

Discoverymetals

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2020 and 2019

Dated May 27, 2020

DISCOVERY METALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
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(Expressed in Canadian dollars, except where otherwise noted)

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 months ended March 31, 2020 ("Q1 2020"). 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 the Company's unaudited condensed interim consolidated financial statements for the three months ended March 31, 2020 (the "interim financial statements"), prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* ("IAS 34"). 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 three months ended March 31, 2019 ("Q1 2019") and the subsequent period up to the date of this MD&A.

All dollar amounts are presented in Canadian dollars ("CAD"), the Company's functional 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 May 27, 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.

DISCOVERY METALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 and 2019
(Expressed in Canadian dollars, except where otherwise noted)

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 is also 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 has since been 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 are to be considered essential services and could begin operations as early as June 1, 2020. Commencement of operations is 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. Although this is positive news for the mining industry, the Company is currently determining whether health and safety protocols could be implemented that would ensure the safety of its employees, consultants, contractors and communities should operations recommence. The Company has not yet applied to recommence operations. The Company is committed to remaining engaged with our local stakeholders during this uncertain period. The Company will continue to closely monitor the directives of all levels of government in both Mexico and Canada as well as the relevant health authorities. As such, the Company has not set a specific date to re-start operations, but anticipates it could be during Q3 2020.

Discovery has already completed 48 holes totaling 17,500 metres of its planned 30,000 – 35,000 metre Phase 1 drill program. The Company will provide ongoing exploration updates for the 18 drill holes not previously press released once results have been received and validated.

Q1 2020 HIGHLIGHTS

During Q1 2020, the Company issued several news releases announcing results of exploration activities at its projects in addition to corporate developments.

PROJECTS

Cordero

During Q1 2020 and on April 7, 2020, the Company announced first sets of results from the 30,000 – 35,000 metre Phase 1 drill program at its Cordero project. 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.

DISCOVERY METALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE THREE MONTHS ENDED MARCH 31, 2020 and 2019
 (Expressed in Canadian dollars, except where otherwise noted)

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.

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
C19-295	55.4	136.6	81.2	63	0.35	0.9	0.9	159
C19-296	101.1	148.2	47.1	71	0.45	1.0	1.2	191
C19-294	86.0	180.3	94.3	47	0.27	0.7	0.6	121
C19-293	473.6	533.5	59.9	37	0.06	0.9	1.5	136
C19-297	272.9	274.0	1.1	522	0.21	6.6	18.3	1,533
C19-299	43.4	101.2	57.8	24	0.21	0.3	0.6	78
C19-301	63.5	157.8	94.3	30	0.21	0.4	0.3	75
C19-302	14.0	80.5	66.6	33	0.16	0.4	0.4	77
C19-303	125.5	125.9	0.5	1,035	0.11	5.1	12.6	1,743
C19-304	76.8	182.7	105.9	74	0.38	1.1	1.1	188
C19-305	0.6	65.6	65.0	74	0.05	0.5	0.5	113
C19-306	58.4	78.8	20.5	39	0.17	0.6	0.5	95
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

Refer to the Press Releases dated January 8, 2020, February 12, 2020 and April 7, 2020 available on SEDAR at www.sedar.com and on the Company's website at www.dsvmetals.com.

DISCOVERY METALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 and 2019
(Expressed in Canadian dollars, except where otherwise noted)

At the date of this MD&A, the Company has completed approximately 17,500m in 48 drill holes focused along two northeast trending higher grade mineralized trends and 18 of these drill holes have results 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

Disposition of Investment

On March 2, 2020, the Company completed the disposition of its entire position in Great Thunder Gold Corp. for cash proceeds of \$228,391. The position was acquired as part of the acquisition of Levon on August 2, 2019 and at December 31, 2019 had a fair value of \$45,835. The difference of \$182,556 is recognized in 'other income' on the interim consolidated statement of loss and comprehensive loss.

IVA Provision and Recovery

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, the Company has provided for 100% of the Q1 2020 additions to the IVA recoverable balance in the amount of \$586,328.

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 three months ended March 31, 2020. The Company will continue to provide for 100% of the IVA recoverable balance until such time as there are sufficient indicators of recoverability.

TSX Venture 50 Award

On February 21, 2020, the Company announced that it was named to the TSX Venture Exchange's 2020 Venture 50™. The Venture 50 award goes to the top 10 companies listed on the TSX Venture Exchange ("TSX-V") in each of five major industry sectors. The ranking formula is based on three equally weighted criteria: 1) year-over-year share price appreciation; 2) growth in market capitalization and; 3) trading volume growth. Based on these criteria, Discovery ranked in the top 10 out of more than 900 mining companies listed on the TSX-V.

Refer to the Press Release dated February 21, 2020 available on SEDAR at www.sedar.com and on the Company's website at www.dsvmetals.com.

DISCOVERY METALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE THREE MONTHS ENDED MARCH 31, 2020 and 2019
 (Expressed in Canadian dollars, except where otherwise noted)

RECENT DEVELOPMENTS

Cordero

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

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 Release dated May 7, 2020 available on SEDAR at www.sedar.com and on the Company's website at www.dsvmetals.com.

CORPORATE HIGHLIGHTS

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 C\$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 C\$0.77 for a period of two years after the date of issuance.

Mr. Eric Sprott has agreed to invest C\$10,000,000 in the Private Placement, on the acquisition of 18,181,818 Units. Assuming the Private Placement is fully subscribed, this investment will result in Mr. Sprott holding approximately 24.4% of Discovery's issued and outstanding Common Shares, post-closing.

DISCOVERY METALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 and 2019
(Expressed in Canadian dollars, except where otherwise noted)

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.

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 19, 2020 available on SEDAR at www.sedar.com and on the Company's website at www.dsvmetals.com.

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.

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.

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.

DISCOVERY METALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE THREE MONTHS ENDED MARCH 31, 2020 and 2019
 (Expressed in Canadian dollars, except where otherwise noted)

2020 OUTLOOK

The Company is focused on exploring and advancing Cordero, a 37,000-hectare property in Chihuahua State, Mexico, that covers an entire porphyry district that hosts numerous exploration targets for bulk tonnage diatreme-hosted, porphyry-style, and carbonate replacement deposits. The Company holds rights to a 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, but there was no modern exploration or drill testing on the properties prior to the work carried out by Discovery.

COVID-19 – Impact on 2020 Outlook

While the Company's main focus for 2020 was on completing the planned 35,000m Phase 1 Drill Program for Cordero, 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 recent COVID-19 pandemic has forced the Company to temporarily suspend exploration activities. The Company has put in place business continuity plans so that exploration activity can ramp up once it is deemed safe to do so.

The Company continues to evaluate other strategic and accretive business opportunities. 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 private placement financings which closed in 2019, and the non-brokered private placement of \$25,000,000 anticipated to close during Q2 2020, the Company has the financial resources to withstand an elongated suspension of activities. The Company is prepared for a quick ramp up of the Phase 1 Drill Program once it has been determined operations can recommence.

REVIEW OF CONSOLIDATED FINANCIAL RESULTS

Summary of Consolidated Quarterly Results

	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Net loss				
(a) Total	\$ (4,826,135)	\$ (4,178,391)	\$ (3,876,582)	\$ (807,897)
(b) basic and diluted per share	\$ (0.02)	\$ (0.02)	\$ (0.03)	\$ (0.01)
Net loss and total comprehensive loss	\$ (5,827,330)	\$ (3,959,211)	\$ (4,017,681)	\$ (914,483)
Cash and cash equivalents	\$ 20,018,474	\$ 23,950,737	\$ 9,974,045	\$ 3,139,279
Total assets	\$ 47,966,857	\$ 53,518,599	\$ 39,074,676	\$ 5,802,632
Total current liabilities	\$ 767,213	\$ 716,596	\$ 514,414	\$ 220,488
Total weighted average shares outstanding	211,423,805	193,526,170	134,258,418	65,043,998

DISCOVERY METALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 and 2019
(Expressed in Canadian dollars, except where otherwise noted)

	Q1 2019		Q4 2018		Q3 2018		Q2 2018	
Net loss								
(a) Total ⁽¹⁾	\$	(793,684)	\$	(1,384,584)	\$	(1,983,699)	\$	(2,115,844)
(b) basic and diluted per share	\$	(0.01)	\$	(0.02)	\$	(0.03)	\$	(0.03)
Net loss and total comprehensive loss	\$	(704,463)	\$	(1,179,158)	\$	(1,934,797)	\$	(2,027,768)
Cash and cash equivalents	\$	3,952,973	\$	4,691,676	\$	5,928,552	\$	8,060,078
Total assets	\$	6,601,720	\$	7,216,714	\$	8,341,816	\$	10,097,337
Total current liabilities	\$	142,402	\$	230,090	\$	254,985	\$	218,076
Total weighted average shares outstanding		65,043,998		65,043,998		65,043,998		65,043,998

Q1 2020 vs. Q1 2019

Net loss and total comprehensive loss

The Company had a net and total comprehensive loss of \$5,827,330 during Q1 2020, compared to a net and total comprehensive loss of \$704,463 for Q1 2019. The net and total comprehensive loss for Q1 2020 includes a non-cash currency translation adjustment ("CTA") loss of \$1,001,195 as a result of the translation of Discovery Mexico's MXP functional currency financial statements to the Company's presentation currency of CAD on consolidation (Q1 2019 – gain of \$89,221). 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 Q1 2020 when compared to Q1 2019 is primarily the result 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 new management in January 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.

Share-based compensation expense

The Company incurred non-cash share-based compensation expenses of \$157,576 during Q1 2020, compared to \$55,393 during Q1 2019. This increase is a direct result of the issuance of 400,000 new options granted in January 2020.

Exploration and project evaluation expense

The Company incurred exploration and project evaluation costs of \$4,015,210 during Q1 2020 compared to \$274,975 Q1 2019. This increase is the direct result of work being performed on the Company's Cordero property. A total of \$3,848,766 was spent on Cordero during Q1 2020 comprised primarily of \$2,580,621 in drilling, \$233,537 in mining duties, \$68,984 in assays, and \$770,281 on salaries and benefits with remainder having been spent on general project expenses. Work during Q1 2019 was primarily maintenance costs for Puerto Rico, Minerva and Monclova, including mining duties (\$70,035), surface and site access (\$20,453) and salaries and benefits (\$119,873).

DISCOVERY METALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 and 2019
(Expressed in Canadian dollars, except where otherwise noted)

General office and other expenses

During Q1 2020, the Company incurred general office and other expenses of \$518,413 compared to \$319,250 during Q1 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 shareholder communication and investor relations costs are directly associated with an expansion of the corporate development and investor relations program during the quarter.

Professional fees

During Q1 2020, the Company incurred professional fees of \$87,241 compared to \$46,289 during Q1 2019. This increase is primarily the result of consulting fees associated with contracts assigned to the Company on acquisition of Levon Resources Ltd. on August 2, 2019.

Impairment of IVA receivable

At March 31, 2020, the Company had an aggregate Mexican value added tax ("IVA") recoverable balance of \$3,274,948 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 three months ended March 31, 2020.

Aside from this refund, 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 March 31, 2020, the Company provided in full for \$586,328 of additions to the IVA receivable balance (no provision taken in Q1 2019) and had a cumulative provision of \$1,625,677 for total IVA receivable.

Foreign exchange (gain) loss

The company incurred a foreign exchange loss of \$102,906 during Q1 2020 compared to a loss of \$116,221 during Q1 2019. The change is the result of an 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

Q1 2020 vs. Q1 2019

The Company had net cash used in operating activities of \$4,240,184 for Q1 2020 compared to net cash used in operating activities of \$705,649 for Q1 2019. This increase is the direct result of the Phase 1 Drill Program at Cordero and related exploration activities at that project during Q1 2020.

DISCOVERY METALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 and 2019
(Expressed in Canadian dollars, except where otherwise noted)

The Company had net cash provided by investing activities of \$209,895 for Q1 2020 compared to net cash used in investing activities of \$nil for Q1 2019. Investing activities for the current period include proceeds received from the sale of investments offset by the purchase of IT server infrastructure and related equipment in Mexico.

The Company had net cash provided by financing activities of \$67,841 during Q1 2020 compared to cash used in financing activities of \$10,649 during Q1 2019. The net cash inflow during Q1 2020 is due to cash received of \$78,918 on the exercise of options during Q1 2020, partially offset by the principal repayments on the lease liability, while the cash outflow during Q1 2019 relates entirely to the principal repayments on the lease liability.

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 March 31, 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 Q1 2020.

As at March 31, 2020, the Company had working capital (calculated as current assets less current liabilities) of \$19,455,449 (December 31, 2019 – \$23,860,648), shareholders' equity of \$47,123,297 (December 31, 2019 – \$52,714,132) and an accumulated deficit of \$43,112,005 (December 31, 2019 – \$38,285,870). The Company is sufficiently capitalized to complete planned initial exploration programs on its properties, including the Phase 1 Drill Program at Cordero. However, the Company will likely require additional financing to accomplish its long-term strategic objectives. 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.

SHARE CAPITAL

There were no significant changes in share capital during Q1 2020.

A summary of the common shares issued and outstanding as at March 31, 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 exercise of options	272,800	128,426
As at March 31, 2020	211,478,121	\$ 76,302,834

DISCOVERY METALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE THREE MONTHS ENDED MARCH 31, 2020 and 2019
 (Expressed in Canadian dollars, except where otherwise noted)

OUTSTANDING SHARE DATA

As at May 27, 2019 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	211,595,121 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 19,654,500 Common Shares
Securities convertible or exercisable into voting or equity securities-warrants ⁽¹⁾	Warrants to acquire 34,142,501 Common Shares	Warrants to acquire 32,728,333 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.

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 months ended March 31, 2020 totaled \$11,950 (three months ended March 31, 2019 –\$5,772). The Company had \$540 in expenses payable to this company as at March 31, 2020 (December 31, 2019 – \$8,216). These expenses are not included in the table below.

Under similar arrangements, during the three months ended March 31, 2020 the Company reimbursed expenses of \$nil (three months ended March 31, 2019 –USD\$707) to other companies which have a Director in common. There was \$nil in expenses payable at March 31, 2020 (December 31, 2019 –\$nil). These expenses are not included in the table below.

Transaction Type	Nature of Relationship	Three Months Ended	
		2020	March 31, 2019
Share-based payments	Directors and officers	\$ 77,388	\$ 31,343
Salaries and benefits	Officers	175,670	162,451
Consulting fees	Director	25,000	-
Directors fees	Directors	50,000	43,750
		\$ 328,058	\$ 237,544

DISCOVERY METALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE THREE MONTHS ENDED MARCH 31, 2020 and 2019
 (Expressed in Canadian dollars, except where otherwise noted)

A summary of amounts due to related parties:

Transaction Type	Nature of Relationship	March 31, 2020	December 31, 2019
Salaries and benefits payable	Officers and employees	\$ 47,700	\$ 266,125
		\$ 47,700	\$ 266,125

Exploration and Option agreements

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 March 31, 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 March 31, 2020, the Company had a cash and cash equivalents balance of \$20,018,474 (December 31, 2019 – \$23,950,737) to settle current liabilities of \$767,213 (December 31, 2019 –

DISCOVERY METALS CORP.
MANAGEMENT’S DISCUSSION AND ANALYSIS
 FOR THE THREE MONTHS ENDED MARCH 31, 2020 and 2019
 (Expressed in Canadian dollars, except where otherwise noted)

\$716,596). The Company’s financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

As at March 31, 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: 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; 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; and 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.

Subsequent to March 31, 2020, the Company announced the intention to complete a \$25,000,000 non-brokered private placement through the issuance of 45,454,545 units at a price of \$0.55 per unit (refer to “Recent Developments” section of this MD&A).

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 March 31, 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.

	March 31, 2020	December 31, 2019
Cash and cash equivalents	\$ 20,018,474	\$ 23,950,737
Other receivables	10,251	13,925
Deposits	155,792	482,594
	\$ 20,184,517	\$ 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.

DISCOVERY METALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE THREE MONTHS ENDED MARCH 31, 2020 and 2019
 (Expressed in Canadian dollars, except where otherwise noted)

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. 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 March 31, 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 March 31, 2020 and December 31, 2019, the Company had the following foreign currency denominated trade payables:

	March 31, 2020	December 31, 2019
United States dollar	\$ 61,301	\$ 54,133
Mexican Peso	130,251	157,598
	\$ 191,552	\$ 211,731

There have been significant fluctuations in currency valuations during Q1 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.

It is estimated that various fluctuations in the USD and MXP against the Canadian dollar would affect net loss at March 31, 2020 is as follows:

% currency fluctuation	March 31, 2020
10%	\$ 18,990
20%	\$ 37,980
30%	\$ 56,969

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.

DISCOVERY METALS CORP.
MANAGEMENT’S DISCUSSION AND ANALYSIS
 FOR THE THREE MONTHS ENDED MARCH 31, 2020 and 2019
 (Expressed in Canadian dollars, except where otherwise noted)

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.

There have been significant fluctuations in commodity prices and prices of equity securities during Q1 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 impact on the Company’s market capitalization at March 31, 2020 as a result of share price fluctuation would be as follows:

% share price fluctuation	March 31, 2020	December 31, 2019
10%	7,190,256	\$ 13,939,551
20%	14,380,512	\$ 27,879,102
30%	21,570,768	\$ 41,818,654
40%	28,761,024	\$ 55,758,205
50%	35,951,281	\$ 69,697,756

Assumptions used in the price risk sensitivity are as follows:

- 1) Common shares of the Company issued and outstanding at March 31, 2020: 211,478,121 (December 31, 2019: 211,205,321) (refer to “Share Capital” section of this MD&A);
- 2) Closing share price of the Company at March 31, 2020: \$0.34 (December 31, 2019: \$0.66 per common share); and
- 3) Market capitalization of the Company at March 31, 2020: \$71,902,561 (December 31, 2019: \$139,395,512)

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.

DISCOVERY METALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 and 2019
(Expressed in Canadian dollars, except where otherwise noted)

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 effects of the recent 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 Q1 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.

DISCOVERY METALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 and 2019
(Expressed in Canadian dollars, except where otherwise noted)

CHANGES IN ACCOUNTING POLICIES

There were no changes to accounting policies during Q1 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 Q1 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",

DISCOVERY METALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 and 2019
(Expressed in Canadian dollars, except where otherwise noted)

“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.