DEEP-SOUTH RESOURCES INC.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED MAY 31, 2020

REPORT DATE
July 29, 2020

This Management Discussion and Analysis (the "MD&A") provides relevant information on the operations and financial condition of Deep-South Resources Inc. (the "Company") for the period ended May 31, 2020.

The Company's activities are primarily directed towards the exploration and development of exploration and evaluation assets. The realization of amounts shown for exploration and evaluation assets is dependent upon the discovery of economical recoverable reserves and future profitable production or proceeds from the disposition of these properties. The carrying values of exploration and evaluation assets do not necessarily reflect their present or future values.

The MD&A should be read in conjunction with the Company's unaudited interim financial statements for the period ended May 31, 2020, and the audited financial statements for the year ended August 31, 2019, which can be found on SEDAR at www.sedar.com.

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

All monetary amounts in this MD&A and in the financial statements are expressed in Canadian dollars, unless otherwise stated. Financial results are reported in accordance with International Financial Reporting Standards ("IFRS").

The Company is a reporting issuer in each of the Provinces of British Columbia and Alberta. Its head and principal office is located at 888-700 West Georgia Street, Vancouver, British Columbia, V7Y 1G5. The Company's registered and records office is located at Suite 888-700 West Georgia Street, Vancouver, British Columbia, V7Y 1G5.

OVERALL PERFORMANCE

In order to better understand the Company's financial results, it is important to gain an appreciation for the significant events, transactions and activities on mineral properties which have occurred to the date of this MD&A.

MINERAL PROPERTY PROJECTS

	Haib Property, Namibia	Kapile Tepe Property, Turkey	Total
	$	$	$
Balance, August 31, 2018	**4,761,794**	**-**	**4,761,794**
Acquisition	-	119,596	119,596
Geological	282,128	2,382	284,510
Balance, August 31, 2019	**5,043,922**	**121,978**	**5,165,900**
Geological	231,014	-	231,014
Balance, May 31, 2020	**5,274,936**	**121,978**	**5,396,914**

Haib Property

Acquisition

On August 30, 2016, Jet Gold Corp (predecessor of Deep-South Resources Inc.) acquired 100% of the issued and outstanding shares of #1054137 BC Ltd., a private company incorporated in British Columbia, in exchange for 22,500,000 common shares in the Company (the "Transaction"). The Transaction has been accounted for in accordance with IFRS 2, Share Based Payments. The Transaction has been accounted for as a reverse takeover that does not constitute a business combination. For accounting purposes, these consolidated financial statements reflect a continuation of the financial position, operating results, and cash flows of the Company's legal subsidiary, #1054137 BC Ltd. After closing of the transaction, the name of the Company was changed to Deep-South Resources Inc.

In addition to above, the Company assumed the loan between Deep-South and Teck Namibia totaling approximately $941,519. The loan was contracted to cover past exploration expenditures. The Company repaid $500,000 of the loan through the issuance of 4,166,667 of its common shares during the year, and repaid $389,117 of the debt through the issuance of a convertible debt note (Note 8) plus paid an additional $59,402 in cash transaction costs.

On May 8, 2017, the Company acquired from Teck Namibia Ltd., a wholly owned subsidiary of Teck Resources Limited, the remaining 70% of Haib Minerals (Pty) Ltd. that it did not own (Note 6). in exchange for, among other things, 14,060,000 common shares of Deep-South. Haib Minerals holds the Exclusive Prospecting License 3140 ("EPL 3140"), which hosts the Haib copper project ("Haib" or "the Property") situated in the south of Namibia.

In addition to the Deep-South shares to be issued to Teck, Deep-South shall:

- pay $400,000 to Teck in accordance with the following schedule: $200,000 on the first anniversary of the agreement and $200,000 the second anniversary of the agreement. The Company has completed cash payments of $30,000 and $370,000 is outstanding and past due. Teck has agreed to settle this amount through the issuance of 4,352,941 common shares of Company. The shares issued pursuant to the settlement has a mandatory four months holding period from the date of closing. This share issuance is subject to the approval of the TSX Venture Exchange.

- Teck shall hold a pre-emptive right to participate in any financing of Deep-South as long as Teck holds over 5% of Deep-South's outstanding common shares;

- Teck shall be granted a 1.5% NSR. Deep-South shall have the option to buy back 1/3 of the NSR in consideration for $ 2 million;

- If Deep-South sells or options the Property or a portion of the Property during the 36 months following closing, Teck shall receive 30% of the sale gross proceeds if the sales occurs during the first 24 months after the closing and shall receive 20% of the gross proceeds if the sale occurs between the 24th and 36th months after closing;

- Teck shall be entitled to a production bonus payment that will be declared at the time the company takes the decision to start mine development. Half of the bonus shall be paid upon the decision to start mine development and the second half shall be paid upon commencement of commercial production. The bonus value is scaled with the value of the Capital expenditures as follows:

  (*All amounts C$ millions)*

Development Expenditures	Cash Payment
$0 - $500	$5.0
$501 - $600	$6.7
$601 - $700	$8.3
$701 - $800	$10.0
$801 - $900	$11.7
$901 - $1,000	$13.3
$1,001 and over	$15.0

- Teck's shareholding will be topped-up post-closing (if necessary) so that Teck holds 35% of Deep-South's share capital based on the outstanding common shares as of the closing date.

Preliminary Economic Assessment (PEA)

On May 28, 2020, the Company released its independent Preliminary Economic Assessment (PEA) on the Haib Copper project. The PEA was completed by Mineral Engineering and Technical Services of Australia ("METS") on its Haib Copper project in Namibia.

The PEA update was carried out to incorporate the results from the Mintek metallurgical test work program (2019 - 2020) and is based on the PEA report completed by METS in February 2018. This report presents the findings of the optimized PEA focused on the heap leaching process route and is the only process technology option updated from the 2018 PEA.

Highlights of PEA

The recent leaching test-work was carried out by Mintek of South Africa. Mintek is a world leader in Bio-leaching technologies. Amenability test work confirmed copper recoveries of up to 95% in bacterially assisted heap leaching of the Haib mineral. Recoveries of 80% and 82% were showed to be very achievable and sustainable for the project by the test-work to date.

Further work is required to refine and optimize process conditions to improve recoveries and operating costs.

Run-of-Mine mineral Bio heap leaching was determined to be the most viable process route for the Haib mineral. Six processing scenarios were established with the key variables being recoveries, final products (copper cathode and copper sulfate) and metal price. The base case chosen by Deep-South is the scenario (1) below, which is based on the production of copper cathodes and copper sulfate. All financial metrics are based on the recent 43-101 indicated resource estimation of 456.9 MT @ 0.31% Cu:

Table 1: Scenario 1 - Project Metrics

20 Mtpa @ 80% Cu Recovery + $CuSO_4$					
LME Cu, tpa	**35,332.3**				
CuSO4.5H2O, tpa	**51,080.9**				
CAPEX, (US$M)	**$341**				
OPEX, (US$M / year)	**$91**				
Avg Annual Revenue LME Cu (US$M)	**$195**				
Avg Annual Revenue CuSO4 (US$M)	**$90**				
Total Cost, US$/t ROM	**$7.64**				
Total Cost, US$/lb CuEq	**$1.34**				
Copper Price, US$/lb	$2.00	$2.25	**$2.50**	$2.85	$3.00
$NPV_{7.5\%, \text{pre-tax}}$ (US$ M)	$424	$701	**$977**	$1,364	$1,530
$IRR_{\text{pre-tax}}$	18.6%	24.6%	**30.1%**	37.3%	40.2%
Payback Period $_{\text{pre-tax}}$	6.91	5.21	**4.22**	3.38	3.13
$NPV_{7.5\%, \text{after-tax}}$ (US$ M)	$119	$439	**$611**	$853	$957
IRR $_{\text{after-tax}}$	14.9%	18.9%	**22.7%**	27.6%	29.7%
Payback Period $_{\text{after-tax}}$	8.87	6.94	**5.71**	4.59	4.23
Strip Ratio	**1.41:1**				
LOM, years	**24**				

Note: The PEA is based only on the estimated indicated resource and the inferred resource are not part of this economic assessment

With further metallurgical work and testing, the company's goal is to attain higher recovery rates. The below scenario (2) illustrate the potential economic upside of higher recoveries:

Table 2: Scenario 2 - Project Metrics

20 Mtpa @ 85% Cu Recovery + CuSO4					
LME Cu, tpa	38,336.8				
CuSO4.5H2O, tpa	51,080.9				
CAPEX, (US$M)	$341				
OPEX, US$/year	$96				
Avg Annual Revenue LME Cu (US$M)	$211				
Avg Annual Revenue CuSO4 (US$M)	$90				
Total Cost US$/t ROM	$7.91				
Total Cost, US$/lb CuEq	$1.32				
Copper Price, US$/lb	$2.00	$2.25	**$2.50**	$2.85	$3.00
NPV7.5%, pre-tax (US$ M)	$503	$796	**$1,088**	$1,498	$1,673
IRR pre-tax	20.4%	26.5%	**32.2%**	39.6%	42.6%
Payback Period pre-tax	6.32	4.83	**3.94**	3.18	2.94
NPV 7.5% after-tax (US$ M)	$119	$497	**$681**	$937	$1,04
IRR after-tax	16.0%	20.2%	**24.1%**	29.2%	31.3%
Payback Period after-tax	8.22	6.47	**5.34**	4.30	3.98
Strip Ratio	1.41:1				
LOM, years	24				

Note: The PEA is based only on the estimated indicated resource and the inferred resource are not part of this economic assessment

Please note that: Mineral Resources that are not mineral reserves do not have demonstrated economic viability. Mineral resource estimates do not account for mineability, selectivity, mining loss and dilution. These mineral resource estimates ar based on Indicated Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. However, there is no certainty that these indicated mineral resources will be converted to measured categories through further drilling, or into mineral reserves, once economic considerations are applied. There is no certainty that the preliminary economic assessment will be realized.

Other scenarios

The other scenarios can be found in the NI 43-101 technical report for the Haib Copper project that can be found on SEDAR at www.sedar.com.

Geology & Mineralization

The Haib deposit is located within part of the Namaqua-Natal Province called the Richtersveld geological sub-province which is further subdivided into a volcano-sedimentary sequence (locally, the Haib Subgroup), the Orange River Group and the intrusive Vioolsdrift suite which are closely related in space and time.

The principal mineralized hosts at the Haib are a Quartz Feldspar Porphyry (QFP) and a Feldspar Porphyry (FP).

The Haib deposit is, in essence, a large volume of rock containing copper mineralization. The grade is variable from higher grade in the three core zones progressively dropping towards the margin of the deposit.

The principal sulfides within the Haib body are pyrite and chalcopyrite with minor molybdenite, bornite, digenite, chalcocite and covellite.

Mineral Resources

The mineral resources for the Haib Copper Project were estimated by Dean Richards of Obsidian Consulting Services, supervised by Peter Walker of P & E Walker Consultancy, both independent Qualified Persons as defined by NI 43-101 and were reported in a news release dated January 16, 2018 but are summarized below for convenience. Readers should review that news release for additional information or read the full report that can be viewed on our web site at: www.deepsouthresources.com or on the SEDAR web site at: www.sedar.com.

Table 3: Classified mineral resources of the Haib Project at a 0.25% Cu cut-off grade

Resource Class	Million Tonnes	Cu(%)	Contained Cu x billion lbs
Indicated	456.9	0.31	3.12
Inferred	342.4	0.29	2.19

Notes:

1- Dean Richards of Obsidian Consulting Services, a Member of the Geological Society of South Africa and Professional Natural Scientist (Pr. Sci. Nat) with the South African Council for Natural Scientific Professions (SACNASP), estimated the Mineral Resources under the supervision of Peter Walker of P & E Walker Consultancy, both of whom are the Qualified Persons for the Mineral Resource Estimates. The effective date of the estimate is January 15, 2018. Mineral Resources are estimated using the CIM Definition Standards for Mineral Resources and Reserves (2014).

2- Reported Mineral Resources contain no allowances for hanging wall or footwall contact boundary loss and dilution. No mining recovery has been applied.

Rounding as required by reporting guidelines may result in apparent differences between tonnes, grade and contained metal content.

Table 4: Haib copper indicated mineral resources, sensitivity cases

%Cu Cut-off	Million Tonnes	Cu(%)	Contained Cu x billion lbs
0.20%	904.8	0.27	5.39
0.25%	456.9	0.31	3.12
0.30%	219.8	0.36	1.74

Table 5: Haib copper inferred mineral resources, sensitivity cases

%Cu Cut-off	Million Tonnes	Cu(%)	Contained Cu x billion lbs
0.20%	686.2	0.26	3.93
0.25%	342.4	0.29	2.19
0.30%	109.8	0.34	0.82

Note: The PEA is based only on the estimated indicated resource and the inferred resource are not part of this economic assessment

This Haib Copper Mineral Resource has been defined by diamond core drilling covering a total surface area of some 2.6 square kilometres.

The mineral resource classification is closely related to data proximity. Topographic elevations within the mineral resource area vary from 320m to 640m above mean sea level and average 480m above mean sea level.

Indicated resources are constrained between the variable topographic surface and a horizontal level which is 75m above mean sea level and within which the majority of the drill and assay data are constrained. Inferred resources are laterally constrained by the last line of drill holes and extend vertically from the horizontal surfaces defined by the +75m and -350m above mean sea level (a block of 425m thickness) within which there is a lesser data set derived from drilling.

Mineralization is open near surface and at depth to at least 800 metres deep. The Mineral Resource estimate is based on the results from approximately 66,500 metres of drilling in 196 holes. The most recent drilling data comes from Teck Resources drilling programs totalling 14,500 metres (2010 & 2014) and from re-assaying a part of the 164 historical drill cores which are well preserved on site. Indicated Resources are defined by a drill grid of 150 metres by 150 metres, while Inferred Resources are defined by a drill grid of 300 metres by 150 metres.

The Haib Copper exploration licence provides significant potential for resource expansion, since there is known, but poorly drilled and assayed, mineralisation beyond the drill grid boundaries and below the main mineralized body (which covers some 2 square kilometres of surface area), where a few drillholes from 75m above mean sea level to -350m above mean sea level (i.e. a thickness of 425m) have shown that mineralisation is present. The deepest drillhole did not pass out of mineralized material. In addition, there are 5 satellite mineralized target areas surrounding the main Haib porphyry body which still require further evaluation.

Mineral Resources that are not mineral reserves do not have demonstrated economic viability. Mineral resource estimates do not account for mineability, selectivity, mining loss and dilution. These mineral resource estimates ar based on Indicated Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. However, there is no certainty that these indicated mineral resources will be converted to measured categories through further drilling, or into mineral reserves, once economic considerations are applied. There is no certainty that the preliminary economic assessment will be realized.

Mineralogy

The Haib Copper Deposit is a large sulfide mineral deposit. Copper is mainly present as a sulfide in the form of chalcopyrite. Copper is also present as oxides (chrysocolla, plancheite, malachite and azurite), occurring as intrusions in shear zones.
Initial testwork results showed that the Haib mineralisation is a competent quartz feldspar porphyry rock.

It can be seen that the main mineral is copper with only an accessory amount of molybdenum present. The chalcopyrite also occurs as occasional coarse irregular grains from 0.1 mm to 0.35 mm.

Mining Methods

Considering the Haib copper deposit characteristics, the suitable mine design is based on an open pit method. As the deposit is basically composed of hard rock material, the mining operations will involve drill and blast of all excavated material, which will be segregated by cut-off grade.

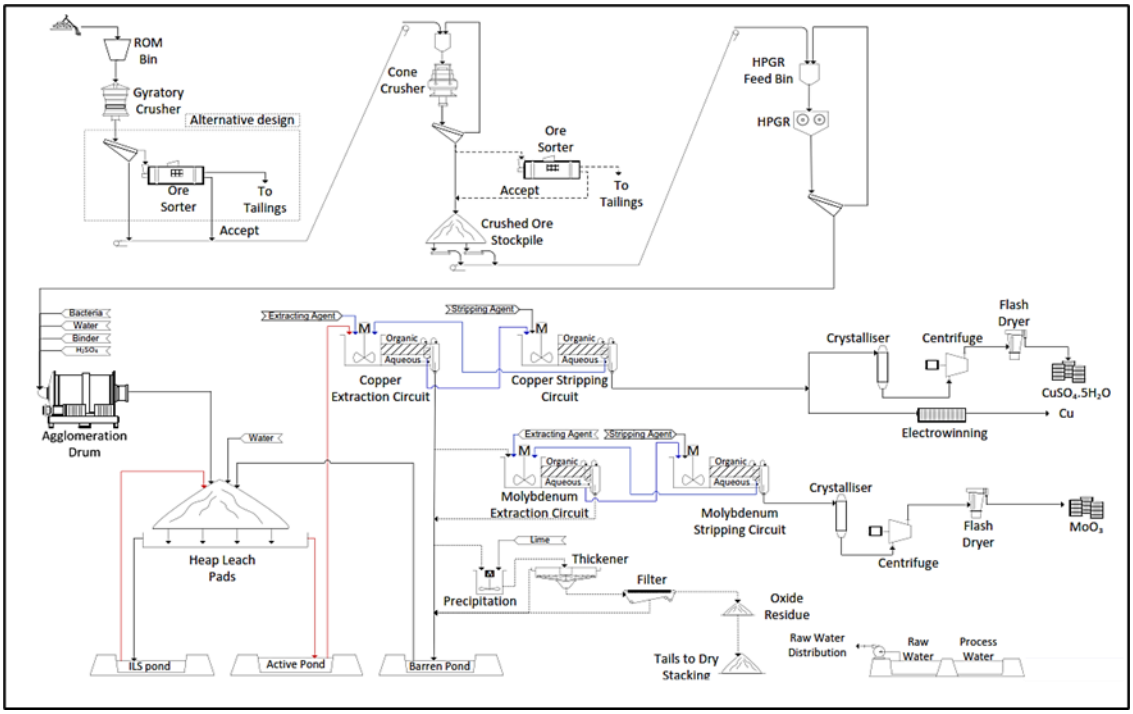
The mining fleet considered for the Haib project would consist of appropriately sized hydraulic excavators and off highway dump trucks, depending, supported by standard open-cut drilling and auxiliary equipment. Initial open pit mine design work undertaken indicates a strip ratio of 1.41:1 for 20 Mtpa. The low strip ratio has a significant effect on the low operating cost indication of the project.

Recovery Method

For the recovery of copper from the Haib deposit, heap leaching was considered for all options. The primary reasons for the selection of heap leaching are the low-grade nature of the deposit and the vast scale of the mineral body. Previous work conducted on the Haib Project suggested that a conventional crush-grind-float and sale of copper concentrate is not economically feasible under the current copper market conditions. The low costs associated with heap leaching compared to a whole mineral flotation circuit is believed to improve the viability of the project. Heap leaching is traditionally performed on oxide material, although there has been increasing development in the application to acid-insoluble sulfides.

Previous sighter amenability test-work, carried out by Mintek, METS and SGS South Africa, suggests that high amounts of copper can be extracted from the Haib material, up to 95.2% via a bacterial assisted leaching. However, additional test-work is required to determine the optimal operating parameters. The system design proposed will use 3 stage crushing and a mineral sorting system (either on the primary crushed product or the secondary crushed product depending on the technology selected) that will provide higher grade mineral to the heaps. The primary crusher will reduce the rock to 127 mm (gyratory crusher)**,** the secondary crusher to 32 mm (cone crusher) and the tertiary crusher to 5 mm (HPGR).

Haib Copper flow sheet diagram



Capital Cost

Table 6: Capital cost breakdown @ 80% Cu recovery at a price of US $ 2.50 per lb of copper

Direct Cost (US$M)	**20 Mtpa**
Crushing & HPGR	100.1
Agglomeration & Heap Leaching	43.2
Copper Solvent Extraction	72.9
Iron Removal	6.3
Process and Raw Water	4.1
Reagents	5.0
Services	2.9
Supporting Infrastructure	3.0
First Fill	8.3
Indirect Cost (US$M)	
Working Capital	24.7
Insurance	7.4
EPCM	24.7
Contingency	24.7
Commissioning	5.0
Accommodation & Temp Services	5.0
Spares & Tools	3.0
Total (US$M)	**340.3**

Operating Costs

Total operating costs, including capital leases as an operating expense, are estimated in the PEA and are broken down as follows:

Table 7: Total operating cost breakdown – Scenario 1

20 Mtpa @ 80% Cu Recovery + CuSO4 @ US 2.50 per lb / Cu				
Area		**Annual Cost**	**Unit Cost**	**Unit Cost**
		('000 USD)	**(USD/t ROM)**	**(USD/lb CuEq)**
Mining		45,200	2.26	0.40
Processing		90,799	4.54	0.80
Product Freight		3,889	0.19	0.03
Wharfage & Shiploading		432	0.022	0.004
Administration		4,000	$0.20	0.04
Royalty	$2.00	6,824	0.34	0.06
	$2.25	7,677	0.38	0.07
	$2.50	8,530	0.43	0.08
	$2.85	9,724	0.49	0.09
	$3.00	10,236	0.51	0.09
Total	$2.00	**151,144**	**7.56**	**1.33**
	$2.25	**151,997**	**7.60**	**1.34**
	$2.50	**152,850**	**7.64**	**1.34**
	$2.85	**154,044**	**7.70**	**1.35**
	$3.00	**154,556**	**7.73**	**1.36**

Note: *Mineral Resources that are not mineral reserves do not have demonstrated economic viability. Mineral resource estimates do not account for mineability, selectivity, mining loss and dilution. These mineral resource estimates are based on Indicated Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. However, there is no certainty that these indicated mineral resources will be converted to measured categories through further drilling, or into mineral reserves, once economic considerations are applied. There is no certainty that the preliminary economic assessment will be realized.*

Tailing Disposal

There will be no tailings. The spent heaps will be rehabilitated and left in place. Due to environmental reasons and water resources, the tailings from the pH adjustment process and the iron removal process will be disposed onto the spent heaps via the method of filtered dry stacked tailings.

Environmental considerations

In terms of environmental aspects, dry stack facilities offer a number of advantages to other surface tailings storage options – some of these include:

- Reduced water requirements, principally achieved by recycling process water and near elimination of water losses through seepage and/or evaporation;
- Groundwater contamination through seepage is virtually eliminated;
- Significant safety improvement with the risk of catastrophic dam failure and tailings runout being eliminated;
- Easier to close and rehabilitate.

Waste rock storage

It is suggested to consider stockpiling the low-grade mineral to process it at the end of mine life, in case the copper price increase considerably by the end of the mine life and/or a new mineral processing technology be created or developed.

Products

LME Copper (cathodes)
Copper is one of the most widely used metals on the planet. China, Europe and the USA are the main global consumers of copper. Copper will be produced on the cathode of the electrowinning cell as pure sheets, which will be a pure (99%) solid. Pure copper metal is used for a variety of purposes. The major use is electrical wiring due to the great electrical conductivity of copper. Additionally, copper is used in many metal alloys such as brass and bronze, which are stronger and more corrosion resistant than pure copper.

Copper Sulfate
Copper sulfate will be sold as a blue powder when the crystals are crushed and dried. Copper sulfate is used in multiple industries such as arts, mining, chemical, pharmaceutical, healthcare and agriculture. The biggest use is for farming as an herbicide or fungicide. Additionally, it inhibits the growth of E-Coli. In the healthcare sector, it is used in sterilizers and disinfectants and can be used to control proliferation of bacteria and viruses. Industrial usage could be in adhesives, building, chemical, textile industries, etc. where it is used to manufacture products like insecticides, wood preservatives and paints. High purity copper sulfate has a 25% premium price based on the copper content in the sulfate.

Sulphur Burning Plant

The design for each option as it stands involves the burning of sulphur to produce sulphuric acid. There are several possibilities for sulphuric acid sourcing, including purchasing from smelters within Namibia.

Buying in sulphuric acid at the start of the project life and building a sulphur burning plant once the project is cash flow positive may provide a better economic scenario.
This will allow for the sulphur burning plant capital to be deferred and the payback period to be shortened.

Recommendations

The results from the PEA have been promising and provides a fundamental support for Deep South Resources intention to move the project towards the Feasibility Study phase on the of the deposit.

Deep South Resources has set a target of achieving 85% copper recovery as a basis of design in the feasibility study. Some of the parameters to be evaluated in the study are:

- Recycled column leaching
- Higher temperature leaching
- Optimization of particle sizing for leaching
- Different bacterial strains
- Resting after 200 days for 30 days and then irrigation for another 30 days
- Optimization of leach pH leach
- Optimization of nutrient addition to the leach

Infill drilling in the high-grade area of the deposit, which can be included in the early part of the mine schedule is recommended. This will improve project economics in the financial model.

A drill program of 12,000 meters is recommended to infill a high grade section of the deposit. With a closer grid spacing, a high-grade part of the deposit could be included in the first years of mining to improve the economics and pay-back period.

Further to the Feasibility Study and the drilling of the mineral body as above, a small Pilot Plant is recommended on-site to validate and optimize the process under local conditions. The detailed engineering information and optimization would provide improved confidence in proceeding with a commercial operation.

The work conducted to date provides confidence to move forward, and there is every possibility of improving copper recovery and reducing the operating costs further.

The PEA technical report is filed on SEDAR at **www.sedar.com** and on the Deep-South website at **www.deepsouthresources.com** .

Project Risks

Further information about the PEA and the resource estimate referenced in this news release, including information in respect of data verification, key assumptions, parameters, risks and other factors, can be found in the NI 43-101 technical report for the Haib Copper project that will be filed on SEDAR under Deep-South's profile.

Opportunities

- Metallurgical advanced test work;
- Infill drilling of the high-grade area in order to estimate a measured resource;
- X-Ray ore sorting test work to define the potential economic enhancement
- Solar Energy: Given the semi-arid climate of Namibia, a solar energy farm may be an option for reducing the unit cost of power. This will also have positive social impacts for the project, which is expected to have a long life.
  Other opportunities are presented in the the NI 43-101 technical report for the Haib Copper project that will be filed on SEDAR under Deep-South's profile.

Project Expansion:

The resource tonnage allows for possible multiple expansion stages to be executed should the project proceed to once in production. A staged approach is recommended in order to de-risk the project by projecting that the project achieves positive cash flow prior to plant expansions.

Way Forward

The results from the updated PEA have been promising, Deep-South Resources intends to undertake a Feasibility Study of the high-grade area of the deposit as the next phase of the project. The program will include but not limited to: infill drilling of the high-grade area in order to define the grade and estimate a measured resource, detailed mine design, measured resource definition, metallurgical and process technologies test work, engineering design and an environmental impact study.

Quality Control and Assurance and Data Verification

The independent qualified persons for the Haib Copper PEA are Mr. Damian Connelly of Mineral Engineering and Technical Services, Mr. Peter Walker of P & E Walker Consultancy and Mr. Dean Richards of Obsidian Consulting Services.

Obsidian Consulting Services conducted a review of the QA/QC programme implemented by Teck using the certificates of analysis received from Acme Labs and provided by Teck. This review compared the results of field duplicates, blanks as well as the various standards utilised with respect to Cu and Mo.

The design of Teck's drilling programme, quality assurance / quality control programme and the interpretation of results were under the control of Teck's geological staff. The QA/QC programme is consistent with industry best practices. Drill core is logged and cut onsite, with half-core samples prepared at Analytical Laboratory Services, Windhoek, Namibia. Prepared samples are shipped to Acme Analytical Laboratories, Vancouver, Canada for appropriate base metal assaying and gold fire assaying techniques. All analytical batches contain appropriate blind standards, duplicates and blanks inserted at regular intervals to independently assess analytical accuracy and precision.

Mr. Walker and Mr. Richards reviewed the sample chain-of-custody, quality-assurance and quality-control (QA/QC) procedures, and the accreditations of analytical laboratories used by Teck. The QPs are of the opinion that the procedures and QA/QC are acceptable to support Mineral Resource estimation.

Mr. Walker also audited the assay database, core logging and geological interpretations and found no material issues with the data as a result of these audits.

In the opinion of the QPs, the data verification programs undertaken on the geological and assay data collected from the Haib Copper support the geological interpretations and the analytical and database quality, and the data collected, can support Mineral Resource estimation.

Qualified Persons

Damian E.G. Connelly, BSc (Applied Science), FAusIMM, CP (Met), Principal Consulting Engineer of METS Engineering Group is the main author of the Preliinary Economic Assessment report and is responsible for the technical part of this press release and is the designated Qualified Person under the terms of National Instrument 43-101.

Peter Walker B.Sc. (Hons.) MBA Pr.Sci.Nat. of P & E Walker Consultancy is the main author of the 43-101 resource estimation report, and is a Qualified Person under the terms of National Instrument 43-101.

Mr. Dean Richards Pr.Sci.Nat. , MGSSA – BSc. (Hons.) Geology, of Obsidian Consulting Services is the contributing author of the 43-101 resource estimation report and is a Qualified Person under the Terms of the National Instrument 43-101.

Kapile Tepe Property

On May 7, 2019, the Company acquired a 75% interest in RCR Quantum ("Quantum"), a Turkish company which holds the Kapili Tepe Project comprising one mining license and two exploration licenses in the Sivas Province in Turkey. As consideration, the Company issued 3,500,000 common shares at a price of $0.09 per share with a fair value of $315,000. The shares issued to the Seller are restricted of trading for a period of 3 years. 1/6 of the shares (583,333 shares) become unrestricted every six months starting on May 1st, 2019.

Management has determined that they do not have control over RCR Quantum as the Company lacks the practical ability to exercise control over RCR Quantum, therefore the acquisition has been treated as an investment in associate under IAS 28. Consequently, the investment in associate is accounted for using the equity method, with an acquisition value of $315,000.

The Acquisition

Deep-South has acquired all the common shares held by the Seller in Quantum for the following considerations:

Deep-South has previously issued 3.5 million of its common shares to the Seller that were kept in trust until the approval of the Ministry. The shares have been issued after approval. The agreement has been amended to include the following: the shares issued to the Seller are restricted of trading for a period of 3 years. 1/6 of the shares (583,333 shares) shall be liberated of the restriction every six months starting on May 1st 2019. The shares relieved from restriction will be free for trading. Upon completion of a first NI 43-101 resource estimation or a listing of Deep-South shares on a London Stock Market, all the shares shall be liberated and free for trading;

This Article has been amended as follows: Upon closing of a first financing of $1 million or more or the cumulative closing of financings totalling $1 million or more following the closing of the acquisition of Quantum, Deep-South shall pay US $110,000 to the Seller. The amount has been reduced by US $ 40,000 to compensate and duly adjust the warranties;

Upon completion of a resources estimation prepared in accordance with CIM definitions and compliant with the National Instrument 43-101, estimating an inferred resource totalling a minimum of 20 million tonnes at a minimum grade of 1% Cu equivalent, Deep-South shall issue additional common shares to the Seller at a valuation of CA $ 2 million;

In the case that the first resources estimation prepared in accordance with CIM definitions and compliant with the NI 43-101 or any further NI 43-101 compliant resource estimation, estimates an inferred resource totalling a minimum of 100 million tonnes at a minimum grade of 1% Cu equivalent, Deep-South shall issue additional common shares to the Seller at a valuation of CA $ 2 million;

The Seller is the beneficiary of a non-guaranteed subordinated loan bearing no interest totaling TRY 3,800,000 (Turkish Lira) from Quantum. Deep-South shall buy back TRY 2,400,000 of the loan (CA $ 480,000 on today's exchange rate), in cash or shares at the election of The Seller, upon completion of a NI 43-101 resources report estimating an inferred resource totaling a minimum of 20 million tonnes at a minimum grade of 1% Cu equivalent. Deep-South shall have 90 days upon election of the payment by The

Seller to issue the shares or make the cash payment. Deep-South shall buy back the remaining balance of TRY 1,400,000 of the loan (CA $ 285,000 on today's exchange rate),, in cash or shares at the election of Deep-South, upon completion of any further NI 43-101 resources report estimating an inferred resource totaling a minimum of 100 million tonnes at a minimum grade of 1% Cu equivalent. Deep-South has no obligation to buy back the first portion of the loan until a NI 43-101 compliant resource estimates a minimum inferred resource of 20 million tonnes at a minimum of 1% Cu equivalent and Deep-South has no obligation to buy back the second portion of the loan until a NI 43-101 compliant resource estimates a minimum inferred resource of 100 million tonnes at a minimum of 1% Cu equivalent;

About the Kapili Tepe Project:

The Project is located close to Imranli in the province of Sivas in north-east Central Turkey, approximately 500Km due east from Ankara by good asphalt roads. The Kapili Tepe project is situated within Tethyan Orogenic Belt of Turkey. The project comprises one Mining License and two Exploration Licenses, which importantly are both contiguous and adjacent.

The licensed area covers approximately 50 Km2 and both the mineralized zones and structural hosting features have been proven by both geological and structural mapping to extend for many Km to both the north-east (of the Main Zone (MZ) and east (of the South-East Zone (SEZ) offering district size potential for the project.

Geologically the project could broadly be described as follows;

The project area sits on the Tethyan Orogenic Belt of Turkey. The property as a whole consists of ultramafic rocks that have been sheared and broken along thrust faults. Fluids travelling through the shear and along the thrust faults strongly altered the rocks over an area of several square kilometres.

The broad geology of the project area can therefore be regarded as several ophiolite thrust sheets bounded by highly altered and brecciated shear zones ("mineralized zones") which dip moderately to the south-east. The resultant copper and nickel mineralisation, which is strongly disseminated was deposited within the layered rocks, as evidenced by the numerous surface exposures of copper mineralised materials and staining.

The most important observations are:

There are more than twenty surface locations recorded with grades of over 1% copper showing, mainly oxides but some disseminated sulphides also appear.

The upper zone areas show stronger copper oxide mineralization, i.e. Malachite, Azurite and Cuprite, with high nickel grades.

More sulphide mineralisation occurs as one gets deeper and disseminated as both grains and veining of dominant chalcopyrite, but with Bornite, Chalcocite and Covellite.

All of these sulphides indicate potential Volcanic Massive Sulphide ("VMS") origin and the latter two; Chalcocite and Covellite are interesting as strong indicators for a significant zone of secondary enrichment (supergene).

The project has been explored by Falconbridge in the early 2000's. They have conducted geological mapping, large and deep induced polarization (IP) surveys, grab and rock sampling programs. Falconbridge has identified two extensive outcropping areas. The Main Zone (MZ) is outcropping over a

length of 4,500 metres and a width between 75 and 100 metres. The South East Zone (SEZ) has overlapping outcrops over a length of 1,500 metres and an average width of 30 metres. Some of the rock sampling results as follows:

2002 Assay Samples Main Zone

Sample	Cu (ppm)	Ni (ppm)	Co (ppm)	Au (ppm)
PG 09205	79,000	700	32	0.05
PG 02955	20,000	190	24	0.02
PG 02903	15,000	47	14	0.07

2002 Assay Samples South-East Zone

Sample	Cu (ppm)	Ni (ppm)	Co (ppm)	Au (ppm)
PG 02918	56,000	3,900	210	0.04
PG 02906	730	36,000	89	0.01
PG 02956	120	11,000	220	0.01

In 2011, Red Crescent Resources, a company previously listed on the Toronto Stock Exchange (TSX) acquired the project and has conducted a further confirmatory deep IP study review and some 1500 metres of drilling and some channel sampling. The diamond drilling was conducted at a maximum depth of 100 metres and included some results such as follows in MZ:

MZ – 001: Drilled true thickness 69 metres including:

Drilled Thickness (m)	Weighted Average Cu (%)	Depth from	Depth To
10	0.49	27.8	37.8
Including 5.8	*0.60*	*30.0*	*35.8*

And some results such as follows in SEZ:

SEZ- 007 true thickness 82.5 metres including:

Drilled Thickness (m)	Weighted Average Cu (%)	Depth From (m)	(Depth To (m)
6.0	0.57	30.7	36.7
7.0	0.36	39.7	46.7
26.6	0.59	48.9	75.5
Including 8.3	*1.12*	*54.3*	*62.6*

In SEZ RCR has also conducted surface channel sampling over a 60m wide zone of outcropping copper mineralisation within listvenite exposures. The sampling was undertaken in the form of continuous 2 m channel samples as well as a 25-tonne bulk sample for process metallurgical test works. The channel samples were sent for mineralization study and preliminary metallurgical test work in South Africa at 3 independent laboratories and these tests were significantly indicative of both the strong poly-metallic nature of the mineralization for base & precious metals, as well as best potential process route.

The central portion of the sampled zone contains stockwork quartz and barite veining and returned an average grade of 1.04% Cu over approximately 26 m including a higher-grade zone of 2,1% Cu over 4 m.

Cobalt grades for the SEZ were not seen as representative as they were only tested from samples taken from the small bulk sample test pit area. However, they assayed with grades of 0.35% to 0.66%. The 0.66% Co sample also tested at 19.7% Ni.

Mineral resources have not been estimated yet on the project nor has it demonstrated economic viability at this stage. The historical drilling and sampling results demonstrate potential to classify the project as one of merit but are considered too speculative geologically to complete a NI 43-101 resource estimation at this time and it is uncertain that those historic results will be converted into minerals resources.

All the reports and information above are available at the Ministry of Energy and Natural Resources of Turkey and is also available on SEDAR at www.sedar.com in the file of Red Crescent Resources.

Alan M. Clegg Pr. Eng PMP Pr.CPM FSAIMM, is responsible for the technical part of this press release and is the designated Qualified Person under the terms of National Instrument 43-101.

Alan M. Clegg was President & CEO of Red Crescent Resources Ltd (RCR) and was supervising the exploration project and was a qualified person for Red Crescent. Data verification and exploration results reported by RCR were all filed on SEDAR and were verified by the qualified person of RCR. MSA Group of South Africa were contracted by RCR to manage the field exploration programs and were responsible for the data verification, including sampling, analytical and test data. As such Alan M. Clegg verified the underlying information contained in this press release. The data and information from Falconbridge reports has not been fully verified but MSA Group was able to verify the geophysical surveying data and soil and rock chip sampling under custody at the Minister of Energy and Natural Resources of Turkey. Tests such as XRF Grade measurements have enabled to validate the assays results. MSA were contracted by RCR and their work was verified by Alan Clegg. MSA nor than Alan Clegg have reported any limitation or failure in the data disclosed in this press release. However, the historical work and results, such has drilling results by Falconbridge, that have not been verified by MSA Group or Alan Clegg are not reported in this press release.

The drill and sampling of RCR were assayed independently as follows: Gold and copper assays were performed by the ALS Chemex laboratory in Izmir, Turkey. Sample preparation and gold analysis using conventional fire assay procedures with AAS finish on 50g aliquots was carried out (method code Au-AA24). Copper analysis was carried out by aqua regia digest with AAS finish (method code Cu-AA46). In addition, gold and multi-element analyses are currently being performed by ISO17025 accredited ALS Chemex laboratory in Vancouver, Canada.

Quality Assurance/Quality Control (QA/QC) for the Kapili Tepe Copper Project includes a chain of custody protocol, and systematic submittal of approximately 20% QA/QC samples including field duplicates, field blanks and certified reference samples into the sample stream submitted to the laboratory.

SUMMARY OF ANNUAL RESULTS & RESULTS OF OPERATION

The following selected financial data have been prepared in accordance with IFRS and should be read in conjunction with the Company's audited financial statements for the year ended August 31, 2019. Due to the Transaction discussed, and for accounting purposes, the following summary numbers represent that of the financial position, operating results, and cash flows of the Company's legal subsidiary, #1054137 BC Ltd. of the last three completed financial years to the year ended August 31.

Financial Year Ended	**2019**	2018	2017
Total revenue	**$Nil**	$Nil	$Nil
Net loss	**(490,194)**	(695,176)	(394,449)
Net loss per share – basic and diluted	**($0.01)**	($0.01)	($0.01)
Total assets	**5,515,025**	4,781,363	4,635,925
Total long term financial liabilities	**$Nil**	$Nil	$226,122
Cash dividends declared – per share	**$Nil**	$Nil	$Nil

SUMMARY OF QUARTERLY RESULTS & RESULTS OF OPERATION

The following selected financial data have been prepared in accordance with IFRS and should be read in conjunction with the Company's consolidated financial statements. Due to the Transaction discussed, and for accounting purposes, the following summary numbers represent the continuation of the financial position, operating results, and cash flows of the Company's legal subsidiary, #1054137 BC Ltd. The following is a summary of selected financial data for the Company for its eight completed financial quarters ending May 31, 2020.

Quarter Ended Amounts in 000's	May 31, 2020	Feb. 29, 2020	Nov. 30, 2019	Aug. 31, 2019	May 31, 2019	Feb. 28, 2019	Nov. 30, 2018	Aug. 31, 2018
Revenue	-	-	-	-	-	-	-	-
Net income (loss)	(110.5)	(462.8)	(104.8)	(161.0)	(150.6)	(72.49)	(106.1)	(194.1)
Net loss per share – basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

Analysis for the Three Months Ended May 31, 2020

During the three months ended May 31, 2020, the Company's administrative expenditures were $110,543 (2019 - $150,601) and included consulting fees of $63,598 (2019 - $57,320), investor relations fees of $15,608 (2019 - $51,576), Legal and accounting fees of $Nil (2019 - $20,486). All comparative amounts refer to the three months ending May 31, 2019.

LIQUIDITY AND CAPITAL RESOURCES

As of May 31, 2020, the Company has working capital deficit of $1,169,782 (August 31, 2019 – $1,069,840). The Company has limited financial resources and has financed its operations primarily through the sale of its common shares. For the foreseeable future, the Company will need to rely on the sale of such securities for sufficient working capital and to finance its mineral property acquisition and exploration activities, and /or enter into joint venture agreements with third parties. As the Company does not generate any revenue from operations, the long-term profitability of the Company will be directly related to the success of its mineral property acquisition and exploration activities.

On December 23, 2019, January 22, 2020 and January 29, 2020, the Company closed three tranches of a non-brokered private placement comprising of a total of 11,826,000 Units at a price of $0.05 per Unit for gross proceeds of $591,300. Each Unit comprises one common share and one share purchase warrant exercisable at $0.09 per share expiring five years from the date of closing. The Company paid $4,940 in aggregate cash finder's fees and issued 92,800 broker warrants.

On April 2, 2020, the Company closed a non-brokered private placement comprising 1,348,000 Units at a price of $0.05 per Unit for gross proceeds of $67,400. Each Unit comprises one common share and one share purchase warrant exercisable at $0.09 per share expiring five years from the date of closing.

There is uncertainty in capital markets and the Company anticipates that it and others in the mineral resource sector will have limited access to capital. Although the business of the Company has not changed, investors have increased their risk premium and their overall equity investment has diminished. The Company continually monitors its financing alternatives and expects to finance its Fiscal 2020 operating overhead and its exploration expenditures through private placements. A portion of the future financings will serve to lower down the debts in order to ensure that they do not put undue pressure on the company.

SHARE CAPITAL

The authorized share capital is unlimited common shares without par value. As of the date of this MD&A the Company has issued and outstanding common shares as follows.

(a) Authorized and issued shares are as follows:

Class	Par Value	Authorized	Issued
Class A Preferred	No par value	Unlimited	0
Common	No par value	Unlimited	79,777,357

(b) As at the date of the MD&A the Company has 7,400,000 incentive stock options.

(c) As at the date of the MD&A the Company has 18,653,900 outstanding share purchase warrants.

OFF-BALANCE SHEET ARRANGEMENTS

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

PROPOSED TRANSACTIONS

The Company has no proposed transactions.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair values of amounts receivable and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these instruments.

Financial risk factors

	Level	Ref.	**May 31, 2020**	August 31, 2019
			$	$
Other financial assets	1	a	**24,966**	9,929
Other financial liabilities	2	b	**1,231,610**	1,103,965

a. Comprises cash
b. Comprises accounts payable and accrued liabilities, loan payable, consideration payable and convertible debenture.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. The fair values of the Company's financial instruments are not materially different from their carrying values.

FINANCIAL INSTRUMENTS

Management of Industry and Financial Risk

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk
Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company ensures that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. The Company's cash is held in corporate bank accounts available on demand. Liquidity risk has been assessed as being low.

Market Risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

Currency Risk
The Company is subject to normal market risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure.

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk relating to its related party balances (Note 6).

Price Risk
The Company is exposed to price risk with respect to equity prices. Price risk as it relates to the Company is defined as the potential adverse impact on the Company's ability to raise financing due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

CAPITAL MANAGEMENT

The Company defines capital that it manages as shareholders' equity.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage. As such, the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions. There was no change to the Company's capital management approach during the period ended May 31, 2020.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Significant areas requiring the use of management estimates include the determination of environmental and asset retirement obligations, rates for amortization, the impairment of exploration and evaluation assets, the assumptions used in the determination of the fair value of stock-based compensation and the recoverability of deferred tax assets. While management believes the estimates used are reasonable, actual results could differ from the estimates and could impact future results of operations and cash flows.

RELATED PARTY TRANSACTIONS

The key management personnel of the Company are the directors and officers of the Company. Compensation paid to key management for the following periods:

	May 31, 2020	May 31, 2019
	$	$
Consulting fees	**96,889**	94,550

Included in accounts payable and accrued liabilities is $159,773 (2019 - $140,451) owed to companies controlled by directors or officers as at May 31, 2020.

FORWARD LOOKING STATEMENTS

All statements in this report that do not directly and exclusively relate to historical facts constitute forward-looking statements. These statements represent the Company's intentions, plans, expectations and belief, and are subject to risk, uncertainties, and other factors of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements, as a result of new information, future events or otherwise.

APPROVAL

The Board of Directors of Deep-South Resources Inc. has approved the disclosures in this MD&A. Additional information on the Company available through the following source: www.sedar.com.