Discoverymetals

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2020 and 2019

Dated August 26, 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

This Management's Discussion and Analysis ("MD&A") of Discovery Metals Corp. and its wholly-owned subsidiaries (together referred to as the "Company" or "Discovery Metals"), has been prepared to enable a reader to assess material changes in financial condition and results of operations as at and for the three and six months ended June 30, 2020 ("Q2 2020" and "Q2 YTD 2020", respectively). This MD&A, and the discussion of performance, financial condition and future prospects contained herein, should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2019 and accompanying notes (the "consolidated financial statements"), prepared in accordance with International Financial Reporting Standards ("IFRS") and accompanying MD&A for the year ended December 31, 2019, the Company's unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2020 (the "interim financial statements"), prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* ("IAS 34") and the Company's Annual Information Form ("AIF") for the year ended December 31, 2019. The information provided herein supplements, but does not form part of, the interim financial statements and includes financial and operational information from the Company's subsidiaries. This discussion also covers the three and six months ended June 30, 2019 ("Q2 2019" and "Q2 YTD 2019", respectively) and the subsequent period up to the date of this MD&A.

All dollar amounts are presented in Canadian dollars ("CAD"), the Company's reporting currency, except where otherwise noted. References to United States dollars are denoted as "USD". Additional information relating to the Company is available on SEDAR at www.sedar.com and on the Company's website at www.dsvmetals.com.

The Company's certifying officers, based on their knowledge and having exercised reasonable diligence, are also responsible to ensure that this MD&A and related interim financial statements do not contain any untrue statement of material fact and do not omit any required statement of material fact with respect to the periods reported. The interim financial statements, together with the other financial information included in this MD&A present fairly in all material respects the financial condition, results of operations and cash flows of the Company, as at the date of and for the periods presented in this MD&A. This MD&A contains forward looking information that is subject to risk factors set out in the cautionary note herein.

The Company's Board of Directors' (the "Board") review is accomplished principally through the Company's Audit Committee, which meets periodically to review all financial reports, prior to filing. The Board has approved the interim financial statements and this MD&A, as well as ensured that the Company's management ("Management") has discharged its financial responsibilities. Information in this MD&A is prepared as at August 26, 2020.

DESCRIPTION OF BUSINESS

Discovery Metals is a mineral exploration company whose main objective is to identify and successfully define and develop mineral deposits, primarily in Mexico.

The Company was incorporated on October 10, 1986 under the laws of British Columbia as Ayubowan Capital Ltd. On June 13, 2017, the Company's name was changed to Discovery Metals Corp. The Company is listed on the TSX Venture Exchange (the "Exchange" or "TSXV") under the symbol "DSV" and the OTCQX Market® under the symbol "DSVMF". The Company's head office is located at Suite 701 - 55 University Avenue, Toronto, Ontario, M5J 2H7.

COVID-19 – DISCOVERY'S RESPONSE AND CONTINUITY PLANS

On March 19 and March 31, 2020, the Company announced that it had begun implementing business continuity plans and procedures at its Mexican operations and corporate office in Toronto as a result of the global pandemic arising from the COVID-19 virus. Health and safety protocols were implemented, and the Company restricted international travel to site. The Company then began to decelerate exploration activity at Cordero to one drill rig in order to limit the number of employees at site. This was followed by a full temporary suspension of exploration activities due to the increased health and safety risks associated with the growing number of COVID-19 cases in Mexico. The decision to suspend exploration activity was consistent with a published recommendation from the Mexican Federal Government (the "Government") on March 24, 2020, that all non-essential services be temporarily shut down until April 19, 2020, a date that was subsequently updated to May 31, 2020. The Company also took into account the closure of local exploration support businesses in response to COVID-19.

On May 13, 2020, the Government published another decree announcing that mining and several other sectors were to be considered essential services and could begin operations as early as June 1, 2020. Commencement of operations would be subject to government approval of a company's application to resume operations. The applicant must demonstrate that strict health and safety protocols are in place and will be adhered to. The Company applied and was granted permission to restart operations. On June 19, 2020, the Company began operating one drill rig at the Cordero Project ("Cordero") and had ramped back up to four drill rigs by mid-August. The Company remains committed to being engaged with our local stakeholders during this uncertain period and will continue to closely monitor the directives of all levels of government in both Mexico and Canada as well as the relevant health authorities.

Prior to the suspension of activities, Discovery had completed 48 holes totaling approximately 17,500 metres of its recently expanded 50,000 – 55,000 metre Phase 1 drill program. Since resuming operations and to the date of this MD&A, the Company has completed a further 14 holes totaling approximately 6,667 metres.

Q2 2020 HIGHLIGHTS

During Q2 2020, the Company issued several news releases announcing results of exploration activities at its projects in addition to corporate developments.

PROJECTS

Cordero

Just prior to the start of Q2 2020, on March 31st, 2020, the Company announced that it had temporarily suspended all exploration activities at its Mexican operations due to increased health and safety risks associated with the growing number of COVID cases in the country.

During Q2 2020, the Company announced results from the 50,000 – 55,000 metre Phase 1 drill program at its Cordero project for drilling completed prior to the suspension of activities. The focus of Phase 1 is to: (1) delineate, expand and then re-domain areas of higher-grade mineralization within the existing Cordero resource; and (2) test new high priority targets outside the current resource, including targets on the large 35,000 hectare property package that surrounds Cordero.

(Expressed in Canadian dollars, except where otherwise noted)

Prior to the temporary suspension of exploration activities on March 31, 2020, forty-eight holes totaling approximately 17,500 metres had been completed. All the holes were drilled within the existing resource area as previously defined by Levon. All holes were drilled roughly perpendicular to the northeast trend of higher-grade blocks outlined in the current resource model. Highlights include:

Hole ID	From	To	Width (m)	Ag g/t	Au g/t	Pb %	Zn %	AgEq[2] g/t
C19-307	17.5	19.5	2.0	700	0.06	1.33	2.05	837
C19-308	3.6	17.6	14.0	185	0.02	0.05	0.13	194
C19-309	59.1	60.3	1.3	673	0.26	10.13	3.73	1,205
C20-310	51.1	52.3	1.2	904	0.08	5.40	8.08	1,436
C20-311	3.0	74.0	71.1	18	0.15	0.24	0.19	46
C20-312	3.0	127.1	124.1	46	0.03	0.23	0.54	79
C20-313	214.1	224.1	10.0	15	0.00	0.63	1.58	103
C20-314	135.0	241.0	106.1	51	0.37	0.97	0.56	139
C20-315	136.6	150.6	14.0	31	0.01	0.23	1.18	89
C20-316	163.1	190.7	27.7	119	0.55	2.02	0.28	247

On May 7, 2020, the Company announced results from eight diamond drill holes (C20-317 through C20-324) which were focused on defining and extending the higher-grade mineralized footprint to the north-east and south-west of the previously defined limits of the Pozo de Plata zone.

Highlight results from the north-east extension:

Hole ID	From	To	Width (m)	Ag g/t	Au g/t	Pb %	Zn %	AgEq[2] g/t
C20-319	77.0	108.2	31.2	51	0.07	0.9	0.8	122
C20-320	84.9	115.7	30.8	45	0.26	0.7	0.4	107
C20-322	104.7	124.6	19.9	72	0.41	1.2	1.4	205
C20-324	105.1	227.0	121.9	34	0.07	0.6	0.8	93
C20-326	126.7	151.8	25.2	18	0.15	0.3	0.6	66
C20-327	222.5	235.7	13.2	123	0.53	3.6	3.0	418
C20-328	79.3	131.2	51.9	69	0.13	1.1	1.9	197
C20-329	168.7	181.0	12.3	130	0.08	2.3	3.9	380
C20-330	134.3	219.8	85.5	38	0.16	0.8	0.8	112
C20-331	131.5	150.4	19.0	14	0.01	0.3	1.0	65
C20-332	132.0	167.5	35.5	26	0.06	0.4	0.9	83

(Expressed in Canadian dollars, except where otherwise noted)

Highlights from the south-west extension

Hole ID	From	To	Width (m)	Ag g/t	Au g/t	Pb %	Zn %	AgEq[2] g/t
C20-317	0.0	79.0	79.0	90	0.22	0.9	0.5	159
C20-318	8.4	30.6.	22.2	40	0.08	0.5	0.4	79
C20-321	195.0	206.3	11.3	8	0.00	0.3	2.4	120
C20-323	197.0	217.5	20.5	53	0.05	1.6	3.0	236

Refer to the Press Releases dated April 7, 2020, May 7, 2020 and June 18, 2020 available on SEDAR at www.sedar.com and on the Company's website at www.dsvmetals.com.

At the date of this MD&A, the Company has completed approximately 23,500m in 63 drill holes focused along two northeast trending higher grade mineralized trends and 6 of these drill holes have assays pending. A review of historical drilling has been underway resulting in the re-logging of 198 of the 292 drill holes previously completed on the project. The outcome of all the new work completed to date has resulted in a better understanding of the mineralizing systems, a new structural and geological model that is in progress, and the confirmation of a concentration of mineralization along northeast trending corridors. Additional results from the drilling are described in the press releases issued during 2020. Refer to the "Recent Developments" section of this MD&A for details on results.

CORPORATE

Sale of non-core exploration property

On April 9, 2020, the Company announced the divestiture of its 100% interest in the Congress Property ("Congress") located in British Columbia, to Talisker Resources Ltd. ("Talisker"). Congress was a non-core exploration property acquired by the Company as part of the Levon Resources Ltd. transaction that closed on August 2, 2019.

Under the terms of the purchase agreement, Talisker issued 1,000,000 common shares to the Company in return for 100% ownership of Congress. The common shares are subject to a four month hold period pursuant to applicable securities laws and further subject to certain resale restrictions for up to one year.

Stock option grant

On April 28, 2020, the Company, pursuant to the Company's stock option plan, granted an aggregate 4,835,000 options to certain management, employees, consultants and directors. The Options have an exercise price of $0.47 per share, have a five-year term from the date of grant, and vest according to the following schedules:

- Management, employees and directors: annually in equal thirds beginning on the date of grant;
- Consultants: quarterly in equal eighths beginning three months after the date of grant;

Any common shares issuable upon exercises of Options will, in accordance with applicable securities laws, be subject to a hold period expiring four months and one day from the date of grant.

(Expressed in Canadian dollars, except where otherwise noted)

Refer to the Press Release dated April 28, 2020 available on SEDAR at www.sedar.com and on the Company's website at www.dsvmetals.com.

Resignation of Director

On May 15, 2020, the Company announced that Jose Vizquerra-Benavides had resigned as a director of the Company, effective immediately, in order to focus on other professional commitments.

Refer to the Press Release dated May 15, 2020 available on SEDAR at www.sedar.com and on the Company's website at www.dsvmetals.com.

Non-brokered private placement

On May 18, 2020, the Company announced its intention to complete a $25,000,000 through the issuance of up to 45,454,545 units ("Units") at a price of $0.55 per Unit. Each Unit is comprised of one common share of Discovery ("Common Share") and one half of one Common Share purchase warrant, with each full warrant exercisable at $0.77 for a period of two years after the date of issuance. The Private Placement was fully subscribed and closed in two tranches on May 29, 2020 and June 8, 2020. Mr. Eric Sprott invested $10,000,000 in the Private Placement, resulting in the acquisition of 18,181,818 Units and Mr. Sprott holding approximately 24.4% of Discovery's issued and outstanding Common Shares.

The proceeds of the Private Placement will be used primarily to fund Discovery's continuing exploration program at its Cordero project and its Coahuila projects. A portion of the proceeds will be used for general working capital purposes.

Refer to the Press Release dated May 19, 2020 available on SEDAR at www.sedar.com and on the Company's website at www.dsvmetals.com.

Annual General Meeting of Shareholders

On June 26, 2020, the Company held its Annual General Meeting ("AGM") and announce results on June 29, 2020. All resolutions set before shareholders were voted in favour and approved by majority vote, including the re-election of all directors nominated. Directors elected for the ensuing year include:

Director	Votes For	% Votes For	Votes Withheld	% Votes Withheld
Taj Singh	102,372,339	99.9%	64,442	0.1%
Murray John	102,334,889	99.9%	101,872	0.1%
Mark O'Dea	102,372,889	99.9%	63,872	0.1%
Jeff Parr	102,318,228	99.9%	118,533	0.1%
Daniel Vickerman	102,340,278	99.9%	96,483	0.1%
Vic Chevillon	102,372,139	99.9%	64,622	0.1%
Jesus Hernandez-Garza	102,370,264	99.9%	66,497	0.1%
Moira Smith	102,334,839	99.9%	101,922	0.1%

(Expressed in Canadian dollars, except where otherwise noted)

Shareholders also voted in favour of (i) appointing PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Company for the ensuing year and authorizing directors to fix their remuneration; (ii) fixing the number of directors on the Company's Board of Directors at eight (8) persons; (iii) re-approving and ratifying the Company's Stock Option Plan; (iv) approving the Company's proposed Restricted Share Unit Plan and Deferred Share Unit Plan.

A total of 111,968,238 Discovery common shares were voted, representing 52.9% of total shares issued and outstanding as at the record date of the meeting.

Refer to the Press Release dated June 29, 2020 available on SEDAR at www.sedar.com and on the Company's website at www.dsvmetals.com.

RECENT DEVELOPMENTS

PROJECTS

Cordero

On July 20, 2020, the Company announced the expansion of its Phase 1 Drill Program by 20,000m to 50,000 – 55,000m and results from eight diamond drill holes (C20-333 through C20-342, with C20-340 and C20-341 results still pending) which were focused on defining and extending the higher-grade mineralized footprint to the north-east and south-west of the previously defined limits of the Pozo de Plata zone.

Highlight results from the north-east extension:

Hole ID	From	To	Width (m)	Ag g/t	Au g/t	Pb %	Zn %	AgEq[2] g/t
C20-333	206.8	327.2	120.4	30	0.11	0.4	1.5	114
C20-335	42.0	147.5	105.5	16	0.05	0.3	0.6	55
C20-336*	194.6	329.1	134.6	23	0.05	0.5	1.1	92
C20-338*	32.0	62.3	30.4	29	0.02	0.5	0.2	55
C20-339*	48.4	54.2	5.8	202	0.08	1.0	0.0	245
C20-342**	143.8	149.2	5.3	225	0.27	5.1	5.5	653

*includes results from the Parcionera Vein, ** includes results from the Todos Santos Vein

Highlights from the south-west extension

Hole ID	From	To	Width (m)	Ag g/t	Au g/t	Pb %	Zn %	AgEq[2] g/t
C20-317	0.0	79.0	79.0	90	0.22	0.9	0.5	159
C20-318	8.4	30.6.	22.2	40	0.08	0.5	0.4	79
C20-321	195.0	206.3	11.3	8	0.00	0.3	2.4	120
C20-323	197.0	217.5	20.5	53	0.05	1.6	3.0	236

(Expressed in Canadian dollars, except where otherwise noted)

Hole ID	From	To	Width (m)	Ag g/t	Au g/t	Pb %	Zn %	AgEq[2] g/t
C20-334	14.0	39.0	25.0	41	0.09	0.4	0.4	76
C20-337	63.3	64.6	1.3	405	0.42	2.6	4.8	727

The Company believes health and safety risks related to COVID-19 can be managed effectively and added a second drill rig during the first week of July and two additional rigs were added in the third week of August.

Drilling will be focused on two key areas: 1) Targeting of broad zones of breccia-hosted mineralization in the east and north-east of both mineralized corridors and 2) Testing of the width, grade and continuity of extensive high-grade vein systems identified in and adjacent to historical artisanal underground workings during the early history of the Project.

On August 19, 2020, the Company announced results of follow-up vein drilling at Cordero. Highlights intercepts include:

Todos Santos Vein

- **Hole C20-344**: 1.9 m averaging 2,007 grams per tonne silver equivalent ("g/t AgEq") from 171.1 m (1,035 g/t Ag, 0.06 g/t gold ("Au"), 20.0% lead ("Pb") and 6.4% zinc ("Zn")) within a 4.7 m breccia-vein interval averaging 1,299 g/t AgEq (635 g/t Ag, 0.15 g/t Au,12.3% Pb, 5.3% Zn)
- **Hole C20-347**: 0.5 m averaging 1,293 g/t AgEq from 125.7 m (629 g/t Ag, 0.33 g/t Au, 13.0% Pb and 4.4% Zn) within a 5.6 m interval averaging 312 g/t AgEq (135 g/t Ag, 0.18 g/t Au, 2.7% Pb, 1.6% Zn)

Parcionera Vein

- **Hole C20-340:** 1.3 m averaging 1,073 g/t AgEq from 69.6 m (587 g/t Ag, 0.67 g/t Au, 9.4% Pb and 2.4% Zn)

South Corridor

- **HoleC20-345:** 2.0 m averaging 966 g/t AgEq from 66.0 m (846 g/t Ag, 0.33 g/t Au, 2.6% Pb and 0.1% Zn)
- **Hole C20-345:** 0.7 m averaging 785 g/t AgEq from 228.4 m (433 g/t Ag, 0.12 g/t Au, 1.4% Pb and 7.1% Zn)

Refer to the Press Releases dated July 20, 2020 and August 19, 2020 available on SEDAR at www.sedar.com and on the Company's website at www.dsvmetals.com.

CORPORATE

Non-brokered private placement

On July 24, 2020, the Company announced its intention to complete a $35,000,000 non-brokered private placement (the "Private Placement") through the issuance of up to 25,927,000 units ("Units") at a price of $1.35 per Unit. The Private Placement closed on August 7, 2020. Each Unit is comprised of one common share of Discovery ("Common Share") and one half of one Common Share purchase warrant, with each full warrant exercisable at $1.75 for a period of two years after the date of issuance, expiring on August 7, 2022. A total of $1,763,848 in finders' fees were paid on close.

Mr. Eric Sprott invested $14,999,850 in the Private Placement, on acquisition of 11,111,000 Units resulting in Mr. Sprott holding approximately 26.4% of Discovery's issued and outstanding Common Shares, post-closing on an undiluted basis.

The proceeds of the Private Placement will be used primarily to fund Discovery's continuing exploration program at its Cordero project and its Coahuila projects. A portion of the proceeds will be used for general working capital purposes.

Refer to the Press Releases dated July 24 and August 10, 2020 available on SEDAR at www.sedar.com and on the Company's website at www.dsvmetals.com.

2020 OUTLOOK

The Company is focused on exploring and advancing Cordero, a 37,000-hectare property in Chihuahua State, Mexico, that covers an entire district that hosts numerous exploration targets for bulk tonnage diatreme-hosted, vein, porphyry-style, and carbonate replacement deposits. The Company holds rights to high-grade silver-zinc-lead deposits in a land package of approximately 150,000 hectares covering a historic mining district in northern Coahuila State, Mexico. The portfolio of three large-scale, drill-ready projects and several earlier-stage prospects, all with shallow, high-grade mineralization, is situated in a world-class carbonate replacement deposit belt that stretches from southeast Arizona to central Mexico. The land holdings contain numerous historical direct-ship ore workings with several kilometers of underground development, with no modern exploration or drill testing on the properties prior to the work carried out by Discovery.

COVID-19 – Impact on 2020 Outlook

Although the Company's exploration activities were suspended for almost three months (from March 31, 2020 to June 19, 2020) as a result of the COVID-19 pandemic, the main focus for the remainder of 2020 is on completing the originally planned 35,000m Phase 1 Drill Program for Cordero (recently expanded to 55,000m), developing drill programs for its Coahuila projects, and completing other activities including surface exploration testing of early-stage targets on the large Cordero land package. The Company currently has all four original drill rigs operating.

There are no present plans for any material capital expenditures in the next twelve months. With the addition of the gross $28.0 million cash inflow from the non-brokered private placement financings which closed in 2019, the non-brokered private placement of $25.0 million that closed during Q2 2020, and the most recent $35.0 million non-brokered private placement that closed during Q3 2020, the Company has the financial resources to complete its previously announced expansion of the Phase 1 Drill Program.

(Expressed in Canadian dollars, except where otherwise noted)

REVIEW OF CONSOLIDATED FINANCIAL RESULTS

Summary of Consolidated Quarterly Results

		Q2 2020		Q1 2020		Q4 2019		Q3 2019
Net loss								
(a) Total	**$**	**(1,747,677)**	$	(4,826,135)	$	(4,178,391)	$	(3,876,582)
(b) basic and diluted per share	**$**	**(0.01)**	$	(0.02)	$	(0.02)	$	(0.03)
Net loss and total comprehensive loss	**$**	**(1,936,075)**	$	(5,827,330)	$	(3,959,211)	$	(4,017,681)
Cash and cash equivalents	**$**	**26,913,163**	$	20,018,474	$	23,950,737	$	9,974,045
Total assets	**$**	**70,357,450**	$	47,966,857	$	53,518,599	$	39,074,676
Total current liabilities	**$**	**520,234**	$	767,213	$	716,596	$	514,414
Total weighted average shares outstanding		**226,123,223**		211,423,805		193,526,170		134,258,418

		Q2 2019		Q1 2019		Q4 2018		Q3 2018
Net loss								
(a) Total[(1)]	$	(807,897)	$	(793,684)	$	(1,384,584)	$	(1,983,699)
(b) basic and diluted per share	$	(0.01)	$	(0.01)	$	(0.02)	$	(0.03)
Net loss and total comprehensive loss	$	(914,483)	$	(704,463)	$	(1,179,158)	$	(1,934,797)
Cash and cash equivalents	$	3,139,279	$	3,952,973	$	4,691,676	$	5,928,552
Total assets	$	5,802,632	$	6,601,720	$	7,216,714	$	8,341,816
Total current liabilities	$	220,488	$	142,402	$	230,090	$	254,985
Total weighted average shares outstanding		65,043,998		65,043,998		65,043,998		65,043,998

Q2 2020 vs. Q2 2019

Net loss and total comprehensive loss

The Company had a net and total comprehensive loss of $1,936,075 during Q2 2020, compared to a net and total comprehensive loss of $914,483 for Q2 2019. The net and total comprehensive loss for Q2 2020 includes a non-cash currency translation adjustment ("CTA") loss of $188,398 as a result of the translation of Discovery Mexico's MXP currency financial statements to the Company's reporting currency of CAD on consolidation (Q2 2019 – CTA loss of $106,586). This CTA loss is the result of the depreciation of the MXP to CAD during the quarter which impacted primarily the mineral property balances.

The overall increase in net loss during Q2 2020 when compared to Q2 2019 is primarily the result of increased exploration expenditures due to the Phase 1 Drill Program at Cordero (began September 2019) and increased share-based compensation expense resulting from the option grant to certain management, directors, employees and consultants. These increased expenditures were partially offset by a gain of $295,000 related to the disposal of non-core exploration assets and $140,000 related to an increase in the fair value of investments.

Share-based compensation expense

The Company incurred non-cash share-based compensation expenses of $599,478 during Q2 2020, compared to $48,495 during Q2 2019. This increase is a direct result of the issuance of 4,835,000 new options granted in April 2020. No options were granted during Q2 2019.

Exploration and project evaluation expense

The Company incurred exploration and project evaluation costs of $731,237 during Q2 2020 compared to $481,528 Q2 2019. This increase is the direct result of work being performed on the Company's Cordero property. A total of $705,647 was spent on Cordero during Q2 2020 comprised primarily of $465,378 in assays from holes drilled prior to the suspension of activities on March 31, 2020, $40,065 in mining duties paid in advance of the July deadline, $99,608 in travel and related costs, and $46,485 on salaries and benefits with remainder having been spent on general project expenses. Work during Q2 2019 primarily relates to project evaluation costs of $235,627, surface and site access of $28,034, and salaries and benefits and travel costs of approximately $124,424 and $24,250, respectively.

General office and other expenses

During Q2 2020, the Company incurred general office and other expenses of $538,437 compared to $286,681 during Q2 2019. This increase is comprised primarily of salaries and benefits arising from a new member of the management team added during Q1 2020 and three additional members to the Board of Directors in the second half of 2019. An increase in shareholder communication, investor relations and business development costs are directly associated with an expansion of the corporate development and investor relations program during the quarter.

Professional fees

During Q2 2020, the Company incurred professional fees of $153,519 compared to $76,918 during Q2 2019. This increase is primarily the result of legal fees associated with various corporate matters including the filing of an annual information form and the development of equity incentive plans presented to shareholders at the Company's June 26, 2020 Annual General Meeting, and the non-brokered private placement, which were not incurred in the prior year.

Provision for 100% of IVA receivable

At June 30, 2020, the Company had an aggregate Mexican value added tax ("IVA") recoverable balance of $3,213,870 including $1,446,167 remaining from the IVA acquired in the Levon transaction (December 31, 2019: $3,197,997 including $1,743,011 acquired in the Levon transaction). On February 21, 2020, the Company received a partial IVA refund in the amount of 4,402,046MXP or approximately $300,000. The Company also received interest on this balance in the amount of 998,384MXP or approximately $60,000. The partial refund and interest received are recognized in 'other income' and 'interest income', respectively, in the interim consolidated Statement of Loss and Other Comprehensive Loss for the six months ended June 30, 2020.

On August 5, 2020, the Company received another partial IVA refund in the amount of 1,609,384MXP or $95,211. The Company also received interest on this balance in the amount of 503,737MXP or $29,801.

Aside from these refunds, the Company does not have a history of collection of Mexican IVA recoverable amounts due to the recent commencement of operations in Mexico. In addition, there is a high degree of uncertainty regarding the timing of repayment of IVA amounts by the Mexican government. As a result, on acquisition of Levon, no value was allocated to the IVA receivable balance. At June 30, 2020, the Company recognized a provision for 100% of the outstanding IVA receivable balance including $236,934 of additions to the IVA receivable balance during Q2 2020 (no provision taken in Q2 2019) and had a cumulative provision of $1,767,702 for total IVA receivable.

Foreign exchange (gain) loss

The company incurred a foreign exchange gain of $43,478 during Q2 2020 compared to a gain of $70,775 during Q2 2019. The change is the result of a depreciation of the MXP against the CAD and an appreciation of the USD against the CAD during the period. The Company remains unhedged with respect to foreign currency.

Q2 YTD 2020 vs. Q2 YTD 2019

Net loss and total comprehensive loss

The Company had a net and total comprehensive loss of $7,763,404 during Q2 YTD 2020, compared to a net and total comprehensive loss of $1,618,946 for Q2 YTD 2019. The net and total comprehensive loss for Q2 YTD 2020 includes a non-cash currency translation adjustment ("CTA") loss of $1,189,591 as a result of the translation of Discovery Mexico's MXP currency financial statements to the Company's reporting currency of CAD on consolidation (Q2 YTD 2019 – CTA loss of $17,365). This CTA loss is the result of the depreciation of the MXP to CAD during the quarter which impacted primarily the mineral property balances.

The overall increase in net loss during Q2 YTD 2020 when compared to Q2 YTD 2019 is primarily the result of increased exploration expenditures due to the Phase 1 Drill Program at Cordero (began September 2019) and increased share-based compensation expense resulting from the option grants in April 2020. These increased expenditures were partially offset by other income of $479,386 related to the gain on sale of investments and the receipt of a partial IVA refund and a gain on disposal of non-core exploration assets of $295,000 and increase in fair value of investments of $140,000.

Share-based compensation expense

The Company incurred non-cash share-based compensation expenses of $757,054 during Q2 YTD 2020, compared to $103,888 during Q2 YTD 2019. This increase is a direct result of the issuance of 4,835,000 new options granted in April 2020 and 400,000 options granted to new senior management in January 2020. No options were granted during Q2 YTD 2019.

Exploration and project evaluation expense

The Company incurred exploration and project evaluation costs of $4,746,447 during Q2 YTD 2020 compared to $756,503 Q2 YTD 2019. This increase is the direct result of work being performed on the Company's Cordero property. A total of $4,554,412 was spent on Cordero during Q2 YTD 2020 comprised primarily of $2,580,621 in drilling, $273,602 in mining duties, $534,362 in assays, and $816,766 on salaries and benefits with remainder having been spent on general project expenses. Work during Q2 YTD 2019 primarily relates to project evaluation costs of $235,627, mining duties of $79,767, surface and site access of $48,488, geophysics and paleontological work of $17,998 and salaries and benefits and travel costs of approximately $244,296 and $51,501, respectively.

General office and other expenses

During Q2 YTD 2020, the Company incurred general office and other expenses of $1,056,851 compared to $605,931 during Q2 YTD 2019. This increase is comprised primarily of salaries and benefits arising from a new member of the management team added during Q2 YTD 2020 and three additional members to the Board of Directors in the second half of 2019, partially offset by the resignation of one director in May 2019. An increase shareholder communication, investor relations and business development costs are directly associated with an expansion of the corporate development and investor relations program during the first half of 2020. An increase in filing and transfer agent fees is the direct result of the regulatory filings related to the non-brokered private placement that closed during Q2 2020.

Professional fees

During Q2 YTD 2020, the Company incurred professional fees of $240,760 compared to $123,207 during Q2 YTD 2019. This increase is primarily the result of legal fees for various corporate matters including the filing of an annual information form and the development of equity incentive plans presented to shareholders at the Company's June 26, 2020 Annual General Meeting, and the non-brokered private placement, which were not incurred in prior year.

Provision for 100% of IVA receivable

At June 30, 2020, the Company had an aggregate Mexican value added tax ("IVA") recoverable balance of $3,213,870 including $1,446,167 remaining from the IVA acquired in the Levon transaction (December 31, 2019: $3,197,997 including $1,743,011 acquired in the Levon transaction). On February 21, 2020, the Company received a partial IVA refund in the amount of 4,402,046MXP or approximately $300,000. The Company also received interest on this balance in the amount of 998,384MXP or approximately $60,000. The partial refund and interest received are recognized in 'other income' and 'interest income', respectively, in the interim consolidated Statement of Loss and Other Comprehensive Loss for the six months ended June 30, 2020.

On August 5, 2020, the Company received another partial IVA refund in the amount of 1,609,384MXP or $95,211. The Company also received interest on this balance in the amount of 503,737MXP or $29,801. The partial refund and interest received will be recognized in 'other income' and 'interest income', respectively.

Aside from these refunds, the Company does not have a history of collection of Mexican IVA recoverable amounts due to the recent commencement of operations in Mexico. In addition, there is a high degree of uncertainty regarding the timing of repayment of IVA amounts by the Mexican government. As a result, on acquisition of Levon, no value was allocated to the IVA receivable balance. At June 30, 2020, the Company recognized a provision for 100% of the outstanding IVA receivable balance including $823,262 of additions to the IVA receivable balance during Q2 YTD 2020 (no provision taken in Q2 2019) and had a cumulative provision of $1,767,702 for total IVA receivable.

Foreign exchange (gain) loss

The company incurred a foreign exchange loss of $59,429 during Q2 YTD 2020 compared to a loss of $45,446 during Q2 2019. The change is the result of a depreciation of the MXP against the CAD and an appreciation of the USD against the CAD during the period. The Company remains unhedged with respect to foreign currency.

CASH FLOW

Q2 2020 vs. Q2 2019

The Company had net cash used in operating activities of $2,005,572 for Q2 2020 compared to net cash used in operating activities of $782,867 for Q2 2019. This increase is the direct result of the Phase 1 Drill Program at Cordero and related exploration activities at that project during Q2 2020.

The Company had net cash used in investing activities of $15,068,168 for Q2 2020 compared to net cash used in investing activities of $1,775 for Q2 2019 for the purchase of computer equipment. Investing activities for the current period include the investment of $15,000,000 in a two-year fixed GIC, bearing interest at 1.55% with no redemption restrictions, and the purchase of a vehicle and equipment in Mexico.

The Company had net cash provided by financing activities of $23,974,618 during Q2 2020 compared to cash used in financing activities of $10,754 during Q2 2019. The net cash inflow during Q2 2020 is primarily the result of net proceeds of $23,814,999 from the non-brokered private placement that closed in two tranches on May 29 and June 8, 2020, cash received of $114,319 on the exercise of options and cash received of $56,487 on the exercise of warrants. These inflows were partially offset by the principal repayments on the lease liability, while the cash outflow during Q2 2019 relates entirely to the principal repayments on the lease liability.

Q2 YTD 2020 vs. Q2 YTD 2019

The Company had net cash used in operating activities of $6,245,755 for Q2 YTD 2020 compared to net cash used in operating activities of $1,488,515 for Q2 YTD 2019. This increase is the direct result of the Phase 1 Drill Program at Cordero and related exploration activities at that project during Q2 YTD 2020.

The Company had net cash used in investing activities of $14,858,273 for Q2 YTD 2020 compared to net cash used in investing activities of $1,775 for Q2 YTD 2019 for the purchase of computer equipment. Investing activities for the current period include the investment of $15,000,000 in a two-year fixed GIC, bearing interest at 1.55% with no redemption restrictions, and the purchase of IT server infrastructure, a vehicle and equipment in Mexico, partially offset by the proceeds received from the sale of investments.

The Company had net cash provided by financing activities of $24,042,459 during Q2 YTD 2020 compared to cash used in financing activities of $21,403 during Q2 YTD 2019. The net cash inflow during Q2 YTD 2020 is primarily the result of net proceeds of $23,814,999 from the non-brokered private placement that closed in two tranches on May 29 and June 8, 2020, cash received of $193,238 on the exercise of options and cash received of $56,487 from the exercise of warrants. These inflows were partially offset by the principal repayments on the lease liability, while the cash outflow during Q2 YTD 2019 relates entirely to the principal repayments on the lease liability.

(Expressed in Canadian dollars, except where otherwise noted)

CAPITAL MANAGEMENT AND LIQUIDITY

The Company defines capital as its shareholder's equity (comprised of issued share capital, contributed surplus and deficit). The Company's objectives when managing capital are to support the Company's main activities of identifying, defining and developing mineral deposits, thus creating shareholder value, as well ensuring that the Company will be able to meet its financial obligations as they become due.

The Company manages its capital structure to maximize its financial flexibility to enable the Company to respond to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. As at June 30, 2020, aside from the long-term portion of the lease liability (refer to note 12 of the interim financial statements), the Company does not have any long-term debt outstanding and is not subject to any externally imposed capital requirements or debt covenants. There was no change to the Company's approach to capital management during Q2 2020.

As at June 30, 2020, the Company had working capital (calculated as current assets less current liabilities) of $42,167,158 (December 31, 2019 – $23,860,648), shareholders' equity of $69,772,506 (December 31, 2019 – $52,714,132) and an accumulated deficit of $44,859,683 (December 31, 2019 – $38,285,870). The Company is sufficiently capitalized to complete planned initial exploration programs on its properties, including the recently expanded Phase 1 Drill Program at Cordero. If required, future funding may be obtained by means of issuing share capital, debt financing or a combination of both and will be assessed by Management at that time. The current excess funds are invested in highly liquid, interest-bearing marketable securities with no restrictions on redemption.

SHARE CAPITAL

As a result of the non-brokered private placement which closed in two tranches on May 29 and June 28, 2020, an aggregate total of 45,545,454 common shares were issued for gross proceeds of $25.0 million. On August 7, 2020, a total of 25,927,000 common shares were issued for gross proceeds of $35.0 million. Refer to "Recent Developments" section of this MD&A.

A summary of the common shares issued and outstanding as at June 30, 2020 and impact of changes to share capital is as follows:

	Common Shares		Amount
As at December 31, 2019	211,205,321	$	76,174,408
Shares issued on Private Placement[(1)]	**45,454,545**		**25,000,000**
Finders' fees on Private Placement	**-**		**(1,185,001)**
Warrants issued on Private Placement	**-**		**(8,976,252)**
Shares issued on exercise of options	**587,342**		**317,979**
Shares issued on exercise of warrants	**77,150**		**56,487**
As at June 30, 2020	**257,324,358**	**$**	**91,387,621**

(1) The Private Placement closed in two tranches on May 29 and June 8, 2020.

(Expressed in Canadian dollars, except where otherwise noted)

OUTSTANDING SHARE DATA

As at August 26, 2020 the Company had the following equity securities and convertible securities outstanding:

	Authorized	Number and Type Outstanding
Voting or Equity Securities Issued and Outstanding	Unlimited Common Shares	297,207,433 Common Shares
Securities convertible or exercisable into voting or equity securities-stock options	Stock Options to acquire up to 10% of outstanding Common Shares	Stock options to acquire 13,956,458 Common Shares
Securities convertible or exercisable into voting or equity securities-warrants(1)(2)(3)	Warrants to acquire 71,881,773 Common Shares	Warrants to acquire 60,226,243 Common Shares

(1) All 1,414,168 replacement warrants issued on acquisition of Levon Resources Ltd. on August 2, 2019 expired unexercised on February 13, 2020.

(2) 22,727,267 share purchase warrants were issued in the $25 million non-brokered private placement at an exercise price of $0.77 and an expiry date of May 29 or June 8, 2022 and 804,545 share purchase warrants were issued to certain finders at an exercise price of $0.55 and an expiry date of May 29 or June 8, 2022.

(3) 12,963,000 share purchase warrants were issued on August 7, 2020 in the $35 million non-brokered private placement at an exercise price of $1.75 and an expiry date of August 7, 2022.

RELATED PARTY TRANSACTIONS

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

A company partially owned by one of the directors of the Company provides access to administrative and exploration personnel and has made certain payments on behalf of the Company on an as-needed basis. There is no fee charged to the Company, as all expenses are allocated at cost. Reimbursed expenses for the three and six months ended June 30, 2020 totaled $1,333 and $13,283, respectively (three and six months ended June 30, 2019 –$12,676 and $18,448, respectively). The Company had $nil in expenses payable to this company as at June 30, 2020 (December 31, 2019 – $8,216). These expenses are not included in the table below.

Under similar arrangements, during the three and six months ended June 30, 2020 the Company reimbursed expenses of $nil and $nil, respectively (three and six months ended June 30, 2019 –$4,619 and $5,326) to other companies which have a Director in common. There was $nil in expenses payable at June 30, 2020 (December 31, 2019 –$nil). These expenses are not included in the table below.

Transaction Type	Nature of Relationship		Q2 2020		Q2 2019
Share-based payments	Directors and officers	**$**	**447,039**	$	31,690
Salaries and benefits	Officers		**175,670**		162,451
Directors fees	Directors		**76,736**		43,750
		$	**699,445**	$	237,891

(Expressed in Canadian dollars, except where otherwise noted)

Transaction Type	Nature of Relationship	Q2 YTD 2020	Q2 YTD 2019
Share-based payments	Directors and officers	**$ 524,426**	$ 63,033
Salaries and benefits	Officers	**351,340**	324,901
Consulting fees	Director	**25,000**	-
Directors fees	Directors	**126,736**	87,500
		$ 1,027,502	$ 475,434

A summary of amounts due to related parties:

Transaction Type	Nature of Relationship	June 30, 2020	December 31, 2019
Salaries and benefits payable	Officers and employees	**$ -**	$ 266,125
		$ -	$ 266,125

<u>Exploration and Option agreements</u>

A director of the Company is also party to the mineral exploration and option agreements and amendments thereto, entered into between the Company and the Vendors.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

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

Accounts receivable and deposits are classified as receivables and are measured at amortized cost using the effective interest method. Accounts payable and accrued liabilities are classified as other financial liabilities and are measured at amortized cost. These financial instruments approximate their fair value due to their short-term nature.

The fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Financial instruments are classified into one of three levels in the fair value hierarchy according to the degree to which the inputs used in the fair value measurement are observable.

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 Inputs that are not based on observable market data.

As at June 30, 2020 the Company had no financial instruments classified as Level 2 or 3.

Financial Risk Factors

The Company has exposure to certain risks resulting from its use of financial instruments.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2020, the Company had a cash and cash equivalents balance of $26,913,163 (December 31, 2019 – $23,950,737) to settle current liabilities of $520,234 (December 31, 2019 – $716,596). The Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

As at June 30, 2020, the Company has no sources of revenue to fund its operating expenditures. Since inception the Company has relied solely on private placements to fund its operations. Since the change of business transaction in August 2017, such private placements include:

1) gross proceeds of $15,618,500 received through a non-brokered private placement of 31,237,000 common shares at a price of $0.50 per share during the year ended December 31, 2017;
2) gross proceeds of $9,004,770 received through a non-brokered private placement of 39,151,174 common shares at a price of $0.23 per share on July 24, 2019;
3) gross proceeds of $19,000,000 received through a non-brokered private placement of 42,222,219 common shares at a price of $0.45 on November 5, 2019; and
4) gross proceeds of $25,000,000 received through a non-brokered private placement of 45,454,545 units at a price of $0.55 per unit on May 29 and June 8, 2020 (two tranches).

On July 24, 2020, the Company announced the intention to complete a $35,000,000 non-brokered private placement through the issuance of 25,927,000 units at a price of $1.35 per unit (refer to "Recent Developments" section of this MD&A). The private placement closed on August 7, 2020 placing the Company with a cash and cash equivalents balance over $80 million. The current excess funds are invested in highly liquid, interest-bearing marketable securities with no restrictions on redemption, in accordance with the Company's capital management policies.

Management believes these financings will fund the Company's initial exploration work on the properties in both Coahuila and Chihuahua, Mexico as well as the existing administrative needs. The Company may require additional financing to accomplish long-term strategic objectives. Future funding may be obtained by means of issuing share capital, or debt financing. At June 30, 2020, the Company is currently exposed to a low level of liquidity risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss. The Company's cash and cash equivalents, accounts receivable and prepaids and deposits are exposed to credit risk. The Company has assessed the credit risk on its cash and cash equivalents as low as its funds are held in highly rated Canadian financial institutions. Management deems the credit risk associated with other receivables and deposits to be at an acceptable level.

The Company's maximum exposure to credit risk related to certain financial instruments as identified below, approximates the carrying value of these assets on the Company's consolidated statements of financial position.

		June 30, 2020		December 31, 2019
Cash and cash equivalents	**$**	**26,913,163**	$	23,950,737
Short-term investments		**15,000,000**		-
Other receivables		**8,799**		13,925
Deposits		**133,189**		482,594
	$	**42,055,151**	$	24,447,256

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and equity prices. Management has determined market risk to be at an acceptable level.

Interest rate risk

The Company has significant cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in high-yield savings accounts or other highly liquid interest-bearing short-term investment vehicles. The Company regularly monitors its cash management policy. Management has determined interest rate risk to be low.

Foreign currency risk

The Company's functional currency is the Canadian dollar. At June 30, 2020, cash balances were held primarily in Canadian dollars. Foreign currency risk is the risk that the value of the Company's financial instruments denominated in foreign currencies will fluctuate due to changes in foreign exchange rates. Changes in the exchange rate between foreign currencies and the Canadian Dollar could have a significant impact on the Company's financial position, results of operations, and cash flows. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The Company is mainly exposed to foreign currency risk on financial instruments (consisting of trade payables) denominated in USD and Mexican Pesos ("MXP").

As at June 30, 2020 and December 31, 2019, the Company had the following foreign currency denominated trade payables:

		June 30, 2020		December 31, 2019
United States dollar	**$**	**166,763**	$	54,133
Mexican Peso		**54,144**		157,598
	$	**220,907**	$	211,731

There have been significant fluctuations in currency valuations during Q2 2020 and the period up to the date of this MD&A as a result of the COVID-19 pandemic. The Company determined it was exposed to a higher level of risk associated with balances held in foreign currencies when compared to the risk assessed at December 31, 2019.

(Expressed in Canadian dollars, except where otherwise noted)

It is estimated that various fluctuations in the USD and MXP against the Canadian dollar would affect net loss at June 30, 2020 is as follows:

% currency fluctuation		**June 30, 2020**
10%	$	21,993
20%	$	43,988
30%	$	65,981

As a result of the foreign currency risk sensitivity analysis, Management has determined the Company's exposure to foreign currency risk to be at low.

Price risk

The Company is exposed to price risk with respect to commodity prices and prices of equity securities. Commodity price risk is defined as the potential adverse impact on net income or loss and economic value due to commodity price movements and volatilities. Equity security price risk is defined as the potential adverse impact on the Company's net income or loss due to movements in individual prices of equity securities or price movements in the stock market generally. Commodity price risk is defined as the potential adverse impact on net income or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, particularly as they relate to base and precious metals, and movement in the price of individual equity securities movements and the stock market generally, to determine the appropriate course of action to be taken by the Company.

There have been significant fluctuations in commodity prices and prices of equity securities during Q2 YTD 2020 and the period up to the date of this MD&A as a result of the COVID-19 pandemic. Due to this volatility, the Company determined it was exposed to a higher level of overall price risk when compared to the risk assessed at December 31, 2019.

The global economic impact will be felt for an extended period after the threat from COVID-19 subsides as businesses return to steady-state operations. However, governments around the world have approved large monetary and fiscal stimulus packages in order to offset the anticipated economic decline. This should result in inflation over the medium-term that, coupled with historically low interest rates will have a positive impact on the precious metals market.

The Company will continue to closely monitor commodity prices, particularly as they relate to silver and base metals (lead and zinc), and movement in the price of individual equity securities and the stock market generally, to determine the appropriate course of action to be taken by the Company.

OTHER RISKS AND UNCERTAINTIES

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration and development of mining properties. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company's operations. If any of these risks occur, including the financial risks described above, the Company's business, financial condition and operating results could be adversely affected.

For a detailed discussion of risks refer to the Company's MD&A for the year ended December 31, 2019 available on the Company's website at www.dsvmetals.com or on SEDAR at www.sedar.com.

This MD&A also contains forward-looking information that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risks faced by the Company as described in the documents incorporated by reference herein. Refer to the "Cautionary Statement Regarding Forward-Looking Information".

Impact of COVID-19 and other health epidemics on Health and Safety

The Company faces risks related to health epidemics and other outbreaks of communicable diseases, which could significantly disrupt its operations and may materially and adversely affect its business and financial conditions.

The Company's business could be adversely impacted by the continued effects of the COVID-19 outbreak or other epidemics. In December 2019, a novel strain of the coronavirus emerged in China and the virus has now spread globally, including Canada and Mexico. The extent to which COVID-19 impacts the Company's business, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken by each country's respective government to contain or treat the coronavirus outbreak. In particular, the continued spread of the coronavirus globally could materially and adversely impact the Company's operating activities including but not limited to: employee health; workforce productivity; increased insurance premiums; limitations on travel; the availability of industry experts and personnel; restrictions to its drill program and/or the timing to process drill and other metallurgical testing; and other factors that will depend on future developments beyond the Company's control, which may have a material and adverse effect on the its business, financial condition and results of operations.

There can be no assurance that the Company's personnel will not be impacted by these pandemic diseases and ultimately see its workforce productivity reduced or incur increased medical costs / insurance premiums as a result of these health risks.

In addition, a significant outbreak of coronavirus could result in a widespread global health crisis that could adversely affect global economies and financial markets resulting in an economic downturn that could have an adverse effect on the demand for precious metals and the Company's future prospects.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

There have been no material changes to the Company's commitments and contractual obligations during Q2 2020 and to the date of this MD&A.

SIGNIFICANT ACCOUNTING POLICIES

The Company's interim financial statements were prepared using the same accounting policies and methods of application as those disclosed in note 3 of the consolidated financial statements.

CHANGES IN ACCOUNTING POLICIES

There were no changes to accounting policies during Q2 2020.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the interim financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical accounting judgments and estimates include but are not limited to the Company's determination of: functional currency; the economic recoverability and probability of future economic benefits of exploration; evaluation and development costs; determination of useful lives; impairment charges; recoverability of sales tax receivable; income taxes; and share-based payments. The estimates of non-cash share-based payments expense involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. Actual results could differ from those estimates. During Q2 2020, there have been no changes to these critical accounting judgments and estimates.

For details on the Company's critical accounting judgments and estimates, refer to note 5 of the Company's consolidated financial statements for the year ended December 31, 2019 available on SEDAR at www.sedar.com or on the Company's website at www.dsvmetals.com.

OFF-BALANCE SHEET ARRANGEMENTS

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

QUALIFIED PERSON

The technical information in this MD&A was reviewed and approved by Gernot Wober, P. Geo., Vice President Exploration of the Company, who is recognized as a Qualified Person ("QP") under the guidelines of NI 43-101.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results could differ materially from any estimates, forecasts, predictions, projections, assumptions, or other future performance suggested herein.

Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements.

These forward-looking statements may include but are not limited to statements concerning:

- The Company's success at completing future financings;
- The Company's strategies and objectives;
- The Company's receipt of permits for the Puerto Rico Property;
- The availability of qualified employees for business operations;
- General business and economic conditions;
- General political climate;
- The Company's ability to meet its financial obligations as they become due; and
- The Company's ability to identify, successfully negotiate and/or finance an acquisition of a new business opportunity.

Readers are cautioned that the preceding list of risks, uncertainties, assumptions and other factors are not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by these forward-looking statements. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, investors in securities of the Company should not place undue reliance on these forward-looking statements.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on the Company's website at www.dsvmetals.com or on SEDAR at www.sedar.com.