

DEEP-SOUTH RESOURCES INC.
(formerly Jet Gold Corp.)
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2016

REPORT DATE
JANUARY 24, 2017

This Management Discussion and Analysis (the “MD&A”) provides relevant information on the operations and financial condition of Deep-South Resources Inc. (formerly Jet Gold Corp.) (the “Company”) for the three months ended November 30, 2016.

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 consolidated financial statements for the period ended November 30, 2016, and the Company’s audited financial statements for the year ended August 31, 2016 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 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 162 – 2906 West Broadway, Vancouver, British Columbia, V6K 2G8. The Company’s registered and records office is located at Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7.

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

	Lorn Claims	
Balance, August 31, 2015	\$	-
Acquisition costs (Note 8)		80,000
Option payment		15,000
Geological		35,355
Balance, August 31, 2016	\$	130,355
Geological		2,850
Balance, November 30, 2016	\$	133,205

On August 30, 2016, Jet Gold Corp 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 August 4, 2015, the Company entered into an earn-in agreement with Kin Resources ("Kin") pursuant to which the Company may acquire 100% of Kin's option to acquire 50% undivided interest in the Lorn mineral claims located in British Columbia. Kin acquired the option pursuant to an earn-in agreement between Kin and Royal Sapphire Corp. In consideration of the option, the Company issued 1,000,000 common shares to Kin (issued – See Note 6). The property is subject to a 3% Net Smelter Royalty.

The Company may exercise the Option by: (i) completing an exploration program on the Property of up to \$30,000 on or before December 31, 2015; (ii) preparing an updated NI 43-101 report on the Property on or before March 31, 2016 (amended from December 31, 2015 on December 15, 2015); (iii) completing additional exploration expenditures of \$1,180,000, paying an aggregate of \$65,000 (\$15,000 paid) and issuing a total of 23,500 common shares to the Optioners, in stages until December 31, 2017, (iv) paying 50% of all advance royalty payments, maintenance fees and taxes payable under the Underlying Agreement; (v) issuing 30,000 shares to the Optioners upon completion of a feasibility study; and (vi) maintaining the Underlying Agreement in good standing. On September 25, 2015, the earn-in agreement was accepted by the TSX Venture Exchange.

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 November 30, 2016.

Quarter Ended	Nov. 30, 2016	Aug. 31, 2016	May 31, 2016	Feb. 29, 2016	Nov. 30, 2015	Aug. 31, 2015	May 31, 2015	Feb 28, 2015
Amounts in 000's								
Revenue	-	-	-	-	-	-	-	-
Net income (loss)	(157)	(1,789.99)	(6.683)	(6.683)	(6.683)	(8.687)	(8.687)	(8.687)
Net loss per share – basic and diluted	(0.00)	(0.14)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

During the three month ended November 30, 2016, the Company experienced very limited activity in the prior comparable period compared to the current period. In light of this, and compared to the prior comparable quarter, there is no meaningful comparison to be made.

LIQUIDITY AND CAPITAL RESOURCES

As of November 30, 2016, the Company has working capital of \$23,785 (August 31, 2016 – \$80,644). 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.

As described in note 5, on August 4, 2015, the Company issued 1,000,000 shares relating to the entered into an earn-in agreement with Kin Resources ("Kin"). The shares were issued at a deemed price of \$0.08 per share (Note 6).

On October 2, 2015, October 20, 2015 and November 23, 2015, the Company respectively closed a three-tranche private placement by issuing 2,637,500 units at a price of \$0.10 per Unit. Each unit is comprised of one common share and one half share purchase warrant entitling the holder to purchase one additional share for \$0.15 per share for three years from the date of closing.

On August 30, 2016, the Company closed a private placement by issuing 2,679,286 Units at a price of \$0.14 per Unit. Each Unit is comprised of one common share and one half share purchase warrant entitling the holder to purchase one additional share for \$0.34 per share for two years from the date of closing. The Company paid finders fees of \$4,000 and issued 61,772 compensation warrants as finders fees. These warrants entitle the holder to purchase one share for \$0.34 for a period a two years from the

date of closing. As of August 31, 2016 the Company had a subscription receivable of \$14,100 relating to this private placement.

On August 30, 2016, the Company issued 22,500,000 shares to acquire 100% issued and outstanding shares of 1054137 BC Ltd. (Note 4).

On August 30, 2016, the Company issued 4,166,667 common shares to Teck Resources Ltd (Notes 4, 6).

On August 30, 2016, the Company had subscriptions received in advance totalling \$21,642. The funds were applied to a private placement which closed subsequent to year end (Note 13).

On August 30, 2016, as part of the remaining debt settlement of the loan agreement between Deep South Minerals (PTY) Ltd. and Teck Namibia, the Company issued a convertible debenture (“debenture”) to Teck Resources. The debenture bears interest on the outstanding principal amount at a rate of LIBOR plus 2% per annum with the principal due at maturity (48 months from the date of issuance.). The debenture is payable in cash or at the option of the Company, the principal and accrued interest is convertible into shares in the Company at a price of \$0.14 per share. The debenture holder may also redeem the principal and any accrued but unpaid interest up to the maturity date.

On September 28, 2016 the Company closed a private placement of 1,052,500 units at a price of \$0.14 per unit for gross proceeds of \$147,350. Each unit is comprised of one common share and one half common share purchase warrant which can be exercised for a period of 2 years at an exercise price of \$0.34 per common share. The Company paid finders fees of \$1,344 and issued 9,600 compensation warrants as part of this private placement. As of August 31, 2016, the Company has received \$21,642 relating to this private placement

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 2016 operating overhead through private placements and its exploration expenditures through flow-through private placements.

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	37,133,317

- (b) As at the date of the MD&A the Company has 15,000 incentive stock options.
- (c) As at the date of the MD&A the Company has 3,182,578 outstanding share purchase warrants.

INVESTOR RELATIONS

The Company has no investor relations contracts.

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

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk for the Company is primarily associated with its cash. The Company is not exposed to significant credit risk as its cash is placed with a major Canadian financial institution.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. As of November 30, 2016, the Company had a cash balance of \$52,515 (August 31, 2016 - \$183,694) to settle current liabilities of \$41,275 (August 31, 2016 - \$119,158).

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 other price risk. The Company is not exposed to significant market risk.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's profit or loss due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on profit or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements and the

stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in value may be significant.

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 November 30, 2016.

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 and expenses paid to key management for the periods ended November 30 were as follows:

	2016	2015
Consulting fees*	\$18,231	\$3,535

Consulting fees were paid or accrued to private companies owned by directors and officers of the Company including Tim Fernback (CEO and Director), Ryan Cheung (CFO and Director), John Akwenye (individual who works closely with Company), and Pierre Leveille (individual who works closely with Company).

Included in accounts payable and accrued liabilities is \$5,162 (2016 - \$3,456) owed to companies controlled by directors or officers as at November 30, 2016.

Included in the deficit of Jet Gold Corp., acquired by 1054137 BC Ltd through reverse acquisition, are \$20,113 in filing fees and \$81,295 in consulting fees paid to related parties.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Certain new accounting standards and interpretations have been published that are not mandatory for the November 30, 2016 period end. The Company does not expect the adoption of these new standards to have a material impact on the Company's financial statements.

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.