends to pursue its exploration efforts on its 50% interest in the Deer Horn Property to include both exploration of additional targets on new showings as well as further in-fill and step-out drilling with a view to upgrade and expand the existing resource, and advance to prefeasibility status.

On June 6, 2018, the Company announced results of a revised and updated Preliminary Economic Assessment (“PEA”) for the property. The amended and restated PEA, prepared in accordance with NI 43-101, is available in the Company’s disclosure record located on SEDAR (www.sedar.com). The PEA estimated that the project will carry a 9-year mine life with a 1.6-year payback period.

The PEA describes a 74,000 tonnes per year seasonal, open-pit mining operation and conventional flotation mill which would produce a combined gold/silver/tellurium concentrate. The Project may be permitted under the Mines Act of BC as a small mine, without the requirement for a provincial environmental assessment (EA) as the project mining tonnage does not exceed the legislated reviewable project threshold of 75,000 tonnes per year. Waste to ore cut-offs were determined using metal prices of US\$1,300 per ounce gold, US\$17 per ounce silver, US\$100 per kilogram tellurium, US\$3 per pound for copper and \$1 per pound for zinc for net smelter return calculations. Net smelter return cut-off for the PEA pit delineated resource was assumed to be \$29/tonne.

The initial capital cost of the Project is estimated to be \$28.3 million. Average mine, process and G&A operating costs over the Project’s life (including pre-stripping and waste handling) are estimated to be \$94 per tonne milled. A base case economic evaluation was undertaken incorporating historical three-year trailing averages for metal prices as of May 31, 2018.

It should be noted that this PEA is preliminary in nature as it includes inferred mineral resources which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the PEA forecast will be realized or that any of the resources will ever be upgraded to reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Cheona Metals Inc.

The Company entered into a partnership with a First Nation entrepreneur, forming a company, Cheona Metals Inc. (“Cheona”), in which it holds a 49% equity interest. Cheona will focus on exploration in highly prospective areas in northern British Columbia.



Revenue and Expense Summary

Three months ended January 31, 2020

Results of Operations for the Three Months Ended January 31, 2020

This review of the Results of Operations should be read in conjunction with the financial statements of the Company for the six months ended January 31, 2020.

Expenses

General and administrative expenses totaled \$113,990 for the three months ended January 31, 2020 compared to \$235,040 for the three months ended January 31, 2019. Details of the largest changes and significant general and administrative items are as follows:

- Advertising and promotion decreased by \$50,763 to \$14,947 from \$65,710 and is due to the termination of certain promotional efforts and advertising campaigns. Management will assess future needs in this area as exploration and development activity resumes and increases.
- Consulting fees increased by \$15,000 to \$15,000 from \$nil and is due to fees incurred for corporate development, and is expected to continue in future periods.
- Investor relations and shareholder information decreased significantly by \$116,459 to \$8,135 from \$124,594, due to the termination or expiration of investor relations services as a result of financial constraints.
- Office and miscellaneous expenses increased by \$3,994 to \$6,893 from \$2,899, a result of office rental costs.
- Management fees remained consistent at \$30,000.
- Professional fees increased by \$22,101 to \$22,101 from \$nil. The increase is due to fees incurred for legal due diligence relating to a potential transaction and related general corporate legal costs with respect to corporate actions and transactions.
- Regulatory and filing fees increased slightly by \$556 to \$6,506 from \$5,950. The increase is due to increased transfer agency and other fees associated with the Company's Annual General Meeting as well as transfer activity relating to share issuances.

In addition, the Company recorded share-based payment expense of \$5,973 in relation to the grant of stock options during the period whereas it recorded \$nil in share-based payments for stock options in the three months ended January 31, 2019.

Interest expense decreased to \$4,394 for the three months ended January 31, 2020 compared to \$5,837 for the same period 2019. The decrease is due mainly to reduced interest and finance charges relating to professional fees for legal and audit services.

Six months ended January 31, 2020

Results of Operations for the Six Months Ended January 31, 2020

This review of the Results of Operations should be read in conjunction with the financial statements of the Company for the six months ended January 31, 2020.

Expenses

General and administrative expenses totaled \$182,187 for the six months ended January 31, 2020 compared to \$393,513 for the six months ended January 31, 2019. Details of the largest changes and significant general and administrative items are as follows:

- Advertising and promotion decreased by \$70,055 to \$16,655 from \$86,710 and is due to the termination of certain promotional efforts and advertising campaigns. Management will assess future needs in this area as exploration and development activity resumes and increases.
- Consulting fees increased by \$30,000 to \$30,000 from \$nil and is due to fees incurred for corporate development, and is expected to continue in future periods.
- Investor relations and shareholder information decreased significantly by \$201,421 to \$8,820 from \$210,241, due to the termination or expiration of investor relations services.
- Office and miscellaneous expenses increased by \$6,473 to \$14,098 from \$7,625, a result of increased office rental costs.
- Management fees remained consistent at \$60,000.
- Professional fees increased by \$27,921 to \$27,921 from \$nil. The increase is due to fees incurred for legal due diligence relating to a potential transaction and related general corporate legal costs with respect to corporate actions and transactions.
- Regulatory and filing fees increased slightly by \$1,248 to \$9,848 from \$8,600. The increase is due to increased transfer agency and other fees associated with the Company's Annual General Meeting as well as transfer activity relating to share issuances.

The Company recorded share-based payment expense of \$5,973 in relation to the grant of stock options during the period whereas it recorded \$9,810 in share-based payments for vesting of stock options in the six months ended January 31, 2019.

Interest expense decreased to \$8,788 for the six months ended January 31, 2020 compared to \$10,424 for the same period 2019. The decrease is due mainly to reduced interest and finance charges relating to professional fees for legal and audit services.



Exploration Expenses

The Company did not incur exploration expenses during the quarters ended January 31, 2020 or January 31, 2019.

Summary of Quarterly Results

Quarter Ended	2020 Jan. 31 Q2 \$	2019 Oct. 31 Q1 \$	2019 July 31 Q4 \$	2019 Apr. 30 Q3 \$	2019 Jan. 31 Q2 \$	2018 Oct. 31 Q1 \$	2018 July 31 Q4 \$	2018 Apr. 30 Q3 \$
G&A Expenses (recoveries)	108,017	68,197	154,669	145,229	235,040	148,663	(20,490)	279,237
Share-based payments	5,973	-	-	-	-	9,810	19,231	144,379
Loss and comprehensive loss	(113,990)	(68,197)	(154,669)	(145,229)	(235,040)	(158,473)	(154,544)	(423,616)
Net Loss								
per share	\$0.01	-	\$0.01	\$0.01	\$0.02	\$0.01	\$0.04	\$0.04
per share (diluted)	-	-	-	-	-	-	-	-
Total Assets	134,167	107,229	110,879	134,870	247,728	236,004	175,855	219,514
Working Capital (Deficiency)	(584,483)	(658,550)	(600,323)	(470,810)	(315,628)	(470,158)	(482,498)	(486,379)
Share Capital:								
Authorized	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
Outstanding	18,193,000	16,010,931	16,010,931	16,010,931	16,010,931	13,970,931	13,488,931	13,488,931
Warrants	2,423,500	2,281,000	2,281,000	2,281,000	2,281,000	241,000	-	400,000
Options	1,070,000	970,000	970,000	970,000	970,000	1,104,000	1,104,000	1,104,000

The variation in quarterly losses has seen a continued reduction since Q2 2019. The Company incurred significant legal and regulatory costs in Q2 2019 in connection with expenses incurred with its resumption to trading, as well as increased investor relations and shareholder information expenses. Q3 and Q4 expenses were reduced but remained stable. Q1 of fiscal 2020 has seen a significant reduction and is due primarily to the temporary suspension of marketing, promotional and investor relations activities. Q2 of fiscal 2020 recorded an increase to G&A costs and is mainly related to professional fees incurred. It is expected that these expenses will increase as the Company resumes higher levels of exploration and development activity.

Liquidity and Capital Resources

Deer Horn is currently in the exploration stage and earns no revenue from operations. The Company invests its cash and cash equivalents with major Canadian financial institutions with investment grade credit ratings. Deer Horn has no outstanding bank debt as at January 31, 2020.

As at January 31, 2020, the Company has interest-bearing debenture loans in the principal amount of \$182,000. The loans bear an annual interest rate of 10%, payable annually to the debenture holders and mature on March 2, 2021. The Company was previously not in compliance with the terms of the loan as it has not paid the annual interest to the debenture holders in accordance with the terms of the loan, resulting in the loans being due on demand. In fiscal 2018, the Company made the required interest payments under the loan agreements, however; the Company has not received a waiver of the previous breach of terms and, accordingly, the loans are presented as current. The Company is therefore currently in default for interest payments due for the most previously-ended fiscal year.

As at January 31, 2020, the Company also has a loan with a third party with a principal amount of \$25,000. The loan is unsecured, non-interest bearing and without fixed terms of repayment.

At January 31, 2020, Deer Horn had \$32,402 in cash and cash equivalents (July 31, 2019 - \$6,212) and a working capital deficiency of \$584,483 (July 31, 2019 – working capital deficiency of \$600,373). Additional debt or equity financing will be required to meet the Company's business objectives, to address its working capital deficiency and to service its debt.

Deer Horn assesses its financing requirements and its ability to access debt or equity markets on an ongoing basis. Given the current conditions of the financial markets, the company will seek to maintain financial flexibility and will monitor and assess its financing requirements as its activities progress. The Company's ability to access the equity or debt markets in the future may be affected by prolonged market instability. The inability to access the equity or debt markets for sufficient capital, at acceptable terms, and within required timeframes, could have a materially adverse effect on the Company's financial condition, results of operations and prospects.

Future exploration and subsequent development of the Company's properties beyond currently planned expenditures will depend on the Company's ability to obtain additional financing. The Company has limited financial resources and there is no assurance that additional funding will be available which could result in the delay or indefinite postponement of further exploration.

The Company's financial performance is dependent on many external factors. The Company expects that any revenues it may earn from its operations in the future will be from the sale of minerals. Both prices and markets for metals and minerals are cyclical, difficult to predict, volatile, subject to government price fixing and controls and respond to changes in domestic and international political, social, and economic environments. In addition, the availability and cost of funds for exploration, development and production costs are difficult to predict. These changes in events could materially affect the financial performance of the Company.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.



Related Party Transactions - Key Management Compensation

The Company's related parties consist of companies with directors and officers in common and companies owned in whole or in part by executive officers, directors or close family members of those individuals as follows:

Name	Nature of transactions
Docherty Capital Corp. (Tyrone Docherty)	Management fees charged as CEO, expense allowances and loans to the Company
Saulnier Business Consulting LLC (Pamela Saulnier)	Management fees charged as CFO, and expense allowances
Dunbar Law Corporation (Tony Fogarassy)	Consulting fees charged by a director, expense allowances

The Company incurred the following fees with individuals and / or companies owned, or partially owned, by key management which the Company defines as officers and directors.

Six months ended January 31,	2020	2019
Management fees CEO	\$ 45,000	\$ 45,000
Management fees CFO	15,000	15,000
Consulting fees	30,000	-
Total	\$ 90,000	\$ 60,000

The Company owes amounts to key management personnel as follows:

Six months ended January 31,	2020	2019
Due to key management or companies controlled by key management personnel	\$ 258,687	\$ 158,621
Total	\$ 258,687	\$ 158,621

Balances owed to related parties are unsecured and non-interest bearing.

Related party transactions are measured at their exchange amounts, which is the amount of consideration paid or received as agreed by the parties. The Company has no contractual obligations or commitments with key management personnel.

New standards, amendments and interpretations adopted:

Effective August 1, 2019, the following standards were adopted by and have had no material impact on the financial statements:

- *IFRS 16, Leases*: The new standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. IFRS 16 replaced IAS 17 Leases and this standard substantially carries forward the lessor accounting requirement of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. The Company has elected not to apply IFRS 16 to leases with a term of less than 12 months or leases where the underlying asset is of low value. Adoption of this standard did not have a significant measurement impact on the Company's 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 (i.e.; as prices) or indirectly (i.e.; derived from prices); and

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

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, loans payable and due to related parties.

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, deposits and accounts payable and accrued liabilities, loans payable and due to related parties 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 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 or debt financings. 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. The Company is exposed to liquidity risk.

Interest rate risk

The Company has cash balances but no external debt. 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 marginally exposed to interest rate risk.

Foreign currency risk

The Company is not exposed to foreign currency risk.

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, 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:

The following is a breakdown of the material costs incurred:

	Six months ended Jan. 31, 2020	Six months ended Jan. 31, 2019
General and Administration Expenses	\$ 182,187	\$ 393,153

Disclosure of Outstanding Share Data

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

As at January 31, 2020 and the Company had 16,010,931 issued and outstanding common shares and as at March 30, 2020, the Company had 26,443,000 issues and outstanding common shares.

The following is a summary of stock options outstanding as at March 30, 2020 and January 31, 2020:

Expiry Date	Exercise Price Per Share	Number of Shares Remaining Subject to Options (March 30, 2020)	Number of Shares Remaining Subject to Options (January 31, 2020)
June 16, 2021	\$0.25	120,000	120,000
April 5, 2028	\$0.14	850,000	850,000
January 27, 2030	\$0.10	100,000	-
March 9, 2020	\$0.10	1,050,000	-
Total		2,120,000	970,000

The following is a summary of warrants outstanding as at March 30, 2020 and January 31, 2020:

Expiry Date	Exercise Price Per Share	Number of Shares Remaining Subject to Warrants (March 31, 2020)	Number of Shares Remaining Subject to Warrants (January 31, 2020)
March 13, 2022	\$0.10	3,050,000	-
February 26, 2022	\$0.10	1,300,000	-
February 19, 2022	\$0.10	1,600,000	-
February 19, 2022	\$0.10	2,300,000	-
January 10, 2022	\$0.10	2,182,500	2,182,500
August 3, 2020	\$0.60	100,000	100,000
August 13, 2020	\$0.60	100,000	100,000
August 29, 2020	\$0.60	41,000	41,000
Total		10,673,500	2,423,500

Management Responsibility for the Financial Statements

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and these financial statements together with the other financial information included in these filings. The Board of Directors approves the Financial Statements and MD&A and ensures that management has discharged its financial responsibilities.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com.