



MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED FEBRUARY 28, 2023

REPORT DATE
May 1, 2023

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 February 28, 2023.

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 February 28, 2023, and the audited financial statements for the year ended August 31, 2022, 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 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.

Covid-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.

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.

HIGHLIGHTS

- ✓ The Company completed a 7,840,000 Unit private placement with gross proceeds of \$392,000;
- ✓ The Company completed a 13,900,000 Unit private placement with a gross proceeds of \$695,000;
- ✓ The High Court of Namibia has rendered its judgment and reviewed and set aside the decision of the Minister not to renew the Haib Copper license EPL (detailed below);
- ✓ The Company has completed a soil sampling program on two licenses on the Zambia Copper Belt. The program enabled the extraction of 2,104 soil samples.

MINERAL PROPERTY PROJECTS

	Haib Property, Namibia	Zambia Copper Belt, Zambia
	\$	\$
Balance, August 31, 2021	7,188,254	-
Acquisition costs	-	103,844
Amortization	6,611	-
Geological	21,707	120,295
Other costs	-	81,364
Share-based compensation	35,669	-
Write-off of exploration and evaluation assets	(7,252,241)	-
Balance, August 31, 2022	-	305,503
Geological	-	233,856
Other costs	-	3,691
Balance, February 28, 2023	-	543,050

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 \$948,519. 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 fiscal 2016, 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 April 15, 2021, the Company announced that Teck Resources Limited has signed agreements to sell the convertible debenture it holds with the Company to third party investors. The convertible debenture has a principal value of \$389,117 and is convertible into common shares of Deep-South at a conversion price of \$0.115 per common share and has a maturity date of August 30, 2021. The convertible debenture shall continue to bear interest on the outstanding principal amount at a rate of LIBOR plus 2% per annum payable with the principal at maturity. On March 31, 2021, the accrued interest is valued at \$60,962. On April 21, 2021 upon closing of the transaction, the purchaser of the convertible debenture converted the debenture into 3,913,730 common shares of the Company. The value of the common shares issued is 939,295, as a result the Company has recorded a loss of \$329,381 on the profit and loss statement.

On May 5, 2017, the Company acquired from Teck Namibia Ltd., a wholly owned subsidiary of Teck Resources Limited, the remaining 70% interest in Haib Minerals (PTY) Ltd. through a share Purchase Agreement for total consideration of \$3.212 million. The consideration was comprised of 14,060,000 common shares of the Company (each share valued at \$0.20 on the date of issue) and \$400,000 as consideration payable in two transfers (\$200,000 due on the first anniversary and \$200,000 due on the second anniversary). During fiscal 2020, the Company has repaid \$30,000 of the consideration payable. On June 30, 2020, the Company agreed to settle the remaining balance owing by issuing 4,352,941 shares to Teck Namibia Ltd. (issued August 10, 2020 and valued at \$522,353).

- 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.

Prospecting License Renewal Declined

On June 25, 2021, the Company has received a notice from the Ministry of Mines and Energy “Ministry” confirming that the Company's application for the renewal of its Exclusive Prospecting License 3140 (the "License") has been refused. The Company is vigorously contesting this decision by all means necessary and available under the Minerals (Prospecting and Mining) Act (the "Act") and other applicable laws of Namibia as well as other international laws. In its application for renewal and subsequent representations made to the Ministry, the Company maintains that it clearly demonstrated having met all criteria under the Act to justify the renewal of its License.

On June 16, 2021, the Company received notice from the Ministry informing the Company that its application for the renewal of its License had been denied citing the Company's inability to advance the License to Pre-Feasibility and complete the proposed drilling program as planned. The Company maintains that the Ministry was kept well apprised, with no objection on their part, of a proposed change from the Pre-Feasibility (PFS) study to an **upgraded Preliminary Economic Assessment (PEA) and the commencement of a full Feasibility Study (FS)**. **The FS was already commenced with at the time of the refusal.** The License conditions state clearly that the Company shall request the approval of the Minister for any material program or budget changes. The change from a PFS to a FS implies a larger budget and a more advanced development program. Therefore, the change was not requiring the approval of the Minister. Moreover, the Ministry issued all permits required for the drilling program and officials were well aware that Haib had completed the drilling program at the time of the refusal to renew.

As a result of the Minister's refusal to renew the License, the Company has terminated all work on site and has proceeded with the retrenchment of its employees on site.

On July 21, 2021, the Namibian legal counsel of the Company and its subsidiary, have filed an application to the High Court of Namibia to demand a hearing to review the decision of the Minister to refuse the renewal of the license EPL 3140 covering the Haib Copper project in Namibia. The filing also requests an urgent interdict to prevent the Ministry of Mines and Energy of Namibia to grant a license on the same area to anyone else.

On September 1, 2021, the High Court of Namibia has rendered a decision that interdicts and restrains the Ministry of Mines and Energy of Namibia to grant a mineral license, including an Exclusive and Prospecting License (EPL), in terms of the Minerals Act 1992, to any Person or Company over the area covered by the Haib Copper project - EPL 3140. The interdict and restrain order are in force until the final decision of the High Court for the review of the decision of the Minister to not renew EPL 3140.

On September 16, 2021, the High Court of Namibia ordered the Ministry of Mines and Energy of Namibia to file the documents supporting the decision of the Minister to refuse the Haib Copper license renewal. The Order was stating that the documents shall be filed before October 10, 2021.

The Ministry proceeded with a first filing on October 21, 2021 but it was not complete and did not include any documents directly related to the decision of the Minister to deny the renewal of the Haib Copper license.

The Ministry proceeded with their last filing on November 17, 2021. The filing did not include any documents supporting the decision of the Minister to deny the renewal of the Haib Copper license. Therefore, the Ministry has not provided any evidence supporting the decision of the Minister.

At the Court hearing on November, 25, 2021, Deep-South's legal counsel and the legal counsel of the Ministry agreed to request the court to issue an Order to approve the following schedule: Deep-South will file additional documents to support its original affidavit by December 15, 2021. The additional documents will include expert advice covering the exploration work carried out by Deep-South on the project and the

work program proposed to develop the Haib Copper license. The documents will also include an update of the funds invested in the project development. The court will be closed for annual recess between December 15, 2021 and January 15, 2022. The Ministry will have until February 14, 2022 to file their defense affidavit. Deep-South will have until February 28, 2022 to reply with its last affidavit.

The legal counsel of the Ministry has failed to file their defense affidavit as ordered by the High Court of Namibia on November 25, 2021. The Ministry's counsels stated that they have discovered new documents, which are not part of the record of proceedings. The Ministry's counsel has requested an extension to file those documents. The legal counsel has filed a joint status report with the court on February 28, 2022. Deep-South's legal counsel recorded in this status report that the Ministry's counsel previously indicated that a complete record had been filed. Since the beginning of the procedures, the Ministry has failed providing any evidence supporting the decision of the Minister to not renew the Haib Copper license EPL 3140.

At the court hearing of March 3, 2022, the judge granted an extension up to March 11, 2022 to the Ministry to file the documents they stated to have recently discovered. On March 11, 2022, the Ministry filed documents that are copies of documents contained in previous filings or pertaining to previous license tenures. The Ministry did not file any new documents as mentioned to the court on March 3, 2022.

The next hearing in court was held on March 22, 2022. During this hearing the judge has ordered the legal counsel of the Ministry to file its defense affidavit at the latest on April 22, 2022. Deep-South attorneys will have until May 13, 2022 to file their reply to the defense of the Ministry.

The judge has also drawn the attention of the parties to the Part 6 of the Rules of High Court. Part 6 deals with sanctions for failure to comply with the rules, directions or court orders. Sanctions could be applied for failure to respect delays or undue request of extensions.

The Court will hold another hearing on May 18, 2022, to define the further procedures with regards to the review of the decision of the Minister to deny the renewal of the exploration license Haib Copper EPL 3140. At the hearing held on May 18, 2022, the judge has ordered Deep-South's attorneys to file their replying affidavit to the defense of the Ministry at the latest on June 3, 2022. The judge also ordered that a Case Management hearing will be held on June 23, 2022. Due to the sudden death of Mr. John Akwenye, who was the named signatory of all the Company's affidavits, the Company had requested an extension to file the response affidavit by June 15, 2022 and on June 15, 2022 legal counsels of the Company have filed the Company's response to the defense affidavit of the Ministry of Mines and Energy of Namibia.

At the hearing held on June 30, 2022, the court ordered the following:

- Haib Minerals (Deep-South fully owned subsidiary) must file its heads of argument 15 days (September 12, 2022) before the hearing;
- The Minister of Mines and the other respondents must file their heads of argument 10 days (September 19, 2022) before the hearing;
- The indexed and paginated papers and the record must be filed by September 23, 2022;
- The final hearing will be held on October 3 and 4, 2022.

Deep-South is of the opinion that the decision of the Minister to not renew the license was biased and not supported by any industry standards. Furthermore, Deep-South has increased its investments in the project and has exceeded its proposed and Ministry's approved budget by N\$ 5 million (CAD\$ 410,000).

On March 10, 2023, the High Court of Namibia has rendered its judgment and reviewed and set aside the decision of the Minister not to renew the Haib Copper licence EPL 3140. As per the court verdict, the Ministry has re-opened the application renewal procedure for the Haib Copper licence. The parties have agreed that the Company will provide additional information. The licence EPL 3140 has been reinstated

in the cadastre of the Ministry. The cadastre shows that the licence is valid and pending renewal. The Ministry's officials have agreed that upon reception of the documents from the Company, they will proceed promptly with the analysis of the application in order to finalize their decision.

2021 development and exploration program

On February 9, 2021, the Company started a drilling program of up to 10,000 meters with a primary focus on the higher-grade zone of the deposit. In a first phase, 5,000 meters was drilled to infill gaps in previous drilling with a view to expand the higher-grade zone, better define the average grade of this zone, and eventually estimate a measured resource for this area with a goal to improve the overall grade of the project.

On February 25, 2021, the Company appointed the MSA Group of South Africa to produce an updated National Instrument ("NI") 43-101 resource estimation for the Company's 100%-owned advanced Haib copper project located in the south of Namibia. The report will follow the completion of the current drilling program. The mandate of MSA includes site visits to verify data collection, quality assurance and controls, develop a structural geological model in collaboration with Deep-South's geological team, assess the presence of domains and model these domains in three dimensions, complete a geostatistical study for each domain and issue an updated NI 43-101 resource estimation.

On April 26, 2021, Deep-South appointed METS Engineering Group ("METS") of Australia to conduct and manage metallurgical and process technology test work on stockpile material from the Haib Copper Project in Namibia. This test work and optimizing concept study aim to improve copper recoveries and thus potentially boost project economics substantially.

METS has started the following test work and high-level studies:

- Bio-assisted heap leaching column test work (to be conducted at a laboratory in Australia)
- High Pressure Grinding Rollers (HPGR) test work
- Agglomeration test work
- Flow sheet optimization high level concept study
- Alternative heap leaching test work

On May 13, 2021, Deep-South appointed Knight Piésold Consulting to conduct scoping studies and assessments on the Haib Copper Project in Namibia. Knight Piésold has extensive experience in environmental, bulk water supply, power, and heap leaching projects in Namibia and Southern Africa.

The scoping studies include:

Water Supply Scoping Study: Knight Piésold has undertaken a high-level assessment of the various water options available to the Haib project from surface and groundwater sources. Aspects to consider will include costs, reliability and environmental processes required, with a special focus on gaps and recommendations for future studies.

Alternative Power Supply Scoping Study: Knight Piésold has undertaken an assessment of the various power options available to the Haib project including renewable power and will preliminarily size the required infrastructures. Aspects to consider will include technical requirements, costs, reliability, environmental and permitting processes required.

Environmental reconnaissance and road map to the Environmental and Social Impact Assessment (ESIA): Knight Piésold has undertaken an assessment of the various parameters and conditions needed to

complete an ESIA and will deliver a roadmap to ESIA and recommendations particularly in terms of project schedule and key milestones to be achieved.

Heap leach pad conceptual assessment: Knight Piésold has undertaken a review of previously completed work, conceptual sizing and design of the heap leach pad, ponds and irrigation system and recommendations for future studies. Project information review will include leach column tests, conceptual sizing of the heap leach pad and ponds, dynamic water balance, review of alternatives, gap analysis, project risks identification and recommendations.

The reports were scheduled to be completed by the end of July 2021

On May 19, 2021, Deep-South appointed the world-renowned Commonwealth Scientific and Industrial Research Organization (“CSIRO”) to conduct bio-assisted heap leaching column test work, which is part of Deep-South’s recently announced metallurgical test work. METS Engineering Group (“METS”) of Australia has been appointed to supervise and overview the test work.

The goals of the bio-assisted heap leaching test work include the evaluation of the performance of promising solvent extraction reagents for extraction and separation of copper and molybdenum and monitor and evaluate the adaptation of bacterial strains for improved ore processing. The test work will also monitor and evaluate percolation performance. The test work will mainly serve to optimize the bio-assisted heap leaching processes with the ore at Haib. The test work was scheduled to start at the end of June 2021

Drilling results:

On May 10, 2021, Deep-South reported significant drilling results:

- **HM06 : 0.47% CuEq over 152 metres, including 30 metres at 0.81% CuEq**
- **HM07 : 0.42% CuEq over 128 metres, including 14 metres at 0.57% CuEq**
- **HM10 : 0.65% CuEq over 36 metres, including 12 metres at 1.04% CuEq**

We were extremely enthusiastic by the first results from our active drill program. Previous drilling programs point to the presence of higher-grade zones of Cu, probably associated with near vertical structures within the broader mineralized areas of the project. The use of vertical drilling in the past potentially missed those structures during those programs resulting in an underestimation of overall grade. This current drilling program is looking to redress this through the use of inclined holes to identify and delineate these structures and test the association with higher Cu grade zones. These first results seem to support this updated interpretation, showing substantial intersections at Cu grades considered high for Haib. Additionally, the presence of molybdenum has been confirmed with high Mo grades obtained in association with structures and alterations. Furthermore, three holes have expanded the size of Pit 2 in the higher-grade area.

Significant Cu intersections

Hole#	Zone	From (m)	To (m)	Width (m) ¹	CuEq (%) ²	Cu (%)	Mo (%)
HM01	Main	28,00	34,00	6,00	0,38	0,38	0,001
HM06	Main	0,00	152,34	152,34	0,47	0,45	0,006
	Including	4,00	42,00	38,00	0,66	0,64	0,005
	Including	54,00	84,00	30,00	0,81	0,79	0,007

HM07	Main	32,00	160,00	128,00	0,42	0,38	0,011
	<i>Including</i>	38,00	52,00	14,00	0,57	0,53	0,011
	<i>Including</i>	92,00	104,00	12,00	0,49	0,43	0,019
	<i>Including</i>	136,00	152,00	16,00	0,53	0,49	0,012
HM08	Main	10,00	28,00	18,00	0,26	0,22	0,011
	Main	44,00	94,00	50,00	0,59	0,53	0,017
	<i>Including</i>	48,00	64,00	16,00	0,88	0,84	0,012
HM10	Main	66,00	102,00	36,00	0,65	0,60	0,016
	<i>Including</i>	68,00	80,00	12,00	1,04	0,90	0,043
	<i>Including</i>	82,00	86,00	4,00	0,72	0,72	0,001
	Main	114,00	120,00	6,00	0,46	0,45	0,002

1. Width refers to intersection width; true widths have not been determined.
2. CuEq (copper equivalent) has been used to express the combined value of copper and molybdenum and is provided for illustrative purposes only. No allowances have been made of recovery losses that may occur should mining eventually result. Calculations use metal prices of US\$3.00/lb copper, US\$10/lb molybdenum using the formula: $CuEq\% = Cu\% + (Mo\% \text{ [\$10/\$3]})$

On June 10, 2021, Deep-South reported a second set of significant drilling results:

- **HM03 : 0.46% CuEq over 156 metres, including 24 metres at 0.65% CuEq**
- **HM02 : 0.39% CuEq over 74 metres, including 6 metres at 0.73% CuEq**
- **HM04 : 0.43% CuEq over 26 metres, including 4 metres at 0.87% CuEq**

We were continuing to have success with our active drill program identifying thick, higher-grade zones. We are consistently intercepting significantly higher grades than the average grade of our NI 43-101 indicated resource that stands at 0.31%Cu. The higher-grade zone in Pit 2 extends significantly further west and at depth than previously demonstrated. It's increasingly apparent that the use of vertical drilling in the past missed many of the near vertical structures contained within the broader mineralization of the project. Those near vertical structures so far are proving to be associated with a higher grade of copper than contained within the current resource. Additionally, the presence of molybdenum has been confirmed with high Mo grades obtained in association with structures and alterations.

Significant Cu intersections

Hole#	Zone	From (m)	To (m)	Width (m) ¹	CuEq (%) ²	Cu (%)	Mo (%)
HM02	Main	64.00	86.00	22.00	0.40	0.40	0.001
	<i>Including</i>	80.00	84.00	4.00	0.95	0.95	0.001
	Main	110.00	184.00	74.00	0.39	0.35	0.013
	<i>Including</i>	118.00	124.00	6.00	0.72	0.66	0.017
	<i>Including</i>	162.00	168.00	6.00	0.73	0.56	0.050
HM03	Main	216.00	238.00	22.00	0.43	0.40	0.009
	Main	26.00	182.50	156.50	0.46	0.41	0.015
	<i>Including</i>	26.00	38.00	12.00	0.61	0.59	0.006
	<i>Including</i>	100.00	130.00	30.00	0.58	0.50	0.023
	<i>Including</i>	136.00	148.00	12.00	0.60	0.57	0.010
HM04	<i>Including</i>	152.00	176.00	24.00	0.65	0.64	0.004
	Main	176.00	182.00	6.00	0.50	0.44	0.017

	Main	194.00	204.00	10.00	0.41	0.41	0.001
	Main	212.00	238.00	26.00	0.43	0.40	0.008
	<i>Including</i>	232.00	236.00	4.00	0.87	0.76	0.034

1. Width refers to intersection width; true widths have not been determined.
2. CuEq (copper equivalent) has been used to express the combined value of copper and molybdenum and is provided for illustrative purposes only. No allowances have been made of recovery losses that may occur should mining eventually result. Calculations use metal prices of US\$3.00/lb copper, US\$10/lb molybdenum using the formula: $CuEq\% = Cu\% + (Mo\% \times [\$10/\$3])$

Qualified Person

Mr. Dean Richards Pr.Sci.Nat. , MGSSA – BSc. (Hons.) Geology, is the Qualified Person for the Haib Project as defined by National Instrument 43-101 and has approved the technical disclosure contained in this news release.

Preliminary Economic Assessment (PEA)

In April 2020, Deep-South completed a one year and one ton sample metallurgical and bio heap leaching test work with Mintek of South Africa. The results were showing copper recoveries as high as 96%. The results enabled to upgrade the previous PEA with an increased focus on bio heap leaching extraction technology. On December 15, 2020, the Company released its independent updated 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.

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 from the test-work to date.

Further work is required in order 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 + CuSO₄	
LME Cu, tpa	35,332
CuSO ₄ .5H ₂ O, tpa	51,081
CAPEX, (US\$M)	\$341
OPEX, (US\$M / year)	\$91
Total Cost, US\$/t ROM	\$7.73
Total Cost, US\$/lb CuEq	\$1.36

Copper Price, US\$/lb	\$2.50	\$3.00	\$3.25	\$3.50	\$4.00
Avg. Annual Revenue LME Cu (US\$ Million/year)	\$195 Million	\$234 Million	\$253 Million	\$273 Million	\$312 Million
Avg. Annual Revenue CuSO ₄ (US\$ Million/year)	\$90 Million	\$108 Million	\$116 Million	\$125 Million	\$143 Million
Total Cost, USD/t ROM	\$7.64	\$7.73	\$7.77	\$7.81	\$7.90
Total Cost, USD/lb CuEq	\$1.34	\$1.36	\$1.37	\$1.37	\$1.39
NPV 7.5%, pre-tax (US\$ M)	\$977 Million	\$1,530 Million	\$1,807 Million	\$2,083 Million	\$2,636 Million
IRR pre-tax	30.1%	40.2%	44.9%	49.4%	58.1%
Payback Period pre-tax	4.22	3.13	2.8	2.5	2.2
NPV 7.5%, after-tax (US\$ M)	\$611 Million	\$957 Million	\$1,130 Million	\$1,303 Million	\$1,648 Million
IRR after-tax	22.7%	29.7%	32.9%	36.1%	42.1%
Payback Period after-tax	5.71	4.23	3.8	3.4	2.8
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) illustrates the potential economic upside of higher recoveries:

Table 2: Scenario 2 - Project Metrics

20 Mtpa @ 85% Cu Recovery + CuSO₄					
LME Cu, tpa	38,337				
CuSO ₄ .5H ₂ O, tpa	51,081				
CAPEX, (US\$M)	\$341				
OPEX, (US\$M / year)	\$96				
Total Cost, US\$/t ROM	\$8.00				
Total Cost, US\$/lb CuEq	\$1.33				
Copper Price, US\$/lb	\$2.50	\$3.00	\$3.25	\$3.50	\$4.00
Avg. Annual Revenue LME Cu (US\$ Million/year)	\$211 Million	\$254 Million	\$275 Million	\$296 Million	\$338 Million
Avg. Annual Revenue CuSO ₄ (US\$ Million/year)	\$90 Million	\$108 Million	\$116 Million	\$125 Million	\$143 Million
Total Cost, USD/t ROM	\$7.91	\$8.00	\$8.05	\$8.09	\$8.18
Total Cost, USD/lb CuEq	\$1.32	\$1.33	\$1.34	\$1.35	\$1.36
NPV 7.5%, pre-tax (US\$ M)	\$1,088 Million	\$1,673 Million	\$1,966 Million	\$2,259 Million	\$2,844 Million
IRR pre-tax	32.2%	42.6%	47.5%	52.2%	61.1%
Payback Period pre-tax	3.94	2.94	2.6	2.4	2.0
NPV 7.5%, after-tax (US\$ M)	\$681 Million	\$1,047 Million	\$1,229 Million	\$1,412 Million	\$1,778 Million
IRR after-tax	24.1%	31.3%	34.7%	38.0%	44.3%
Payback Period after-tax	5.34	3.98	3.5	3.2	2.7

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 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.

Other scenarios

The other scenarios can be found in the NI 43-101 technical report for the Haib Copper project that is available on SEDAR under Deep-South's profile and on the web site of the company.

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: <https://www.deepsouthresources.com/projects/technical-reports/> 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 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.

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.

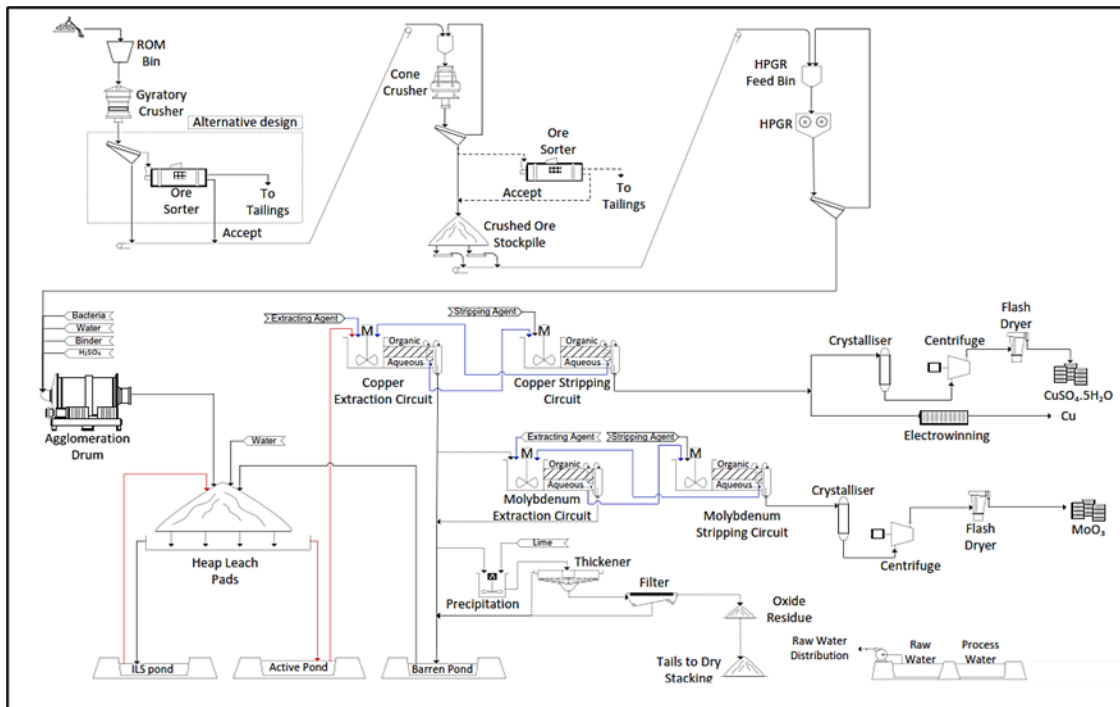
Initial open pit mine design work undertaken indicates a strip ratio of 1.41:1 for 20 Mtpa. The low strip ratio has a significant effect on the low operating cost indication of the project.

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 \$ 3.00 per lb of copper

Direct Cost (US\$M)	20 Mtpa
Crushing & HPGR	101.1
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)	341.3

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			
Area		Annual Cost	Unit Cost
		(‘000 USD)	(USD/t ROM)
Mining		45,200	2.26
Processing		90,799	4.54
Product Freight		3,889	0.19
Wharfage & Shiploading		432	0.022
Administration		4,000	\$0.20
Royalty	\$2.00	6,824	0.34
	\$2.25	7,677	0.38
	\$2.50	8,530	0.43
	\$2.85	9,724	0.49
	\$3.00	10,236	0.51
	\$2.00	151,144	7.56
	\$2.25	151,997	7.60

Total	\$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's intention to move the project towards the Feasibility Study phase on the of the deposit.

Deep-South 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 will be filed on SEDAR at www.sedar.com and on the Deep-South website at www.deepsouthresources.com shortly after the issuance of this news release.

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; and
 - 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 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 intends to undertake a Feasibility Study for the deposit as the next phase of the project. The program will include but not limited to: 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 Preliminary 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.

Zambia, Property

On April 7, 2022, the Company announced the signature of a definitive earn-in agreement with Word Class Minerals Venture Ltd (“WCMV”) of Zambia to acquire up to 80% of three copper exploration licences in the centre of the Zambian Copper belt. The Company will have the option to acquire up to 80% of the Large Scale Exploration Licences LEL 23246, LEL 23247 and LEL 23248 held by WCMV in Zambia, with term of the agreement as follows:

- \$15,000USD payable to WCMV (paid) upon signature of the agreement;
- \$15,000USD payable to WCMV (paid) upon approval of the transaction by the TSX Venture Exchange (“TSX-V”);
- the issuance of 500,000 (issued) common shares to WCMV upon approval by the TSX-V;
- \$30,000USD payable to WCMV on the second anniversary of the agreement;
- the issuance of 250,000 common shares to WCMV on the second anniversary of the agreement;

On or before the second anniversary of the agreement, the Company will complete the collection and analysis of 100 soil samples over the identified anomalies on Licence LEL 23246 and 350 soil samples over the identified targets on each of Licences LEL 23247 and LEL 23248. The Company will then decide whether to proceed with more intensive sampling or to evaluate any drilling targets.

Upon completion of the above, the Company will have acquired an undivided interest in 51% of the Licences. In order to acquire the remaining 29% of the Licences, at the end of the third, fourth and fifth year of the agreement, the Company will pay WCMV \$30,000USD per year for a total of \$90,000USD and spend a minimum of \$1 million USD in exploration programmes per year for a total of \$3 million USD in exploration expenditure.

Upon approval of the transaction with WCMV by TSX-V, the Company will acquire all of the exploration data for the licences LEL 23246, LEL 23247 and LEL 23248 held by Mr. Nathan Sabao (“the geological consultant”) for the consideration as follows:

- the issuance of 500,000 common shares (issued) to the geological consultant upon approval by the TSX-V.

Furthermore, on the first anniversary of the transaction, the geological consultant will transfer to the Company all of the exploration data for projects in the Luapula region in consideration for the issuance of a further 500,000 common shares of the Company.

The Company received approval of the TSX Venture Exchange on July 7, 2022.

Details on the Zambia Licenses

Luanshya West project (LEL 23247). The license is situated in the center of the Zambian Copper belt which forms part of the Central African Copper belt, one of the most prolific copper belts in the world. The Large Exploration License covers 5,423.26 hectares (54.24 Sq. Km).

A NI 43-101 technical qualifying report is currently under review by the TSX-V.

The project prospectively is based on the location of the subject property over the unconformable contact zone between basement granites and Lower Roan Group sediments where most copper belt mines in both Zambia and the Democratic Republic of Congo (the “DRC”) are located. This prospectively is reinforced by a positive series of coincident soil geochemical anomalies over the contact zone.

The project area is close to established copper / cobalt mines with Chibuluma mine some 35Km to the north-east, Chambishi mine 41Km north-northeast, N’changa mine 53Km north-northwest and Luanshya mine some 40Km east-southeast from the center of the project area.

Some 850 soil samples and some geophysical data were collected over the subject property by Teal (a subsidiary of African Rainbow Minerals Ltd) between 2007 and 2009. The airborne geophysical data was evaluated by the geophysical consultant K. P. Knupp on behalf of Teal. Knupp identified a total of 11 targets for strata-bound vein-hosted Cu, Pb, Zn, Co, Ni, Ag and Au mineralization and 1 target for stratiform Cu-Co mineralization over the larger exploration property then held by Teal.

Chililabombwe project (LEL 23247). The license is situated in the north of the Zambia Copper belt near the DRC border. The Large Exploration License covers 2,200 hectares (22.5 Sq. Km).

The project prospectively is based on the location of the subject property over the unconformable contact zone between basement granites and Lower Roan Group sediments where most copper belt mines in both Zambia and the Democratic Republic of Congo (the “DRC”) are located.

The project area is close to established copper / cobalt mines with Konkola mine 12 km west and the Lubambe mine 30 km to the north-west from the center of the project area.

Mpongwe project (LEL 23248). The license is situated in the center of the Zambian Copper belt. The Large Exploration License covers 67,500 hectares (675 Sq. Km).

The project prospectively is based on the location of the subject property over the unconformable contact zone between basement granites and Lower Roan Group sediments where most copper belt mines in both Zambia and the Democratic Republic of Congo (the “DRC”) are located.

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, 2022. 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	2022	2021	2020
Total revenue	\$Nil	\$Nil	\$Nil
Net loss	(8,920,353)	(2,666,439)	(1,454,473)
Net loss per share – basic and diluted	(\$0.06)	(\$0.02)	(\$0.02)
Total assets	1,250,478	9,811,241	5,342,682
Total long term financial liabilities	\$Nil	\$Nil	\$Nil
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 February 28, 2023.

Quarter Ended	Feb. 28, 2023	Nov. 30, 2022	Aug. 31, 2022	May 31, 2022	Feb 28, 2022	Nov 30, 2021	Aug. 31, 2021	May 31, 2021
Amounts in 000's								
Revenue	-	-	-	-	-	-	-	-
Net income (loss)	(336.6)	(341.2)	(7,906.8)	(278.3)	(379.9)	(355.3)	(610.9)	(891.9)
Net loss per share – basic and diluted	(0.005)	(0.005)	(0.06)	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)

Analysis for the Three Months Ended February 28, 2023

During the three months ended February 28, 2023, the Company focused its time and resources furthering its mineral property projects and seeking additional financing. In addition, during the three months ended February 28, 2023, the Company incurred a net loss of \$336,536 compared to \$379,908 in the comparable period. Loss before other expenses was \$336,536 in the current year versus \$379,908 in the prior year. During the three months ended February 28, 2023, the Company increased consulting fees, decreased office expenses, increased travel expenses, decreased professional fees, decrease management fees and increased the share-based compensation expense.

LIQUIDITY AND CAPITAL RESOURCES

On October 11, 2022, the Company closed a non-brokered private placement comprising of 7,840,000 Units at a price of \$0.05 per Unit for gross proceeds of \$392,000. Each Unit comprises one common share and one-half share purchase warrant; each whole warrant is exercisable at \$0.10 per share expiring three years from the date of closing.

Each security has a four-month hold period from the date of closing the placement.

On February 14, 2023, the Company closed a non-brokered private placement comprising of 13,900,000 Units at a price of \$0.05 per Unit for gross proceeds of \$695,000. Each Unit comprises one common share and one-half share purchase warrant; each whole warrant is exercisable at \$0.10 per share expiring three years from the date of closing.

The Company paid \$20,220 in finder fees and issued 404,400 finder warrants with the same terms as above. Each security has a four-month hold period from the date of closing the 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 2022 operating overhead and its exploration expenditures 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	155,474,700

- (b) As at the date of the MD&A the Company has 13,215,000 incentive stock options.

- (c) As at the date of the MD&A the Company has 54,065,244 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.	February 28, 2023	August 31, 2022
			\$	\$
Other financial assets	1	a	643,090	796,760
Other financial liabilities	2	b	59,167	110,593

a. Comprises cash

b. Comprises accounts payable and accrued liabilities

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 difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements.

At February 28, 2023, the Company had a working capital of \$981,113 (2022 - \$756,070). This included cash of \$643,090 (2022 - \$796,760) available to meet short-term business requirements and current liabilities of \$59,167 (2022 - \$110,593). The Company will require additional financing in the future to meet its obligations. The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

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.

Operating Hazards and Risks

Mining operations involve many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to

exploration, development and production of metals, any of which could result in damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage.

Title and License Risks

Although the Company has exercised the usual due diligence with respect to determining title to properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned.

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 February 28, 2023.

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, the impairment of exploration and evaluation assets, the assumptions used in the determination of the fair value of stock-based compensation, the impairment of investment in associates, convertible debt, 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

Except as disclosed elsewhere in the consolidated financial statements related party transactions are as follows. The key management personnel of the Company are the directors and officers of the Company. Compensation and expenses paid to key management for the following periods:

	February 28, 2023	February 28, 2022
Consulting fees	\$ 186,572	\$ 197,016
	\$ 186,572	\$ 197,016

Included in accounts payable and accrued liabilities is \$Nil (2022 - \$Nil) owed to companies controlled by directors or officers as at February 28, 2023. All balances are unsecured, non-interest bearing, have no fixed repayment terms and are due on demand.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. These new standards, interpretations and amendments, which have not yet been applied are included in the Audited Consolidation Financial Statements for the year ended August 31, 2022.

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.