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DISCOVERY HARBOUR RESOURCES CORP.

INTERIM MD&A – QUARTERLY HIGHLIGHTS

FOR THE THREE MONTHS ENDED DECEMBER 31, 2019

The following interim MD&A – Quarterly Highlights of the financial position of Discovery Harbour Resources Corp. (the "Company" or "Discovery Harbour") and results of operations of the Company should be read in conjunction with the unaudited condensed interim consolidated financial statements including the notes thereto for the period ending December 31, 2019 and the audited financial statements for the year ending September 30, 2019.

The accompanying unaudited condensed interim consolidated financial statements and related notes are presented in accordance with International Financial Reporting Standards for interim financial statements and accordingly do not include all disclosures required for annual financial statements. These statements, together with the following interim MD&A – Quarterly Highlights dated **March 2, 2020** ("Report Date"), are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to the potential future performance. The information in the interim MD&A – quarterly highlights may contain forward-looking statements.

These statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.

Economic and industry factors are substantially unchanged with respect to a comparison of the Company's interim financial condition to the financial condition as at the most recently completed financial year end.

Additional information relating to the Company may be found on SEDAR at www.sedar.com.

1. CORE BUSINESS

Discovery Harbour Resources Corp. is a junior resource company engaged in the acquisition, exploration and evaluation of mineral properties in the United States hosting gold and base metals.

The Company holds interests in the following mineral resource property in the United States:

- **Caldera Gold Property** (Nye County, Nevada) – gold property located in Nye County, Nevada. The Caldera gold property has been acquired through various agreements and staking. The Company has (i) an option to earn a 100% interest, subject to advance minimum royalty payments and a 2% retained net smelter return royalty ("NSR") , increasing to a 3% NSR should the price of gold exceed US$1,601 per ounce, on certain of the mineral claims; and (ii) a 100% interest, subject to nil or a 2% retained NSR, on certain other mineral claims comprising the Caldera gold property. Additional detail is set out in Section 6 "Operating Milestones" below.

The Company is considering financing strategies to enable it to advance the Caldera property and continues to review projects with the intent to expand its portfolio. At present, the Company is focussing on gold projects located in the western United States but may consider other favourable jurisdictions.

In October 2019, the Company completed a non-brokered private placement consisting of 12,000,000 units (each unit consisting of one common share and one share purchase warrant) priced at $0.05 for gross proceeds of $600,000. In February 2020, the Company completed the first tranche of a non-brokered private placement consisting of 1,875,000 units priced at $0.10 for gross proceeds of $187,500 (each unit consists of one common share and one-half of a share purchase warrant). All securities issued are subject to a four month hold period. The proceeds will be used for working capital and Caldera Gold Property work. See Section 8, Liquidity, for further details of these private placements.

The Company was incorporated under the Business Corporations Act of British Columbia on March 11, 2009. The Company was classified as a Capital Pool Company as defined in Policy 2.4 of the TSXV and completed its Qualifying Transaction pursuant to the policies of the TSXV on November 22, 2010. The Company is listed on the TSX Venture Exchange as a Tier 2 Venture Issuer having the symbol DHR-V. The Company completed a reverse takeover transaction with CVC Cayman Ventures Corp. on April 2, 2013.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, 0845837 B.C. Ltd. and Discovery Harbour (USA) LLC. Inter-company balances and transactions are eliminated on consolidation.

2. FINANCIAL CONDITION

The Company has not generated revenue from operations since inception. The Company has accumulated losses of $20,836,444 since inception and expects to incur further losses in the development of its business, all of which may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to raise financing and generate future profitable operations. As the Company is in the exploration stage, the recoverability of costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties. The Company will periodically have to raise funds to continue operations, and although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

The Company had a working capital deficit of $160,605 at December 31, 2019 compared to a working capital deficit of $468,348 at September 30, 2019. The Company's working capital position has improved as a result of the private placement financing for gross proceeds of $600,000 completed in October 2019, as discussed in Section 8 "Liquidity" below.

Cash was $7,776 at December 31, 2019 compared to $7,450 at September 30, 2019. The Company's sources and uses of cash are discussed in Section 4 "Cash Flows" below.

Short-term investments at December 31, 2019 consist of $305,000 in term deposits held at BMO Bank of Montreal (September 30, 2019 - $15,000) and $3,240 in fair value of 46,285 shares of Red Oak Mining

Corp. that trades publicly on the TSX Venture Exchange (September 30, 2019 - $3,240 classified as non-current investments).

Amounts receivable of $7,719 at December 31, 2019 (September 30, 2019 - $1,155) consist of GST input tax credits and interest receivable on term deposits.

Prepaid expenses of $51,417 at December 31, 2019 (September 30, 2019 - $6,600) includes $38,082 in advance payment on a marketing services agreement and $10,672 in advance payments for participation in trade conferences.

Exploration and evaluation assets of $556,430 at December 31, 2019 (September 30, 2019 - $390,238) consist of acquisition and exploration expenditures on the Company's Caldera property, which are discussed in section 6 "Major Operating Milestones" below.

Trade and other payables were $29,707 at December 31, 2019 (September 30, 2019 - $18,006). Trade payable amounts are unsecured.

Due to related parties was $72,266 at December 31, 2019 (September 30, 2019 - $42,173) (see Section 11 "Transactions Between Related Parties" below). Due to related parties represents amounts owing to directors, officers, companies with a common director or officer, and shareholders who hold greater than a 10% interest in the Company for unpaid project management services, expenses and salaries, which are unsecured, non interest bearing and payable on demand.

The convertible debenture in the principal amount of $100,000 at December 31, 2019 (September 30, 2019 - $100,000) is held by a director who is a significant shareholder of the Company. The debenture is non-interest bearing, unsecured, and convertible at the option of the holder, into common shares of the Company at a conversion price equal to the greater of $0.15 per common share or the subscription price for each share in the most recently completed private placement of the Company during the term of the debenture. The debenture matured on April 8, 2018 and is payable on demand.

Loans payable in the principal amount of $333,784 at December 31, 2019 (September 30, 2019 - $338,374) are held by the same director who is a significant shareholder of the Company. $100,000 of the loans are unsecured, non-interest bearing and payable on demand. US $180,000 of these loans mature on October 9, 2020 ("Maturity") and interest will accrue at a rate of 4% per annum, compounded semi-annually, commencing October 9, 2019 and will be paid on Maturity together with the outstanding principal.

3. FINANCIAL PERFORMANCE

The Company's corporate and administrative head office is located in Vancouver, Canada and it is engaged in acquisition, exploration and evaluation activities in the State of Nevada in the United States of America.

Because the Company is in the exploration stage, it did not earn any significant revenue and its expenses relate to the costs of operating a public company of its size. Net loss and comprehensive loss for the three months ended December 31, 2019 was $239,370 (three months ended December 31, 2018 - $89,794) and loss per share was $0.01 (three months ended December 31, 2018 - $0.00 per share).

3.1 Other Income and Expenses

Other income and expenses for the three months ended December 31, 2019 consists of gain on foreign exchange of $1,054 (2018 – loss of $12,126), interest income of $780 (2018 - $327) and unrealized loss on investments of $nil (2018 - $27,540).

3.2 Total Expenses for the three months ended December 31, 2019

Total expenses for the three months ended December 31, 2019 were $241,204 compared to total expenses of $50,455 recorded for the 2018 comparative period. Details of the increases are set out below.

Employee costs were $149,413 for the three months ended December 31, 2019 compared to expenses of $21,539 recorded for the 2018 comparative period. Employee costs include management fees, consulting fees, salaries and benefits, WorkSafeBC premiums and share-based payments. The following is a breakdown of material components of the Company's employee costs for the three months ended December 31, 2019 and 2018.

	Three months ended December 31, 2019 $	Three months ended December 31, 2018 $
Management fees	6,000	-
Consulting fees	15,000	15,000
Salaries and benefits	15,913	6,539
WorkSafeBC premiums	36	-
Share-based payments	112,464	-
	149,413	21,539

Management fees of $6,000 were paid to a company controlled by the President during the three months ended December 31, 2019 (2018 - $nil).

Consulting fees of $15,000 were paid to a business consultant during the three months ended December 31, 2019 (2018 - $15,000).

Salaries and benefits of $15,913 were paid to the Company's CFO and Vice President during the three months ended December 31, 2019. Salaries and benefits of $6,539 were paid to the Company's CFO during the three months ended December 31, 2018.

WorkSafeBC premiums were $36 for year three months ended December 31, 2019 (2018 - $nil).

Share-based payments of $112,464 were recorded for the grant of 2,190,000 incentive stock options to directors, employees and consultants during the three months ended December 31, 2019 (2018 - $nil).

Loan interest expense of $2,159 was recorded on US $180,000 in loans at a rate of 4.0% per annum, compounded semi-annually, during the three months ended December 31, 2019 (2018 - $nil).

General and administrative expenses were $89,632 for the three months ended December 31, 2019 compared to expenses of $28,916 recorded for the 2018 comparative period. The following is a breakdown of the material components of the Company's general and administrative expenses for the three months ended December 31, 2019 and 2018.

	Three months ended December 31, 2019	Three months ended December 31, 2018

	$	$
Accounting and audit fees	-	15
Filing fees	10,618	4,279
Insurance	2,514	2,521
Investor communication	63,877	13,103
Legal	4,628	7,182
Office	3,102	1,219
Transfer agent	1,817	597
Travel and automobile	3,076	-
	89,632	28,916

Filing fees were $10,618 for the three months ended December 31, 2019 compared to expenses of $4,279 recorded for the 2018 comparative period. The following is a breakdown of the material components of the Company's filing fees for the three months ended December 31, 2019 and 2018.

	Three months ended December 31, 2019 $	**Three months ended December 31, 2018 $**
Annual financial statements	1,779	1,779
Exempt distributions	1,689	-
Listing sustaining fee	1,300	1,300
Personal information form	-	200
Private placement	3,750	-
Property acquisition	-	1,000
Stock option plan	600	-
Warrant extension	1,500	-
	10,618	4,279

Insurance consists of directors and officer's liability insurance.

Investor communication expenses were $63,877 for the three months ended December 31, 2019 compared to expenses of $13,103 recorded for the 2018 comparative period. During the period, the Company undertook an investor communications program to raise the profile of the Company. The following is a breakdown of the material components of the Company's investor communication expenses for the three months ended December 31, 2019 and 2018.

	Three months ended December 31, 2019 $	**Three months ended December 31, 2018 $**
Advertising	3,348	1,100
Annual general meeting	3,815	3,243
Consultants	34,668	8,760
News releases	2,190	-
Trade shows and conferences	19,856	-
	63,877	13,103

On October 4, 2019, the Company entered into a Marketing Services Agreement (the "Agreement") to engage a contractor (the "Consultant") to provide marketing, public relations and advisory services for an initial six month term for a fee of $12,000 per month payable in advance ($72,000 paid) upon the completion of a $0.05 unit private placement offered by the Company (closed on October 31, 2019). As further consideration, the Consultant received 515,000 stock options exercisable at a price of $0.075 per share until October 4, 2024. The options are to vest over a period of 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting. Upon completion of the initial six month term, the Agreement will continue on a monthly basis until terminated by either party with the provision of 30 days notice.

The Company signed an agreement dated August 15, 2018 to engage Purple Crown Communications Corp. to provide investor relations services for a three month term for consideration of $5,000 per month. Upon expiry of the term, the parties agreed to reduce the fee to $500 per month for maintenance services. This arrangement was terminated in October 2019.

Legal fees were $4,628 for the three months ended December 31, 2019 compared to expenses of $7,182 for the 2018 comparative period. The following is a breakdown of the material components of the Company's legal fees for the three months ended December 31, 2019 and 2018.

	Three months ended December 31, 2019 $	Three months ended December 31, 2018 $
Annual general meeting	1,942	3,649
General corporate matters	2,563	1,067
Property acquisition	-	2,335
US domestic representation	123	131
	4,628	7,182

Office expenses were $3,102 for the three months ended December 31, 2019 compared to expenses of $1,219 for the 2018 comparative period. The following is a breakdown of the material components of the Company's office expenses for the three months ended December 31, 2019 and 2018.

	Three months ended December 31, 2019 $	Three months ended December 31, 2018 $
Bank charges and interest	202	89
Courier and postage	227	15
IT / web	1,255	540
Meals and entertainment	732	-
Office supplies	311	193
Rent	332	366
Telephone	43	16
	3,102	1,219

Transfer agent fees were $1,817 for the three months ended December 31, 2019 compared to expenses of $597 for the 2018 comparative period.

Travel and automobile expenses were $3,076 for the three months ended December 31, 2019 compared to expenses of $nil for the 2018 comparative period, and relate to travel to investment conferences.

4. CASH FLOWS

The Company is still in the exploration and development stage and as such does not earn any significant revenue. Total cash used in operating activities was $177,846 for the three months ended December 31, 2019 compared to cash used of $56,458 for the 2018 comparative period.

Cash used in investing activities was $449,522 for three months ended December 31, 2019 and consists of mineral property expenditures of $159,522 and purchase of term deposits of $290,000. In comparison, cash of $56,058 was provided by investing activities during the 2018 comparative period and consisted of $66,300 in expenditures on exploration and evaluation assets, $115,000 on the redemption of term deposits, and $7,358 from the return of a reclamation bond.

Cash provided by financing activities was $627,694 for the three months ended December 31, 2019 and consists of $600,000 in proceeds from a private placement, $2,399 in share issuance costs, and $30,093 in advances from related parties. Cash used in financing activities was $1,937 for the three months ended December 31, 2018 and consisted of repayments to related parties of $1,937.

5. SELECTED ANNUAL INFORMATION

N/A

6. MAJOR OPERATING MILESTONES

The Company is in the mineral exploration stage and as such has no revenues. Mineral interests in the form of exploration and acquisition costs totalled $556,430 as at December 31, 2019 (September 30, 2019 - $390,238). Total costs incurred on exploration and evaluation assets are summarized as follows:

	Nevada Caldera $	**Nevada Caldera Extension $**	**Total $**
Balance at September 30, 2018	261,073	-	261,073
Acquisition of property			
Advance royalty	66,300	-	66,300
	66,300	-	66,300
Balance at December 31, 2018	327,373	-	327,373
Balance at September 30, 2019	388,971	1,267	390,238
Exploration costs			
Drilling	5,066	-	5,066
Sampling	63,716	-	63,716
	68,782	-	68,782
Acquisition of property			
Advance royalty	97,410	-	97,410

	97,410	-	97,410
Balance at December 31, 2019	555,163	1,267	556,430

6.1 Caldera Gold Property

The Caldera gold property is comprised of 260 claims totalling over 3,000 hectares (~7,400 acres) in Nye County, Nevada. The Company holds an option to acquire 100% interest in 41 of the claims, and it holds 100% interest in 219 of the claims that it has acquired directly through an acquisition agreement or staking.

On November 18, 2016, as amended February 17, 2017 and March 30, 2017, the Company signed an option agreement with Genesis Gold Corporation to acquire a 100% interest to 41 mineral claims which form part of the Caldera gold property. The claims are subject to advance minimum royalty payments and a 2% retained NSR, increasing to a 3% NSR should the price of gold exceed US$1,601 per ounce. The Company may earn its interest in the property by issuing 166,667 share purchase warrants exercisable at $0.15 per share over a three year term (issued), paying the rentals on the unpatented mining claims to keep the property in good standing (paid), and making scheduled minimum advance royalty payments totalling USD $400,000 (paid - USD $175,000).

In October 2017, the Company staked an additional 163 claims to increase its holdings in the Caldera property to 204 claims.

Finally, on January 3, 2019, the Company completed the acquisition of an additional 56 claims to bring its current holdings to a total of 260 contiguous claims. The Company acquired the additional claims from Ore Capital Partners Ltd. (“Ore Capital”), a company that was related by virtue of holding over 10% ownership interest in the Company and sharing a common director, pursuant to a Letter of Intent dated August 15, 2018 as amended September 19, 2018 and December 20, 2018, for consideration of a 2% NSR retained by Ore Capital that the Company can purchase each one percentage point of NSR for $1,000,000 at any time.

During the three months ended December 31, 2019, the Company expended $97,410 in acquisition costs on the Caldera property, consisting of $97,410 (USD $75,000) in advance royalty. The Company expended $68,782 in exploration costs, comprised by $63,716 on a soil sampling program and $5,066 to obtain drill permits.

During the three months ended December 31, 2018, the Company expended $66,300 in acquisition costs, consisting of $66,300 (USD $50,000) in advance royalty.

The Caldera gold property is located west of the Round Mountain gold mine (Kinross Gold) and in the foothills of the Shoshone Range. Its location is within the Round Mountain, Paradise Peak, Monte Cristo, Northumberland, Manhattan and Tonopah districts from which over 30 million ounces of gold have been collectively produced. Most of these deposits are classified as low sulfidation epithermal gold systems.

The Caldera gold property is classified as a low-sulfidation, epithermal gold system, occurring near the periphery (crater rim) of a Tertiary-aged volcano. Historical, small-scale mining was primarily focused on gold-silver occurrences contained in thin veins with bonanza-style gold and silver grades. Historical production figures have not been presented and are not available in researched literature about the property or area.

The Caldera gold property is well accessed by existing roads and road systems.

A NI 43-101 technical report has been completed on the property by other explorers (Caldera – NI 43-101 Report dated February 21, 2005) and is available on SEDAR.

6.1.1 Project Exploration Focus and Concepts

The Caldera gold property hosts strong epithermal gold mineralization and very significant gold pathfinder element geochemistry (rock and soil) exposed at surface, in shallow workings and in drill intercepts. These results all support the likelihood that significant gold mineralization may occur at depth, within and above the 'boiling zone' where circulating, low temperature groundwater aquifers interacted with magmatic heat, raising temperatures to allow gold to be deposited as veining, void fillings and as disseminated and stratabound mineralization in chemically favorable and structurally prepared host lithologies.

Previous explorers on the Caldera gold property encountered sporadic but encouraging gold grade results over widths of 5 to 20 feet as they searched for a shallow bulk tonnage gold deposit. However historical drilling only averaged 100 metres vertically depth, the deepest drill hole being 194 metres. The Company plans to drill to 300 to 500 metres to reach the boiling zone where gold and silver would be deposited in a low sulphidation epithermal system.

6.1.2 Fall 2019 Soil Sampling Program

In November 2019, the Company initiated a detailed soil sampling program on the property that is currently ongoing. Over 1,200 samples will be collected on 100m by 50m spacing to support the prioritization of 30 ranked gold targets. The comprehensive soil sampling program will provide a cohesive and uniform data set over much of the Caldera property and in particular the specific targets that have been prioritized as possible drill targets. This data will be integrated with the historical data including previous shallow drilling, geology, rock samples, the patchwork of previous soil sampling, alteration and structural mapping, and geophysics to prioritize the most promising targets for a drill program planned for 2020. Phase 1 of the soil sampling program and the results are detailed in Section 6.1.5 below.

6.1.3 New Priority Targets Identified

The Company continues to review the available data. Targets are being evaluated and selected on the basis of structural features or the widespread presence of pathfinder elements and mineral textures predictive of high-grade gold mineralization at depth. Two such priority targets have been further refined and were described in a news release November 12, 2019. The first target is 1 km west-southwest of the historic Golden King Mine workings and integrates rock-chip assays with clay alteration development, and coincident colour and geochemical soil anomalies. The second target is approximately 7 km west of Golden King and has similar geology. Both targets have been tested by historical drilling which was too shallow to intersect the predicted bonanza gold zone at depth.

For Target 2019-1, the kaolinite, jarosite and gypsum noted in Discovery Harbour's sample Cld201710-08 is associated within a large jarositic gossan with lacustrine sediments and could indicate near-surface advanced argillic alteration near an up-flow zone. This potential near surface manifestation of a deeper target is further supported by the presence of a coincident antimony-mercury-arsenic geochemical soil anomaly. This area also corresponds with a distinctive colour anomaly. The soils program currently underway has been expanded to adequately cover this target.

At Target 2019-2, the geology is comprised of rhyolite crystal tuffs dacite/latites and distinctive felsic ash tuffs that are pervasively silicified, with local strong opaline silica and fossilized plant fragments. Shallow level and above groundwater table (acid sulphate) conditions are suggested by the significant amount of chalcedony and opal. A linear zone of tectonic-hydrothermal breccia with some minor silicification of the matrix cuts the silicified ash. Irregular low temperature massive to botryoidal chalcedony veins and stringers are common in the felsic tuffs. The silicification, opaline silica and fossilized fragments suggest a maar/volcanic lake-type setting and the existence of a paleosurface. The breccia zone indicates post-syn silicification faulting and a dynamic environment favourable for mineralization.

Previously, Kennecott Exploration outlined low level gold-arsenic-mercury soil geochemical anomalies in the area of Target 2019-2. Argillic alteration and strong Fe-oxide colour anomalies lie in the recessive areas on the east side of the main outcrop area.

On both targets, preliminary clay mineral determinations on 8 of 11 rock samples indicate the presence of temperature sensitive clay, montmorillonite in the absence of illite, suggesting temperatures below (too shallow) levels considered optimal for gold deposition.

6.1.4 Eight Target Areas Outlined for 2020 Drilling

On January 9, 2020, the Company announced a progress update on its detailed soil sampling and historical work data compilation programs on the Caldera gold property in Nevada. This historical data will be integrated with new data, including from a detailed soil sampling program currently underway, to evaluate and prioritize targets for the drill program planned for this year.

Phase 1 results of a two phased detailed soil sampling program was available to management for review in January 2020. The Company initially identified 30 prioritized targets in eight separate areas to consider for drilling. Subsequently the Company has identified 3 further targets through its review and evaluation of the historical data combined with the recent soil sampling work. These targets have been systematically ranked with the current data in the context of a high grade - low sulphidation epithermal gold model.

Eight Target Areas

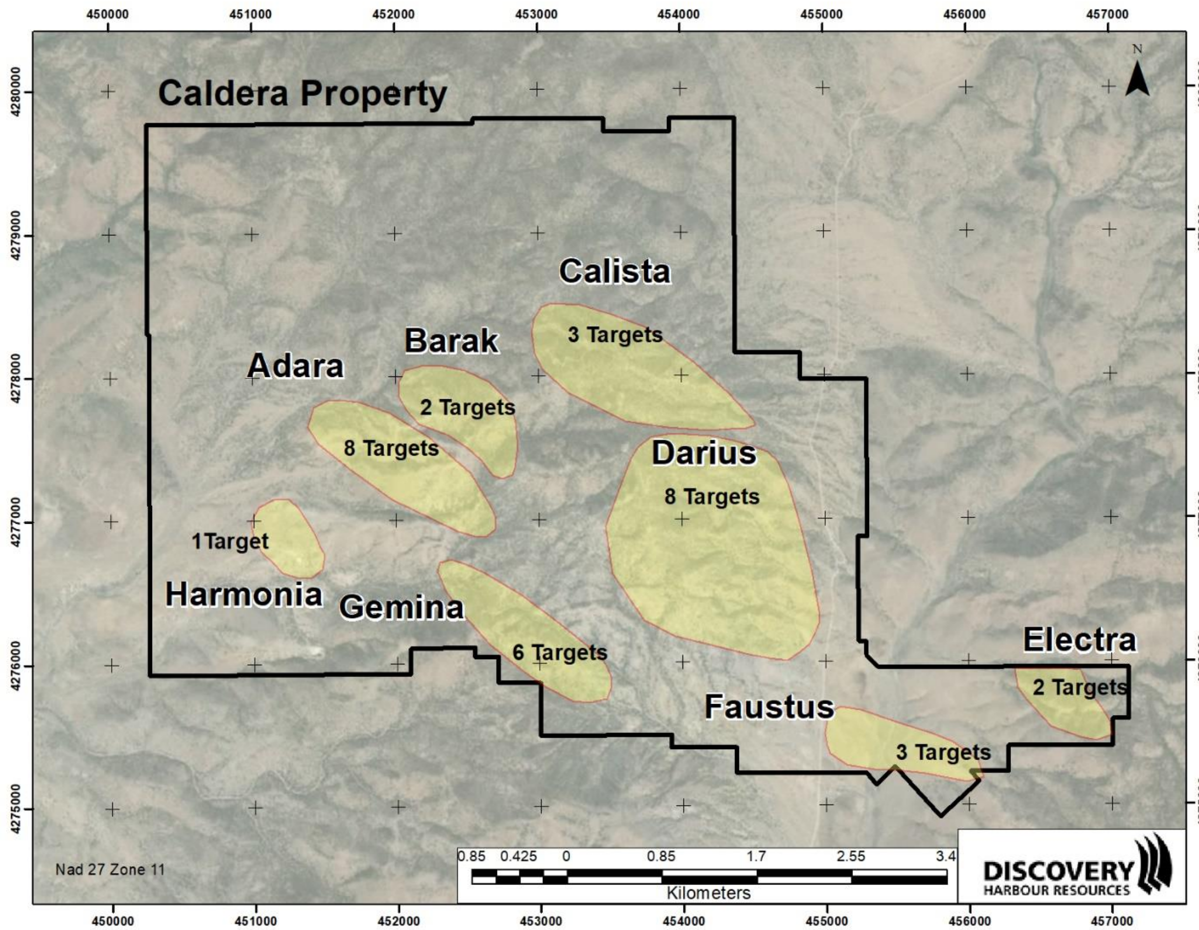
The historical data that is being compiled and evaluated is a result of programs by various companies exploring for a shallow bulk tonnage gold deposit. The current soil sampling program, including multi-element data combined with historical data, will prioritize the initial drill targets for a high grade epithermal gold deposit.

The historical data includes the following:

- 142 drill holes;
- 804 rock samples;
- 1,365 soil samples, some with multi-element data, others with only gold and silver and lacking pathfinder elements such as antimony, arsenic and mercury;
- Numerous old workings; and
- Magnetic geophysical surveys.

The Company has divided the targets into eight areas throughout the 30 square km Caldera property (See Figure 1).

Figure 1 – Target Areas



The eight areas and current targets in each of the areas are as follows:

Target Area	***Number of Targets***	***Summary Description***
Adara	8	Multiple shorter northwest trending structures, with inflections, abundant old workings, multiple historical shallow drill holes with anomalous and some high grade Au intercepts, partial historical soil analyses with strong gold anomalies.
Barak	2	Northerly striking, shorter, structures, limited drilling with some anomalous results.
Calista	3	Two long linear parallel northwest structures, abundant old workings, notable brecciation, partial historical soil analyses with strong gold anomalies.
Darius	8	Multiple parallel longer northwest trending structures, minimal outcrop.
Electra	2	Vein outcropping, short strike extent on surface, weaker alteration, Electra and Faustus topographically separated from other areas.
Faustus	3	Sheeted stringer veining in minimal outcrop.
Gemina	6	Long linear parallel northwest structures, cluster of targets in area with anomalous gold in rocks.

Harmonia	1	Different character, strong alteration and partial historical soil samples indicate anomalous pathfinder elements for an epithermal system.

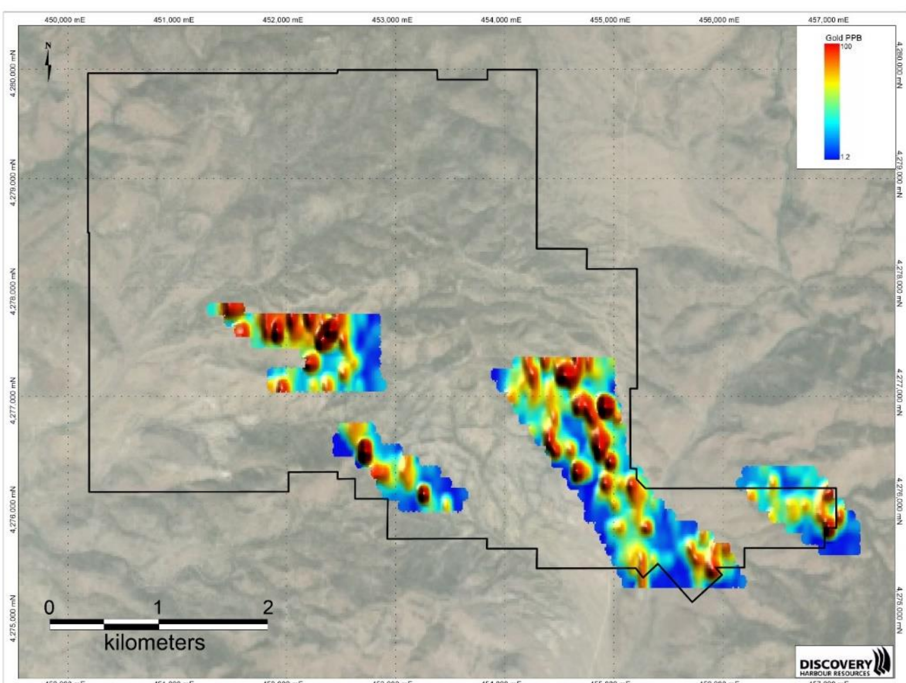
6.1.5 Additional Gold and Pathfinder Element Anomalies Outlined

On January 21, 2020, the Company announced results from Phase 1 of its detailed soil sampling on the Caldera gold property in Nevada. A total of 718 samples were collected over a portion of the targets that Discovery Harbour has identified as potential drill targets. Phase 2 of the detailed soil sampling program will collect a further approximately 500 samples once weather permits. When all the samples have been collected Discovery Harbour will, combined with the historical soil data, have excellent multi-element data coverage over the 33 targets the Company has currently identified as potential drill targets.

The program successfully identified numerous gold and silver anomalies as well as pathfinder element anomalies, including antimony, arsenic and mercury. The summary results are described in the table below and the gold results are in Figure 2 below.

Element	*90 percentile cut off (Gold parts per billion, other elements parts per million)*	*Highest single sample value (Gold parts per billion, other elements parts per million)*	*Correlation with Gold*
Gold	52	589	NA
Silver	0.4	11.4	0.479
Antimony	4.3	15.1	0.406
Arsenic	45	306	0.484
Mercury	0.06	0.74	0.103

Figure 2 – Phase 1 Soil Sampling Results



6.1.6 Descriptions of Five of Target Areas

The Company is providing specific details of each of the eight target areas as its data review and compilation progresses. Below are descriptions of five of the target areas.

Adara Target Area

The Adara Area of the Caldera property contains eight targets and includes the historic Golden King Mine. Historical drilling intersected sporadic high grade shallow intercepts which are interpreted to be associated with west to northwest trending structures. Highlights of the historical drilling include the following:

Drill Hole	***Gold (g/tonne)***	***Length (feet)***	***Depth (feet)***	***Comments***
EMC-8	32.88	5	145 to 150	Hole ended in mineralization
GW-5	37.92	10	335 to 345	
CD07-02	2.75	10	65 to 75	
CD07-24	9.03	5	75 to 80	

Note: Historical drilling was reverse circulation with five foot sample intervals.

Numerous multi gram gold per tonne rock samples have been taken through this area. Historical soil sampling indicates anomalous gold and silver as well as anomalous mercury. Quartz and chalcedony have been mapped in this area.

Barak Target Area

The Barak Area at the Caldera property contains two targets based on anomalous historical drilling and brecciation in short structures identified through limited outcrop and drilling. Historical drilling intersected anomalous gold over 5 to 25 feet drill intercepts; however, based on Discovery Harbour's interpretations it appears that some of the historical drilling was oriented sub parallel to the structural strike direction. The brecciated structures are associated with historical anomalous gold and silver results in rock and soil samples.

Calista Area

The Calista Area at the Caldera property contains three vein target trends, oriented northwest at 300° strike, defined by historic prospecting pits, underground workings and multi-gram gold in surface samples. The structure extends in excess of 1.5km. Historical shallow drilling (10 holes, ranging in vertical depth from 104 m to 194 m) in this area intersected anomalous gold, but the structures remain largely untested. The Calista Area structures are strongly developed with a long strike extent, significant alteration, and associated high grade rock samples. The shallow drilling along one structure demonstrates there is consistent low grade gold mineralization that Discovery Harbour interprets to lie structurally above a bonanza zone at depth. These various attributes strengthen Discovery Harbour's conviction that deep drilling is required to test the high grade potential of this zone.

Numerous multi gram gold per tonne rock samples have been taken through this Area. Results over 2g/t gold are listed below (ppm is parts per million, 1 ppm=1 g/t):

Sample	Gold (ppm, (= g/t))	Silver (ppm, = (g/t))	Arsenic (ppm)	Antimony (ppm)	Comments
Z05-224	193.0	6370	1260	BD	Float: Quartz vein stockwork, side cut
G007	15.6	448	0	BD	Subcrop: exploration pit

CD05-296	13.0	366	785	86	Subcrop: Iron oxide-quartz stockwork
Z05-230	10.6	79	1005	8	Adit dump: vein and silicification with iron oxide
254	9.3	350	BD	BD	Subcrop: exploration pit
53	8.2	217	BD	BD	Subcrop: exploration trench
711	7.3	900	BD	BD	Outcrop: adit
Z05-247	5.9	455	176	26	Ore dump: vein breccia with pyrite
33	5.2	327	BD	BD	Subcrop: from shaft
G012	4.9	72	BD	BD	Subcrop: exploration pit
Z05-255	4.3	117	53	18	Ore dump: 15 cm vein of coarse comb quartz
224	4.1	12	BD	BD	Subcrop: exploration pit
15	3.3	203	BD	BD	Subcrop: from shaft
GNRK012	3.0	145	BD	BD	Subcrop: exploration pit
32	2.9	88	BD	BD	Subcrop: exploration pit
Z05-225	2.3	48	303	23	Outcrop: 1cm iron oxide stained vein with 5cm alteration halo
109	2.2	3	BD	BD	Float
640	2.0	6	BD	BD	Float

Note: BD is below detection limit

Phase 2 of Discovery Harbour's detailed soil sampling program will cover this target area. Note one of the targets previously described as being in the Calista Area is now included in the Darius Area due to structural interpretations.

<u>Darius Area</u>

As a result of the continuing data review the Darius Area of the Caldera property now contains three new targets, for a total of eight targets. There are a number of structural trends that, in contrast to the Calista Area, trend more northerly at approximately 340 degrees. While the Darius Area contains numerous multi gram gold rock samples including 17 g/t gold and 11 g/t gold in two separate locations, there has only been minimal drilling on three of the targets.

An outcome of Discovery Harbour's continuing data compilation and integration are three new targets in the Darius Area. One has been identified by the recognition of a poorly exposed trend of vein float containing bladed silica after calcite situated near the valley bottom that follows a similar 340 degree trend. The bladed habit corresponding with the lower elevation supports the epithermal model with a bonanza gold zone lying at depth. The second new target includes a rock sample of 17g/t gold associated with a prominent structural trend supported by a gold in soil anomaly and has not been tested by the historic drilling. The third new target is based on a rock sample of altered tuff grading 11 g/t gold where historical shallow drilling intersected 3.1 g/t gold over 3 metres.

Phase 1 of the detailed soil sampling program covered the southern two thirds of the Darius Area and outlined multi-element anomalies including gold, silver, arsenic, antimony and mercury. Coherent anomalies, extending over a distance of 1500m, defined by >25 parts per billion ("ppb") Au and >50 ppb Au coincide with the identified structures. A parallel > 50 ppb Au in soil anomaly, over 1000m in length, lies further east and coincides with the distribution of bladed silica after calcite. The very limited drilling in the bladed silica area highlights this as a compelling new target.

Electra Area

The Electra Area of the Caldera property contains two targets and is highlighted by well developed quartz veins that are exposed in historic workings and in outcrops along a prominent ridge. Historic drill hole EG-26, which appears to have been drilled subparallel to this vein possibly failing to intersect it, still intersected 6.1 metres grading 2.33 g/t gold from 65.1 to 71.2 metres. Other historical shallow drill holes also failed to adequately test the vein structures.

Phase 1 of the detailed soil sampling program covered this area and again successfully outlined multi-element anomalies including, silver, arsenic, antimony and mercury. Associated gold anomalies indicate favourable potential to the southeast beyond the current areas of known mineralization.

Mark Fields, P.Geo., is the Qualified Person for Discovery Harbour as defined in NI 43-101 and has reviewed and approved the technical contents of this MD&A.

7. SUMMARY OF QUARTERLY RESULTS

N/A

8. LIQUIDITY

The Company's financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise equity financing and the attainment of profitable operations. In order for the Company to continue as a going concern and meet its financial obligations over the next twelve months, the Company may need to conclude an equity and/or debt financing.

Cash at December 31, 2019 was $7,776 compared to cash of $7,450 at September 30, 2019. Term deposits of $305,000 were held at BMO Bank of Montreal at December 31, 2019 (September 30, 2019 - $15,000). Marketable securities totalled $3,240 at December 31, 2019 (September 30, 2019 - $nil). Working capital deficit was $160,605 at December 31, 2019 compared to a deficit of $468,348 at September 30, 2019. Factors that could impact on the Company's liquidity are monitored regularly and include market changes, gold price changes, and economic downturns that affect the market price of the Company's trading securities for the purposes of raising financing. The current state of equity markets has improved marginally but still presents a challenge to financing raises. Management believes that this condition may continue over the next twelve months.

Amounts receivable of $7,719 at December 31, 2019 (September 30, 2019 - $1,155) consist of GST input tax credits and interest receivable on term deposits.

Prepaid expenses of $51,417 at December 31, 2019 includes $38,082 prepayment for a marketing services agreement to April 4, 2020 and $10,672 in deposits for attendance at trade conferences. Prepaid expenses of $6,600 at September 30, 2019 relates to ordinary operating expenses.

The Company has total current liabilities of $535,757 at December 31, 2019, of which $506,050 is owing to related parties. Due to related parties of $72,266 includes amounts owing to officers and 10% shareholders for unpaid salaries and consulting fees. The $100,000 convertible debenture and $333,784 loan is payable to a director and major shareholder of the Company.

On October 23, 2019, the Company completed the initial tranche (the “First Tranche”) of a non-brokered private placement consisting of 7,884,000 units priced at $0.05 (the “Units”) for gross proceeds of $394,200. Each Unit consists of one common share and one share purchase warrant (the “Warrant”) exercisable into one further common share at a price of $0.10 for a term of one year, subject to an acceleration provision of the Company whereby, if for any ten (10) consecutive trading days the closing price of the shares on the TSXV exceeds $0.20 at any time commencing four (4) months after the Closing and until their expiry date, then the remaining term of the Warrants will be reduced to thirty (30) days, commencing seven (7) days from the end of such ten (10) consecutive trading day period. All securities issued in the First Tranche are subject to a hold period expiring February 24, 2020.

On October 31, 2019, the Company completed the final tranche (the “Final Tranche”) of a non-brokered private placement consisting of 4,116,000 Units for gross proceeds of $205,800. Insiders subscribed to $200,000 of the financing. All securities issued in the Final Tranche are subject to a hold period expiring March 1, 2020. The proceeds of the two tranches will be used for working capital and work on the Caldera gold property.

Based on the above financial condition at December 31, 2019, the Company will need to raise additional equity or loan financing in order to meet its financial obligations as they become payable in the current fiscal year.

On February 25, 2020, the Company completed the initial tranche (the “First Tranche”) of a non-brokered private placement consisting of 1,875,000 units priced at $0.10 (the “Units”) for gross proceeds of $187,500. Each Unit consists of one common share and one half share purchase warrant, with each whole warrant (the “Warrant”) exercisable into one further common share at a price of $0.15 for a term of two years, subject to an acceleration provision of the Company whereby, if for any ten (10) consecutive trading days the closing price of the shares on the TSXV exceeds $0.25 at any time commencing four (4) months after the Closing and until their expiry date, then the remaining term of the Warrants will be reduced to thirty (30) days, commencing seven (7) days from the end of such ten (10) consecutive trading day period. All securities issued in the First Tranche are subject to a hold period expiring June 26, 2020. Finder’s fees of 6% cash ($9,450) and 6% finder’s warrants (the “Finder’s Warrants”) (94,500 Finder’s Warrants) were paid to registered representatives on $157,500 of the First Tranche. Each Finder’s Warrant is exercisable into one common share at a price of $0.15 per Share for a period of two years from the date of issuance. The Company plans to use the proceeds from the private placement for development of the Company’s Caldera project and for general working capital.

9. CAPITAL RESOURCES

The Company has no commitments for capital expenditures. The Company holds a property option agreement in the Caldera property that will require payment of unpatented mining claims rental of an estimated USD $46,245 in the 2020 fiscal year and an advanced royalty payment of USD $100,000 in November 2020 to maintain the option in good standing.

The Company does not have any capital resources in the form of debt, equity and any other financing arrangements.

10. OFF-BALANCE SHEET ARRANGEMENTS

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

11. TRANSACTIONS BETWEEN RELATED PARTIES

All related party transactions are recorded at the exchange amount which is the amount agreed to by the Company and the related party.

11.1 Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include directors, the chief executive officer and chief financial officer of the Company. Key management personnel compensation is comprised of the following:

	2020 $	**2019** $
Short-term employee benefits and director fees	21,000	6,000
Share-based payments	112,464	-
	133,464	6,000

The Company has entered into an Officer and Consulting Agreement with Mark Fields, the Company's Chief Executive Officer, effective November 1, 2019 for a term to continue on a monthly basis until terminated. As compensation for the services to be provided, MC Fields Ventures Inc., a company controlled by the Chief Executive Officer, will receive a monthly fee of $3,000. During the period ended December 31, 2019, the Company recorded $6,000 (2019: $nil) in fees payable to the company controlled by the Chief Executive Officer.

The Company has entered into an Employment Agreement with Sandra Wong, the Company's Chief Financial Officer, effective September 1, 2018 for a twelve month term ending August 31, 2019 and subsequently extended on September 1, 2019 to continue on a monthly basis until terminated. As compensation for the services to be provided, the Chief Financial Officer will receive a monthly fee of $2,000. During the period ended December 31, 2019, the Company paid $6,000 (2019: $6,000) in salary to the Chief Financial Officer.

The Company has entered into an Employment Agreement with Rodney Stevens, the Company's Vice President, effective October 1, 2019 for a term to continue on a monthly basis until terminated. As compensation for the services to be provided, the Vice President will receive a monthly fee of $3,000. During the period ended December 31, 2019, the Company recorded $9,000 (2019: $nil) in salary payable to the Vice President.

11.2 Consulting Agreement

The Company has entered into a Strategic Consulting Agreement with Ore Capital, formerly a significant shareholder with a common director, effective September 1, 2018 for a twelve month term with provisions for automatic renewal for consecutive twelve month terms unless 30 days written notice of termination is provided. As compensation for the services provided, Ore Capital will receive a monthly fee of $5,000. During the period ended December 31, 2019, the Company recorded $15,000 (2019: $15,000) in consulting fees payable to Ore Capital. Due to related parties at December 31, 2019 includes $54,946 (2019: $42,173) in amounts owing to Ore Capital for unpaid services and expenses.

11.3 Office Expenses

Office expenses of $43 (2019: $60) was paid to Opawica Explorations Inc., a company with a common officer in Sandra Wong, during the period ended December 31, 2019. Due to related parties at December 31, 2019 includes $45 (September 30, 2019 - $nil) in amounts owing to the related company for unpaid office expenses.

11.4 Convertible Debenture and Demand Loan

On April 8, 2017, the Company issued a non-interesting bearing, unsecured convertible debenture to Richard Gilliam, a director and major shareholder of the Company, in the principal amount of $100,000. The debenture is convertible, at the option of the holder, into common shares of the Company at a conversion price equal to the greater of $0.15 per common share or the subscription price for each share in the most recently completed private placement of the Company during the term of the debenture. The debenture matured twelve (12) months from the date of closing of the financing on April 8, 2018. Using a risk adjusted discount rate of 12%, the equity portion was determined to be $11,255 and was recognized as the equity portion of convertible debenture on the Consolidated Statement of Financial Position. Accretion expense of $5,795 was expensed to the Consolidated Statements of Comprehensive Loss during the year ended September 30, 2018 (2017 - $5,460).

On August 1, 2017, the Company received a non-interest bearing, unsecured demand loan in the principal amount of US $80,000 from Richard Gilliam, a director and major shareholder of the Company. On October 9, 2019, the Company amended the loan to extend the maturity date to October 9, 2020 ("Maturity") and interest will accrue at a rate of 4% per annum, compounded semi-annually, and will be paid on Maturity together with the outstanding principal. The fair value of the loan was $103,904 on December 31, 2019 (September 30, 2019 - $105,944) and interest of $945 was accrued on the loan.

On October 6, 2017, the Company received a non-interest bearing, unsecured demand loan in the principal amount of US $100,000 from Richard Gilliam. On October 9, 2019, the Company amended the loan to extend the maturity date to October 9, 2020 ("Maturity") and interest will accrue at a rate of 4% per annum, compounded semi-annually, and will be paid on Maturity together with the outstanding principal. The fair value of the loan was $129,880 on December 31, 2019 (September 30, 2019 - $132,430) and interest of $1,181 was accrued on the loan.

On December 19, 2017, the Company received a non-interest bearing, unsecured demand loan in the principal amount of $130,000 from Richard Gilliam. The Company repaid $30,000 of the demand loan on August 2, 2018.

11.5 Private Placement

On October 31, 2019, the Company completed the final tranche of a non-brokered private placement consisting of 4,116,000 Units priced at $0.05 for gross proceeds of $205,800. Richard Gilliam subscribed for 4,000,000 Units.

12. FOURTH QUARTER

N/A

13. PROPOSED TRANSACTIONS

The Company is engaged in the search for potential mineral property acquisitions and financings, but there are currently no proposed asset or business acquisitions or dispositions. Other than disclosed in this Management's Discussion and Analysis, the Company does not have any proposed transactions.

14. SIGNIFICANT CHANGES FROM PREVIOUS DISCLOSURE

N/A

15. CHANGES IN ACCOUNTING POLICY INCLUDING INITIAL ADOPTION

The Company has adopted the following new standards effective October 1, 2019:

IFRS 16 – Leases

IFRS 16 replaces IAS 17, "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15, "Revenue from Contracts with Customers".

The Company does not expect the adoption of IFRS 16 to have a material impact on the Company's future results and financial position.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair values

The Company's financial instruments include cash, term deposits, amounts receivable, investments, trade and other payables, due to related parties, convertible debenture and loans payable. The fair value of these financial instruments approximates their carrying values due to the relative short-term maturity of these instruments.

The following table summarizes information regarding the carrying and fair values of the Company's financial instruments:

	December 31, 2019		**September 30, 2019**	
	Fair Value $	**Carrying Value $**	**Fair Value $**	**Carrying Value $**
FVTPL assets (i)	316,017	316,017	25,691	25,691
Amortized cost assets (ii)	648	648	96	96
Amortized cost liabilities (iii)	535,757	535,757	485,053	485,053

(i) Cash, term deposits, investments
(ii) Amounts and other receivable
(iii) Trade and other payables, due to related parties, convertible debenture, loans payable

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

Level 1 - Unadjusted quoted prices 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.

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

As at December 31, 2019	Level 1 $	Level 2 $	Level 3 $	Total $
Cash	7,776	-	-	7,776
Term deposits	305,000	-	-	305,000
Investments	3,241	-	-	3,241

The Company has assessed that the recorded values of all other financial instruments approximate their current fair values because of their nature and respective maturity dates.

Credit risk

Credit risk is the risk of an unexpected loss associated with a counterparty's inability to fulfill its contractual obligations. Management evaluates credit risk on an ongoing basis and monitors activities related to amounts and other receivable including the amounts of counterparty concentrations. The primary sources of credit risk for the Company arise from its financial assets consisting of cash and cash equivalents. The carrying value of these financial assets represents the Company's maximum exposure to credit risk. To minimize credit risk the Company only holds its cash and cash equivalents with high credit chartered Canadian financial institutions. As at December 31, 2019, the Company has no financial assets that are past due or impaired due to credit risk defaults.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities consist of its trade and other payables, amounts due to related parties, convertible debenture and loans payable. The Company has a working capital deficit of $160,605 as at December 31, 2019 and requires additional financing for operations and meet its current obligations. The Company handles its liquidity risk through the management of its capital structure as described in Note 14 of the financial statements. All of the Company's financial liabilities are due on demand, do not generally bear interest and are subject to normal trade terms, with the exception of US $180,000 in term loans that mature on October 9, 2020 and accrue interest at 4% per annum, compounded semi-annually (see Section 11.4 "Convertible Debenture and Demand Loan" above).

The following are the contractual maturities of financial liabilities as at December 31, 2019:

	Carrying Amount $	Contractual Cash Flows $	Within 1 year $	Within 2 years $	Within 3 years $	Over 3 years $
Trade and other payables	29,707	29,707	29,707	-	-	-
Due to related parties	72,266	72,266	72,266	-	-	-

Convertible debenture	100,000	100,000	100,000	-	-	-
Loans payable	333,784	333,784	333,784	-	-	-
Total	535,757	535,757	535,757	-	-	-

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for-trading, available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, loans or receivables and other financial liabilities. The Company is not exposed to significant interest rate risk as the Company has no publicly traded debt and no debt that bears variable interest. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in gold and metal prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar. The Company is exposed to foreign exchange risk because the Company's financial instruments are denominated in both Canadian dollars and US dollars, and all current exploration occurs within the United States.

Exploration and Development

Exploration for mineral commodities is a speculative venture involving substantial risk. There are no guarantees that the Company's efforts in exploration will be successful in defining economically feasible deposits. Only a limited number of exploration programs run by mineral exploration companies (including the Company) are and are expected to be successful. The long-term profitability of the Company will in part be directly related to the costs and success of its exploration projects, which may be affected by a number of variables that are beyond the control of the Company.

Financing

None of the Company's projects are in production and as such, do not produce revenue. The Company's ability to conduct its exploration is based on its working capital and on its ability to raise financing necessary to support its activities through equity issuances and through proceeds from future dispositions of its mineral properties, or development and production from its properties. There can be no assurance that the Company will be successful in securing the funding required to support its activities, now or in the future. Failure to raise sufficient funding has caused the Company to suspend exploration activities and eventually may force it to sell or forfeit its interest in its properties. This could ultimately result in the dissolution of the Company. Numerous factors affect the Company's abilities to raise the necessary capital. Market conditions and fluctuations in investor attitude, general market conditions and commodity prices are three main variables, over which the Company has no control or prior warning.

Mining Operations

Mining operations involve a high degree of risk and danger. Natural and/or man-made hazards or accidents could cause the Company to be liable for physical or environmental damages and such liabilities could produce adverse financial effects on the Company and its financial position, as well as result in the possible forfeiture of its assets.

Economics of Developing Mineral Properties

Substantial costs are attached to the establishment of economic resources of mineral commodities. Exploration and development expenditure are required to determine the viability of any deposit prior to the extraction of the ore minerals. Although substantial financial benefits are attached to the production of commodities from an economic deposit, there is no assurance that every deposit discovered will contain sufficient quantities or grades to support the required development costs attached to mine and infrastructure construction. Therefore, announcements of apparent ore-grade mineralization from exploration activities are only the first steps in a long and costly process of bringing a discovery to a production status.

Marketability of Commodities

Precious and base metal exploration and development are speculative and involve high risk. The marketability of these commodities that may be discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, government regulations and permitting issues, commodity pricing, acts of God or events of (or similar to events of) force majeure such as disease or natural disasters, taxation, royalties, land tenure, land use, import and export issues, and environmental permitting. The exact effect of these factors cannot be predicted and any combination of these factors may result in not being able to exploit.

Pricing of Commodities

The future value of the Company will, to some degree, be dependent on the pricing of mineral commodities in the marketplace. Fluctuations in the pertinent commodity prices continuously change and these fluctuations are beyond the control of the Company. Furthermore, although the Company continuously attempts to perceive the direction of commodity pricing and subsequent sales probabilities, the future pricing of mineral commodities remains uncertain and contributes to the high risk of investment in these types of opportunities.

Environmental Requirements

At present, the Company conducts its exploration activities only in the State of Nevada. All phases of its operations are subject to the environmental regulations in that state. All laws and regulations relating to the environment are and must be strictly adhered to in order to avoid penalties and time delays in permit issuances. Environmental legislation and regulation is evolving and, in the future, may result in the enactment of laws and regulations that could negatively impact exploration and development or entirely preclude the development of mines. This would also have a negative material and financial effect on the Company. However, the State of Nevada's laws and regulations do not appear to the Company to impose in the near or long term any restrictions that would cause significant harm to the Company nor hinder it from the development of operations there.

Competition

The mining industry (exploration and development) is intensely competitive in all of its phases. The Company competes with numerous other companies possessing greater financial resources and technical facilities. There is no guarantee in the future that the Company may not lose or forfeit a mineral property because of a relative lack of funding, personnel or expertise.

Title

While the Company has, to the best of its knowledge, registered all its claims and licenses with the appropriate mining authorities and has filed all required documentation needed to keep the claims in good standing, these should not be considered absolute guarantees of irrevocable title to those properties. The Company's properties may also be subject to prior unregistered agreements or transfers and the Company's ownership of these properties may be affected by these or other undetected defects. The Company's properties may include recorded third party claims, which have not been surveyed, rendering uncertainty as to their exact location. The Company may also lose entitlement to claims if certain payments are not made. The Company's title to the Caldera property is subject to fulfilment of the terms of the original Caldera option agreement.

Mining Regulation

Mining operations are subject to extensive regulation in the jurisdictions in which its projects are located. Future changes made by such authorities could adversely affect the Company's holdings and its ability to mine, as well as mining as a whole. The Company has no control over these possible changes. The Company has not filed for any permit to mine its properties with any governmental unit. However, mining regulations in the State of Nevada are stable and no new alterations or issues have been proposed to legislative changes that would adversely affect any present or future mining operations there.

Cash Flow and Ongoing Business

The Company has not generated any cash flow or earnings to support its activities and there can be no assurance that the Company will generate any earnings or cash flow in the future. If the Company does not generate cash flow, additional external funding will be required to finance the Company's activities. This future funding may not be available or, if available, may not be on terms acceptable to the Company and could result in the Company ceasing to exist.

Dilution

Shareholders will suffer dilution with respect to future private and/or public offerings of the Company's common shares (or securities convertible into common shares).

Key Management

The Company has not purchased any "key man" insurance with respect to any of its directors, officers or key personnel to the date hereof. The loss of the Company's President and Chief Executive Officer and any other current senior officer or director could have an adverse affect on the Company and its business, financial position and prospects.

Conflicts of Interest

Certain of the Company's directors and officers currently, and may in the future, serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties as a director or officer of the Company and their duties as a director or officer of other companies. The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors and officers of conflicts of interest and the Company will rely upon such laws in respect of any director or officer's conflict of interest or in respect of any breaches of duty by any of its directors or officers.

Market Volatility

In the past, there have been instances where the Company's common shares did not trade or where trading was limited. Additionally, the trading price of common shares may be subject to wide fluctuations in response to operating results, results of exploration, market conditions and other events and factors outside the control of the Company such as acts of God or events of (or similar to events of) force majeure. In addition, the stock market has experienced extreme price and volume fluctuations which have affected the market price of junior exploration companies. There can be no assurance that significant price fluctuations will not occur in the future, or if the uncertainty concerning the Corona virus outbreak will continue to negatively impact capital markets beyond the near-term.

17. DISCLOSURE OF OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares. The holders of common shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

As at March 2, 2020, the Company has 39,672,840 common shares issued and outstanding.

As at March 2, 2020, the Company has outstanding warrants as follows:

Number	Exercise Price per Share	Expiry Date
166,667	$0.15	June 12, 2020
33,333	$0.225	June 12, 2020
7,884,000	$0.10	October 23, 2020
4,116,000	$0.10	October 31, 2020
2,000,000	$0.10	March 31, 2021
6,000,000	$0.10	March 31, 2021
1,032,000	$0.15	February 25, 2022
21,232,000		

As at March 2, 2020, the Company has outstanding options as follows:

Number	Exercise Price per Share	Expiry Date
366,667	$0.30	March 23, 2020
10,000	$0.90	July 5, 2020
10,000	$1.23	November 23, 2020
1,590,000	$0.075	October 4, 2024
600,000	$0.09	October 22, 2024
2,576,667		

18. COMMITMENTS, EXPECTED OR UNEXPECTED EVENTS, OR UNCERTAINTIES

The Company is party to a property option agreement to acquire mineral properties.

The Company is party to various consulting, investor relations and employment agreements.

Other than disclosed in this Management's Discussion and Analysis, the Company does not have any commitments, expected or unexpected events, or uncertainties.

19. BOARD OF DIRECTORS AND OFFICERS

The directors of the Company are Mark Fields (President and Chief Executive Officer), Richard Gilliam, Andrew Hancharyk, Jason Cubitt and Rodney Stevens (Vice President). Sandra Wong is the Chief Financial Officer and Corporate Secretary.

20. CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

These statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.

This Management's Discussion and Analysis contains "forward-looking statements, within the meaning of applicable Canadian Securities legislation", that involve a number of risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of gold and copper, the estimation of mineral reserves and resources, the realization of mineral estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency exchange rate fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and timing and possible outcome of pending litigation. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", or "might" be taken, occur or be achieved. Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made, and they involve known and unknown risks, uncertainties and other factors which may cause the actual results, level of activity, performance or achievements of the Company to be materially different from any other future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others: risks relating to the integration of acquisitions, risk relating to international operations, the actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold and copper; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; fluctuations in metal prices; as well as those risk factors discussed or referred to in the Company's Management's Discussion and Analysis for the three months ended December 31, 2019 filed with the securities regulatory authorities in Canada and available at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements.

21. MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Company and all the information in this Management's Discussion and Analysis are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in accordance with International Financial Reporting Standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the Management's Discussion and Analysis and has ensured that it is consistent with that in the financial statements.

The Company maintains systems of internal accounting and administrative controls in order to provide, on a reasonable basis, assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board, and a majority of its members are independent directors. The Committee meets at least once a year with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the financial statements and the external auditors' report. The Committee reports its findings to the Board for consideration when approving the financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or reappointment of the external auditors. The Company's auditors have full and free access to the Audit Committee.

On behalf of the Board,

DISCOVERY HARBOUR RESOURCES CORP.

Mark Fields

President and Chief Executive Officer