

METALLIS RESOURCES INC.
Management's Discussion and Analysis
Nine months ended September 30, 2020

Introduction

This Management Discussion and Analysis ("MD&A") is dated November 25, 2020 and should be read in conjunction with Metallis Resources Inc.'s ("the Company", "we", "our") condensed interim financial statements for the period ended September 30, 2020, and the annual financial statements for the year ended December 31, 2019 and the related notes thereto. Technical aspects of this MD&A have been reviewed and approved by Metallis Resources' V.P. of Exploration, Mr. David Dupre, P.Geo., designated as a Qualified Person under National Instrument 43-101. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations and includes material events and transactions up to the date of this report. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. The results presented for the period ended September 30, 2020 are not necessarily indicative of the results that may be expected for any future period.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

The Company's common shares are listed on Tier 2 of the TSX Venture Exchange ("TSX-V") under the trading symbol "MTS", on the OTCQB Marketplace under the symbol "MTLFF" and on the Frankfurt Borse under the symbol "OCVM". The Company is a reporting issuer in British Columbia, Alberta and Ontario, Canada. Further information about the Company and its operations can be obtained from the Company's office located at Suite #604 - 850 West Hastings St., Vancouver, BC, V6C 1E1, or from Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

Comment on COVID-19:

On March 11, 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak has continued to spread and at the time of writing, a second global 'wave' is upon us, creating public health issues around the world. It has adversely affected global workforces, economies, and financial markets. The first wave triggered economic downturns which were then followed by economic recoveries favoring some sectors more than others. It is not possible at this time for the Company to predict the duration or magnitude of the adverse results of the outbreak nor its effects on the Company's business or operations. Like many organizations, at the outset of the pandemic we utilized measures including work-from-home policies, teleconferencing and limiting the number of workers in the office and at other work locations. We then developed a COVID-19 Safety Plan which coordinated with similar plans developed by our exploration subcontractors. These actions ensured the continuation of the Company's operations and exploration work through this period of uncertainty and will continue

to be utilized, as necessary. A financing completed in October 2020 ensures that the Company is sufficiently funded for its exploration and working capital needs over the ensuing year.

The Company's top priority remains the health and safety of its workers. Metallis' Health, Safety, Environment and Social Responsibility Committee has adopted COVID-19 BC government protocols and guidelines for all aspects of our operations. We developed Health and Safety Plans for our office and field operations, the latter of which, in conjunction with our key exploration subcontractors, facilitated a successful drilling program this past summer which ended on November 4, 2020. Our Tahltan First Nations partners also have also enacted strict health and safety measures to keep the virus out of their communities, while allowing certain members to remain employed in the mining sector. Those measures have been successful to date. The Tahltans' COVID-19 protocols are regularly updated for their communities and are also shared with their exploration and other mining partners.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains forward-looking statements about the Company's objectives, strategies, financial condition, results of operations, cash flows and businesses. These statements are "forward-looking" because they are based on current expectations, estimates, assumptions, risks and uncertainties. These forward-looking statements are typically identified by future or conditional verbs or variable nouns such as "outlook", "believe", "anticipate", "estimate", "project", "expect", "intend", "plan", and terms and expressions of similar import. Such forward-looking statements are subject to a number of risks and uncertainties which include, but are not limited to: impacts from COVID-19, cyclical downturn, competitive pressures, dealing with business and political systems in a variety of jurisdictions, repatriation of property in other jurisdictions, payment of taxes in various jurisdictions, exposure to currency movements, inadequate or failed internal processes, people or systems or from external events, safety performance, expansion and acquisition strategy, legal and regulatory risk, extreme weather conditions and the impact of natural or other disasters, specialized skills and cost of labour increases, equipment and parts availability and reputational risk. Actual results could be materially different from expectations if known or unknown risks affect the business, or if estimates or assumptions turn out to be inaccurate. The Company does not guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place reliance on such forward-looking statements.

The forward-looking statements in this MD&A are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future, including assumptions regarding the Company's ability to raise additional financing, execute business and operating strategies, and the Company's ability to develop its mineral properties. Discussions regarding the future exploration of the Company's property presumes the assumption that any necessary financings are successfully completed on reasonable and acceptable terms, whether from equity or debt issuance, joint venture or the sale of assets.

The Company disclaims any intention and assumes no obligation to update any forward-looking statement, even if new information becomes available, as a result of future events or for any other reasons, except in accordance with applicable securities laws. Risks that could cause the Company's actual results to materially differ from its current expectations are also discussed in this MD&A.

Description of Business

The Company is a mineral exploration company with its primary focus on gold, copper, nickel, and silver in north-western British Columbia where it holds a 100% interest in 30 contiguous claims comprising the Kirkham Property (the “Property”), covering an area of 10,610 hectares. Twenty of the thirty mineral claims are subject to third-party Net Smelter Return (“NSR”) royalties of 2%. The Company is entitled to purchase each 1% increment of the NSR royalty for \$500,000.

The Company has incurred total cumulative Property exploration costs of \$8.5 million, before tax credits and other expense recoveries. The Property offers multiple targets and types of potential mineralization including high-grade gold, shear vein, porphyry gold-copper and magmatic nickel-copper. It is centered at 56°29' N latitude and 130°40' W longitude in the south-central part of B.C.'s “Golden Triangle” situated in the Skeena Mining Division, a significant North American exploration region that hosts numerous mineral deposits, operating mines and former mines. The Property is accessible only by helicopter and is proximate to several mines and advanced exploration projects, including Garibaldi Resources’ nickel-copper discovery which is immediately to the north of the Property, Skeena Resources’ past-producing Eskay Creek Mine which is 15 km to the northeast, the Snip mine (1991-1999) located 28 km to the northwest, and Pretium Resources’ Brucejack gold mine which is 30 km to the southeast. As well, Seabridge’s KSM and Iron Cap deposits lie 25 km to the southeast.

The 2020 exploration program was carried out in two phases. The first phase of field work began on July 18th with the following objectives:

1. Extensive field mapping and structural interpretation over the entire 7.5 km Hawilson Monzonite Complex (HMC);
2. Re-logging over 10,000m of drill core targeting the control of high-grade gold mineralization and deeper potassic core zones of the HMC;
3. Short-wave-length infrared (“SWIR”) analysis for vectoring high-temperature alteration minerals was performed by Dr. Farhad Bouzari, Research Associate of the Mineral Deposit Research Unit (“MDRU”), University of British Columbia; and
4. Scott Geophysics Ltd. completed a detailed Induced Polarization Survey (“IP Survey”) over the Cliff Porphyry System. Follow-up of the IP anomalies identified broad zones of hydrothermal silicification and sulphide mineralization.

The Company’s field exploration camp was situated at the McLymont Staging Area located approximately 12 km to the north of the Property and was operated by Matrix Aviation Solutions Inc. The 2020 drilling program totalled 3,820m, testing 3 targets with 6 deep holes. No assays have been received to date.

The Company has drilled a total of 15,022m including 1,648m in 2017, 5,094m in 2018 and 4,460m in 2019. Mineral exploration involves a high degree of risk. The recoverability of the amounts expended on exploration by the Company is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete its exploration programs, the development of its mineral properties and upon future profitable production, or the proceeds from the disposition of its properties. The Company has not yet determined whether the Property contains economically recoverable reserves. To date, the Company has not earned any revenues and is in the exploration stage.

Property targets:

Cliff Porphyry System:

Cliff is a large porphyry copper-gold system with an alteration footprint of 4 km x ½ km, covering the southern portion of the 7.5 km long HMC. The Cliff porphyry system is near the Triassic-Jurassic unconformity, referred to as the “Red Line” which is a key geologic guide for copper-gold mineralization

Prior to 2020, the Company had drilled 12 holes totaling 10,026 at this target. Assay results from Company’s the previous drilling programs highlighted broad intervals of significant copper/gold mineralization associated with sericitic-potassic altered monzodiorite intrusions and breccias. These results confirmed the continuity of mineralization along this north-south oriented porphyry corridor which extends through the Cliff, Miles and Nina porphyry centers.

Three dimensional (3D) geological modeling, structural analysis, as well as surface mapping, identified a combination of dip-slip and strike-slip faults. The structural deformation lead to variable thicknesses, dip, and plunge of the HMC. This work expanded the vertical and lateral distribution of porphyry copper/gold mineralization and helped design the 2020 deep drilling program at the Cliff porphyry system. The geology, structure and alteration patterns reflect that the multiple sub-parallel potassic cores of the Cliff porphyry are at deeper levels than tested by most of the previous drill holes. In particular, the work has revealed that the porphyry system and the adjacent calcareous sedimentary rocks are apparently the source of high-grade gold (14 g/t Au in rocks) and the historic placer gold operation in the nearby Fewright Creek (Minfile 104B 223).

The significant 2019 results are tabulated below:

Summary of key Assay Results from the 2019 Drilling at the Cliff Porphyry Zone:							
Hole_ID	From (m)	To (m)	Length (m)	AuEq (g/t)*	Au(g/t)	Cu(%)	Mo(g/t)
KH19-28	2.4	59.9	57.5	0.51	0.31	0.14	39.0
KH19-28	109.0	170.0	61.0	0.30	0.27	0.02	16.6
KH19-29	2.75	151.25	148.5	0.34	0.18	0.11	35.4
Incl.	2.75	74.0	71.25	0.48	0.22	0.19	37.9
KH19-30	34.5	200.0	165.5	0.43	0.21	0.16	36.7
Incl.	34.5	161.0	126.5	0.51	0.24	0.19	38.0

**Gold Equivalent Formula: Au g/t+(Cu%*1.27) +(Mo g/t*0.0005)*

Metal Prices Used: Gold - US\$ 1470/oz, Copper - US\$ 2.75/lb, Molybdenum - US\$10/lb

Two mineralized holes drilled by a previous operator extend the Cliff Zone a further 500m to the north.

Cliff demonstrates pervasive alteration and the continuity of Cu-Au Porphyry mineralization for at least 4 km. **The fault bounded porphyry dikes, breccias, alteration patterns and copper-gold grades all suggest features that are characteristics of the outer shell of a calc-alkaline porphyry system. Some of the high-grade mineralization is identified in the sericitic alteration that overprint the early potassic alteration.** The mineralization remains open at depth and extend to the north and to the east. Of significance, is the tabular distribution of mineralization down the topographic slope representing an ideal open-pit extraction scenario.

From this point north, the mineralized Hawilson Porphyry is mainly masked by outer shells of sericitic and propylitic alteration for an additional 3.5 km. **The on-going 3D geological modelling and structural reconstruction has revealed that the Cliff is a substantial porphyry system comprising a series of northeast trending, sub-parallel mineralized zones.** Metallis utilized porphyry vectoring and fertility tools (PVFTs) including the MDRU Porphyry Index (“MPIx”) based on the chemical compositions of the intrusive rocks. The drill core re-logging and hyperspectral analysis augmented this work – particularly, to discover higher grade, core zones which can be masked by distal propylitic blankets.

For complete reference, all the previous relevant Cliff Zone drilling results are included here:

Cliff Porphyry Zone- Previous Drilling Results:							
Hole_ID	From (m)	To (m)	Length (m)	AuEq (g/t)*	Au(g/t)	Cu(%)	Mo(g/t)
MD09-01	3.0	334.7	331.7	0.35	0.18	0.13	15.4
Incl.	3.0	54.1	51.1	0.39	0.21	0.14	7.8
Incl.	154.0	334.7	180.7	0.53	0.26	0.20	26.1
MD09-02	70.0	147.4	77.4	0.62	0.24	0.28	51.8
KH17-06	174.0	176.9	2.9	0.48	0.21	0.20	40.9
KH17-07	88.0	168.3	80.3	0.4	0.17	0.17	27.9
KH17-08	3.9	439.4	435.5	0.41	0.25	0.11	37.5
Incl.	3.9	176.0	172.1	0.57	0.3	0.20	32.4
Incl.	86.0	166.0	80.0	0.8	0.44	0.27	33.7
Incl.	310.0	356.0	46.0	0.52	0.32	0.10	135.6
Incl.	380.0	394.0	14.0	0.78	0.65	0.07	89.5
KH18-11	203.5	276.0	72.5	0.37	0.12	0.19	17.6
KH18-12	335.0	381.0	46.0	0.48	0.42	0.04	16.2
KH18-13	222.0	248.0	26.0	0.54	0.49	0.04	5.4
KH18-13	323.0	568.5	245.5	0.40	0.21	0.12	21.2
KH18-14	36.0	95.0	59.0	0.51	0.44	0.03	63.2
KH18-14	306.0	404.8	98.8	0.65	0.62	0.02	11.3
KH18-15	61.0	155.0	94.0	0.31	0.23	0.05	40.6
Incl.	61.0	96.0	35.0	0.38	0.29	0.04	74.3

KH18-15	214.0	264.0	50.0	0.49	0.39	0.06	50.8
KH18-15	321.0	339.0	18.0	0.52	0.5	0.01	4.6
KH18-15	494.0	502.9	8.9	0.51	0.5	0.01	2.0
KH18-16	6.7	315.0	308.3	0.42	0.26	0.12	20.6
Incl.	6.7	148.0	141.3	0.71	0.4	0.23	25.3

*Gold Equivalent Formula: $Au\ g/t + (Cu\% * 1.27) + (Mo\ g/t * 0.0005)$

Metal Prices Used: Gold - US\$ 1470/oz, Copper - US\$ 2.75/lb, Molybdenum - US\$10/lb

Miles Porphyry System:

The “Miles Zone” marks the northward continuation of the Cliff porphyry system. The Miles Zone is represented by a large (600m x 300m) monzonite stock with systematic patterns of central potassic alteration surrounded by sericitic and distal propylitic alteration zones. These zones are subsequently displaced by a series of northerly trending normal and strike-slip faults; some of which are identified as a favorable host for gold mineralization. Previous work had delineated a coincident gold and copper soil geochemical anomaly (>100ppb Au, >500ppm Cu) at this zone.

The 2019 drilling campaign at Miles consisted of 761m in two drill holes, targeting fault bounded Monzodiorite with sericitic alteration and sulphide mineralization forming a wedge shape morphology related to structural offsets. The condensed results are tabulated below.

Summary of the Significant Assay Results from the 2019 Drilling at the Miles target:							
Hole_ID	From (m)	To (m)	Length (m)	AuEq (g/t)*	Au (g/t)	Cu (%)	Mo(g/t)
KH19-26	No Significant Mineralization						
KH19-27	130.5	215.0	84.5	0.35	0.18	0.09	24.6
Incl.	130.5	164.0	33.5	0.48	0.20	0.17	60.4
Previous Operator’s Drilling Results:							
MD09-03	150.0	208.0	58.0	0.35	0.21	0.09	30
MD09-05	247.0	301.5	54.5	0.39	0.36	0.02	4.98
*Metal Prices used: Gold = US\$1470/oz, Copper = US\$2.75/lb Molybdenum = US\$10/lb							

Cole Target:

The Cole Porphyry system defines the northern extent of the 7.5 km long Hawilson Monzonite Complex near the Triassic-Jurassic unconformity. The Cole target is represented by porphyry style mineralization associated with NNE-trending (015°) linear monzodiorite and diorite dikes hosted by Stuhini group rocks and unconformably overlain by Hazelton group rocks to the west. The first drilling at the Cole target in 2018 intersected multiple cm-scale gold-bearing massive sulphide veins highlighted by 137 g/t Au over 0.6 meters, similar to the gold-bearing veins found at the Snip mine, which produced 1.1 million ounces of gold at an average grade of 27.5 g/t from 1991 to 1999. (MINFILE, 2015: Snip, 104B 250; BC Ministry of Energy and Mines).

The mapping indicated a zonal pattern of proximal sericitic alteration (QSP), medial Chlorite-Sericite alteration (SC) and peripheral propylitic (chlorite-epidote-carbonate) alteration. The contact zones of the HMC, as well as syn-mineral diorite and feldspar porphyry dikes, host cm-scale massive sulphide veins and epithermal style sheeted quartz veins. The HMC porphyry dikes transition outward into pyrite-pyrrhotite-gold veins. Field mapping and 3D geological modeling identified a distinct N15°E trending fault; referred to as the “Adam Fault” recognized as the main control of gold-bearing quartz-carbonate-sulphide veins at Cole porphyry system.

In 2018, the Company drilled three holes at Cole, totalling 1,301m. Highlights of that drilling program are as follows:

- KH18-18; the first ever drill hole at Cole, intersected porphyry style mineralization in shallow quartz stockwork zones and sulphides **carrying 0.94 g/t Au over 9m and 0.42 g/t Au over 10m**. The lithology, alteration patterns and resistivity all vector towards a mineralized system to the southeast;
- KH18-19 discovered a high-grade zone of **11.18 g/t Au over 7.7m** including **137 g/t Au over 0.6m** associated with shallow, intrusion related sulphide veins. The high-grade intercept occurred within mesothermal gold-pyrrhotite veins, which commonly transition outward into sheeted quartz-carbonate veins. (Metallis New Release - Nov 20, 2018); and
- KH18-20 drilled along and across the Adam fault intersected a series of 4-9m gold intercepts ranging from **0.40 to 0.74 g/t AuEq**, associated with similar centimetre-scale gold-pyrrhotite veins as in KH18-19.

The exploration team, in 2019, outlined a 1 km long by 200m wide zone of NE oriented faults and epithermal veins in the Cole porphyry system. Over 200 continuous rock-chip samples were collected from 21 trenches hand-excavated along the historic copper and gold geochemical anomalies. Several 2m intervals of continuous trench samples assayed anomalous gold ranging from **0.5 g/t to 1.25 g/t Au**.

The 2019 program was designed to test the continuity of epithermal, high-grade gold and porphyry copper-gold mineralization at the Cole Target, with six drill holes totalling 2,235m drilled. The drilling highlights were as follows:

- High-grade gold intervals ranging from **1.34 g/t AuEq*** to **2.85 g/t AuEq*** in the 2019 drill holes (See Table below) along with the **137 g/t** in KH18-19 from the 2018 program (MTS News Release Nov 29, 2018), have now confirmed the presence of multiple sub-parallel epithermal gold zones along the Adam fault;
- The broad drilling intercepts with up to **0.47 g/t AuEq*** (See Table below) **correlate with pervasive green and grey sericitic altered and silicified monzonite dikes highlighting the strong** potential of substantial porphyry-type mineralization at depth;
- **Field mapping and 3D geological modelling has illustrated multiple sub-parallel porphyry intrusions striking N15°E and dipping ~60° to the east demonstrating that untested areas are open laterally and vertically; and**

- Remnants of hydrothermal magnetite identified in holes KH19-31 and KH19-33 are now believed to be linked to a very large (2 km x 2 km) magnetic anomaly at the King East target, coincident with low resistivity and anomalous Cu, Au and Mo values from soil and rock samples collected from previous programs.

The 2019 exploration and drilling results established the Cole target as a structurally controlled porphyry system transitioning westward into epithermal gold veins. Multiple sub-parallel porphyry intrusions and hydrothermal breccia bodies along faults result in an extensive (800m x 300m) footprint of sericitic alteration including a linear (300m x 50m) zone and gold-bearing pyrrhotite-pyrite and quartz-carbonate veins. **These linear zones are characterized by intense quartz stock work, disseminations, and veins of pyrite + pyrrhotite ± chalcopyrite and 0.35 to 1.0 g/t gold mineralization, subsequently cut by swarm of late-mineral barren dikes.**

Mineralization, including **1.34 g/t AuEq*** to **2.85 g/t AuEq*** in the 2019 drill holes and **137 g/t Au** in KH18-19 assayed from the 2018 program (MTS News Release Nov 2018), confirmed the emplacement of multiple sub-parallel epithermal gold veins along the Adam fault. These veins mainly occur along the footwall of the Adam fault and remain open at depth and to the south. The on-going advanced PVFTs coupled with field observations and drill logs suggest both porphyry copper-gold and epithermal-type gold potential at the Cole Target. Metallis' technical team is planning a strategic exploration and drilling program that will test the expansion of near surface epithermal gold mineralization whilst simultaneously targeting the deeper porphyry copper-gold mineralization.

Drill holes KH19-31 and KH19-33 tested a magnetic anomaly on the eastern fringe of the Cole porphyry system. Significantly, KH19-33 intersected a section of mineralized monzonite with hydrothermal biotite and magnetite. This magnetic feature is probably linked to the King East target, which represents a very large coincident magnetic-high and resistivity-low anomaly extending over an area of 2 km x 2 km. The calculated vertical gradient ('CVG') magnetic data show multiple north-south trending magnetic lineaments at King East, which reflect the structurally controlled intrusions propagated between Cole and King East targets. Moving forward, exploration efforts will aim to test mineralization in both the high-mag and low-mag zones. Several gold showings, monzonite dykes and gold-in-soil anomalies have also been documented near the southern margin of King East target which highlights the presence of porphyry style mineralization to be followed up during future exploration programs.

Evaluation of the 2019 drilling results indicated strong structural control of mineralization in the Cole porphyry system. Gold-rich mineralization tends to occur in both hanging and footwall of the northerly trending Adam fault system. Elevated gold-grades between 4.0 to 137.0 g/t Au are commonly associated with quartz-carbonate-sulphide veins constrained along NE-trending, syn-mineral conjugate faults. The following table summarizes the assay results from the 2019 drilling at Cole:

Summary of 2019 Assay Results at Cole Porphyry System:								
Hole_ID	Depth (m)	From (m)	To (m)	Length (m)	AuEq*. (g/t)	Au (g/t)	Cu (%)	Mo (g/t)
KH19-23	307.0	59.9	105.0	45.1	0.38	0.36	0.03	5.1
	including	62.4	63.4	1.0	2.03	1.92	0.09	68.6
KH19-23		228.0	237.0	9.0	0.47	0.44	0.02	4.8
KH19-24	445.0	30.5	33.0	2.5	1.34	0.44	0.56	67.2
KH19-24		224.0	272.6	48.6	0.21	0.11	0.06	31.6
KH19-24		379.0	392.0	13.0	0.43	0.31	0.07	39.3
KH19-25	461.0	34.6	55.6	21.0	0.47	0.36	0.07	30.5
	including	41.2	42.0	0.8	2.45	2.38	0.01	15.2
	including	54.8	55.6	0.8	2.85	2.67	0.10	19.0
KH19-25		210.0	289.5	79.5	0.20	0.11	0.05	19.2
KH19-31	451.0	<i>No significant values</i>						
KH19-32	255.0	76.7	112.0	35.3	0.35	0.32	0.01	1.7
KH19-33	316.0	<i>No significant values</i>						

*Gold Equivalent Formula: $Au\ g/t + (Cu\ \% * 1.27) + (Mo\ g/t * 0.0005)$
Metal Prices Used: Gold - US\$ 1470/oz, Copper - US\$ 2.75/lb, Molybdenum - US\$10/lb

Metallis' technical team is encouraged by the results from field mapping and drill data, which has provided significant data points to reconstruct the anatomy of faults, porphyry intrusions and alteration patterns. These features commonly vector toward the core zones of the complicated Cliff and Cole porphyry systems with a vertical extent of approximately 1,000m. Based on the exploration and drilling programs to date, Metallis geologists have now outlined a robust magmatic-hydrothermal complex with porphyry copper-gold systems clustered over a strike length of 7.5 km. The drilling assays provided a much better understanding of the control of mineralization which will allow the exploration team to delineate the high-grade zones in future programs.

Etta Target:

The Etta epithermal veins occur immediately to the west of the Cole porphyry system near the Triassic-Jurassic "Red Line" (Nelson and Kyba, 2014) unconformity. Metallis' exploration team in 2018 identified a narrow NS-trending zone of gold-bearing sheeted epithermal quartz and quartz-carbonate-sulphide veins in propylitic altered Hazelton Group rock. This trend remains open along strike and highlights the outer shell of the Cole porphyry system to be tested at deeper levels. These veins are temporally and spatially related to the Cole porphyry system to the east. The tabular sheeted quartz veins at Etta are characterized by cm-scale, drusy quartz textures typical of epithermal systems. These epithermal veins are responsible for the geochemical gold anomalies of over 1.0 g/t Au assayed in rocks.

The NE-trending, sheeted quartz-carbonate-sulphide (Pyrite-Chalcopyrite) veins return anomalous gold, copper, and silver concentrations. These veins are emplaced in silicified propylitic altered sedimentary rocks peripheral to the HMC. A grab sample (Y060741) from one of the epithermal veins assayed **13.2 g/t Au, 795 g/t Ag, 0.5% Cu and 1.3% Zn** while a nearby wall-rock grab sample returned **1.14 g/t Au, 1.18% Cu and 67 g/t Ag**.

The 2019 trench sampling assays highlight **18 g/t Au** over 0.2m in a drusy textured epithermal quartz veins, and **0.56 g/t Au** and **0.31% Cu** over 0.9m within massive pyrite-pyrrhotite veins.

Nina Porphyry System

The Nina porphyry system, located about 1.5 km to the north of Cliff target, has a pronounced surface alteration and geochemical footprint as a result of structural realignment. Most of the rock grab samples at Nina returned values greater than 0.15% Cu and up to 0.67 g/t gold. This target is represented by an extensive (400m x 300m) sericitic alteration zone coincident with a linear, very strong VTEM resistivity and magnetic anomaly which is outboard from the mineralized HMC.

In 2018, Metallis tested the continuity of the HMC responsible for the gold-rich porphyry and epithermal mineralization. A one km step-out drill hole (KH18-17) at Nina totalling 344m discovered typical porphyry copper-gold mineralization over 180m of HMC. This first pass drilling at Nina intersected a narrow zone of potassic alteration, which returned 17m of 0.77 g/t gold-equivalent (“AuEq”) and 15m of hydrothermal breccia carrying 0.41 g/t AuEq mainly in a silicified and sulphide-rich matrix. Those assays confirmed the continuity of a 4 km long porphyry corridor allowing the Company to also expand on the known gold-rich mineralization at the Cliff porphyry system.

Three dimensional (3D) geological modeling and ground follow up work in 2019 established that the Nina porphyry system is a structurally offset block of the HMC porphyry complex along the Adam fault system. Field mapping and prospecting outlined the lateral extension of hydrothermal breccias, irregular gold-bearing quartz veins and sulphide lenses to the north. Further work and sampling are required to assess the porphyry and high-grade gold potential at Nina.

King East Target

King East target represents a large (2km x 2km) coincident magnetic and resistivity anomaly overlapped with scattered zones of sericitic alteration within the upper Triassic Stuhini Group rocks. Previous work discovered numerous narrow gold-bearing veins, small intrusive stocks and anomalous Au, Cu and Mo anomalies from sub-crop and trenches in the area. The intrusive rocks include 1-4m wide diorite dikes and amygdaloidal to aphanitic intermediate intrusive stock as exposed to the south of King Creek (Howson, 1990a). In 2018 Metallis geologists mapped NNE-trending diorite porphyry dikes; recognized as the potential source of anomalous Cu and Mo in soils. The rock grab samples collected from porphyritic units and sulphide rich sediments also returned slightly anomalous Cu and Au grades.

The calculated vertical gradient (“CVG”) magnetic image (see below) shows multiple north-south trending magnetic lineaments at King East, which reflect the stratigraphy and structurally controlled porphyry dikes propagated between the Cole and King East targets. The geology and structural framework, diorite dikes and its geochemical signature of the King East is similar to what is seen in the Hawilson Monzonite Complex. Remnants of hydrothermal magnetite identified in the Cole drill holes are also interpreted to be a continuation of the King East magnetic anomaly. The current interpretation of the geology and alteration, geophysical and geochemical patterns identify

King East as a deep-seated porphyry copper-gold target, like Seabridge's deep Kerr (Sara Howson, 1991, Rosset, 2010) and Johnny Mountain porphyry targets.

The on-going 3D geological modeling has indicated multiple, NE-trending, magnetic lineaments along normal faults coincident with a strong geochemical signature of anomalous gold, copper and molybdenite has identified an apparently deeper porphyry copper-gold system at King East which the company intends to test in the future.

Thunder North

Thunder North prospect lies on the southern flank of the Nickel Mountain Gabbro complex. Mapping and prospecting over the last couple of years confirmed the presence of mafic to ultramafic rocks associated with the Nickel Mountain and Texas Creek intrusive complexes extended into Thunder North prospect. Following the discovery of massive Ni-Cu sulphides at E&L, the Metallis carried out multiple surface exploration programs of mapping, sampling, and evaluation of VTEM magnetic and conductive anomalies clustered in the northern part of the property. Petrographic thin section analysis at the University of British Columbia, Mineral Deposit Research Unit ("UBC/MDRU"), confirmed the presence of olivine gabbro at Thunder North, which contain up to 8.5 wt.% MgO, comparable to some of the differentiated gabbros in Nickel Mountain.

The current exploration work is focused on the search for chaotic textured and brecciated olivine gabbros in the footprints of the coincident VTEM and magnetic anomalies, some of which are related to the magnetite-bearing andesite, olivine basalts and Neogene volcanics in the area. The remote sensing data specifically helped in evaluating the spectral and lineament response of the gabbroic rocks at Thunder North. Following the confirmation of olivine gabbros through petrographic studies, Metallis' exploration team in 2019 carried out extensive field mapping and geochemical rock / soil sampling to further evaluate the nickel potential at Thunder North. Exploration work completed at Nickel Mountain illustrates that disseminated and massive Ni-Cu-Co-Ag-Au-PGE sulfide mineralization is associated with taxitic and orbicular-textured olivine gabbros (Garibaldi Resources, NR Feb 19, 2019). The Nickel Mountain gabbros extends into Thunder North; a segment of the Eskay Rift that has seen minimal historic exploration for nickel sulphide mineralization. The trans-tensional structural architecture of the western margin of the Eskay Rift is a key control on the emplacement of small open system intrusions as in Nickel Mountain. The differentiated mafic intrusions with chaotic textures and breccias are recognized as an important feature of nickel sulphide ore deposits.

Ground-based follow-up on nickel sulphide targets at Thunder North was focused on ultramafic intrusions at both the "K9 Creek" target and along the southern flanks of the Texas Creek suite "Lehto Pluton" complex, which contains fragments of differentiated gabbro (Pyroxenite), likely the source of the olivine gabbro boulders with 25-26 wt.% MgO found along Harrymel creek. Outcropping Leucocratic gabbros are mapped at Thunder North "K9 Creek" target located ~1.5km southwest of E&L deposit along the ~12km trend of the Nickel Mountain Gabbro Complex. The presence of Nickel Mountain Gabbros at "K9 Creek" target and its proximity to the E&L deposits suggests the possibility of variable-textured taxitic gabbros with potential of magmatic Nickel-Copper sulphide mineralization in the area.

Evaluation of the VTEM magnetic and conductive anomalies outside of the footprint of the magnetite-bearing basalts and Neogene volcanics also reflect the potential of small open systems with magmatic sulphide mineralization, particularly along the ~12km long Nickel Mountain gabbro trend, where the mafic rocks have a higher MgO content.

Thunder South

In 2019, the interpretation and ground follow up of VTEM resistivity and remote sensing alteration anomalies led to the discovery of a broad 400m² shear zone exposed by a receding glacier at Thunder South. The shear zone is characterized by intense folding, faulting, and stringers of sulphides prospective for high-grade gold mineralization.

The exploration comprised reconnaissance mapping (focused on the structural fabric, shear patterns and orientation of the quartz-carbonate veins) and the collection of 14 rock samples for geochemical analysis. Some of the quartz-carbonate and pyrite-arsenopyrite veins occurred at the interface of rhyolite and mudstone units. None of the rock grab samples returned significant values.

Community relations

In February 2020, the Company renewed its Communications Agreement with the Tahltan Central Government ("TCG"), the administrative body of the Tahltan Nation, located in northwest British Columbia, whose traditional territory encompasses the Property. The initial Agreement was signed in February 2018. The TCG protects Tahltan Aboriginal rights and title, the ecosystems, and natural resources of the Tahltan traditional territory by managing sustainable economic development and supporting the cultural wellness of the Tahltan community. The agreement establishes a solid framework and collaborative working arrangement between the parties, based on open dialogue, transparent communications, and cooperation with regards to the company's exploration activities on the Property. The agreement also encourages support for Tahltan cultural, economic, and educational initiatives.

Also, in February 2020, the Company executed an Opportunity Sharing Agreement with the TCG, to provide further commercial opportunities for Tahltans and their businesses, deepening the Company's supply lines for exploration services, materials, and transportation. The Company also supports certain Tahltan community events, youth causes, exploration symposiums and job fairs in local communities situated near the Company's mineral properties. This year however, most community events in Tahltan territory had been suspended or cancelled due to COVID-19. Business activity throughout their traditional territories is being carefully managed by the TCG with strict travel and access policies. The TCG's protective measures are regularly updated and communicated to their constituents and exploration partners. To date, these policies have successfully kept their communities free of COVID-19, critically important due to a high proportion of elders and senior citizens and limited local medical resources.

Representatives of the TCG toured the Property in 2018 and received an update of the Company's exploration and drilling activities, its environmental and reclamation policies and standards, and its socio-economic measures related to local communities. In 2019, the timing did not allow for an elders' field visit, and in 2020, COVID mitigation measures prevented any visits. The Company has however updated the TCG regarding its 2019 and 2020 exploration work. The Company has hired Tahltans in each of its exploration seasons, including 2020. The Company will continue to update TCG for all its socio-economic and environmental management and hirings, subject to local health and safety policies. For more information about the TCG, visit www.tahltan.org.

Metallis reclaims its work sites including the drilling and helicopter landing pads once the exploration results have been thoroughly reviewed. The Company has historically used 21 different sites on the Property of which 17 have been reclaimed, with 4 being retained for use in 2021.

QAQC and Analytical Procedures

Metallis has adopted a rigorous quality assurance and quality control ("QA/QC") program to ensure best practices in sampling diamond drill core and surface rock chip and soil samples. Typical samples are approximately 1 kg of rock chips and/or soil samples, as well as 2m lengths of HQ and NQ size diamond drill core which is sawn, one half retained for archival purposes and one half is for analysis, which are delivered to the assay lab. For 2020, the Company's samples and drill core are being assayed by MSALABS which has facilities in Terrace and Langley, BC, following the same QA/QC protocols as those used for ALS Global which was the lab contracted by the Company in 2019. MSALABS is a provider of geochemical laboratory services for the exploration and mining industries and is an ISO 17025 (Testing and Calibration) and ISO 9001 (Quality Management System) accredited laboratory independent of the Company.

For both 2019 and 2020, the drill core materials were initially crushed to 70% pass 2mm fraction, and then a 250g split was pulverized to better than 85% passed a 75-micron screen. The geochemical analyses were performed by MSALABS in 2020, and in 2019, ALS in Vancouver used a multi-element 4-Acid digest ICP-MS package (ME-MS61). Gold was analyzed by fire assay technique Au-ICP-21. In addition to the internal QAQC program by MSALABS, Metallis inserted 10% lab certified standards, blanks, and field duplicates into the overall sampling stream.

Quarterly Information

	Three Months Ended September 30, 2020	Three Months Ended June 30, 2020	Three Months Ended March 31, 2020	Three Months Ended December 31, 2019
Total assets	\$ 8,834,393	\$ 8,548,322	\$ 8,693,285	\$ 8,869,466
Total liabilities	(586,828)	(321,161)	(342,125)	(391,962)
Shareholders' equity	8,247,565	8,227,161	8,351,160	8,477,504
<i>Select operating expenses:</i>				
Advertising, marketing, promotion	53,483	1,361	19,452	14,719
Consulting fees	95,000	83,220	76,500	63,000
Professional fees	1,232	3,612	163	34,498
Regulatory and transfer agent	4,010	17,888	10,383	1,668
Share-based compensation	-	-	-	-
Net income (loss)	10,404	(123,999)	(126,344)	41,729
Earnings (loss) per share- basic	0.00	(0.00)	(0.00)	0.00

	Three Months Ended September 30, 2019	Three Months Ended June 30, 2019	Three Months Ended March 31, 2019	Three Months Ended December 31, 2018
Total assets	\$ 8,724,169	\$ 6,902,973	\$ 6,930,597	\$ 7,115,920
Total liabilities	(831,954)	(44,021)	(53,224)	(78,254)
Shareholders' equity	7,892,215	6,858,952	6,877,373	7,037,666
<i>Select operating expenses:</i>				
Advertising, marketing, promotion	19,555	10,215	14,740	105,365
Consulting fees	85,950	85,500	85,500	85,500
Professional fees	113	4,831	62	38,857
Regulatory and transfer agent	8,024	25,269	7,871	2,023
Share-based compensation	-	-	-	-
Net income (loss)	(88,866)	(152,971)	(160,293)	(281,378)
Earnings (loss) per share- basic	(0.00)	(0.00)	(0.00)	(0.01)

Results of Operations

Three months ended September 30, 2020 compared to three months ended June 30, 2020:

The Company had net income for the current Q3 2020 period of \$10,404 (Q2 2020 – net loss of \$123,999), composed of operating costs of \$201,476 (Q2 2020 - \$140,245) and other income totalling \$211,880 (Q2 2020 - \$16,246). The other income items include interest income of \$7,674 (Q2 2020 - \$7,278), finance income of \$688 (Q2 2020 - \$775), and other income on settlement of flow-through premium liability of \$204,895 (Q2 2020 - \$9,743) less amortization of discount of \$1,377 (Q2 2020 - \$1,550).

Interest income was earned from short-term money market instruments during the current and prior periods. Other income on settlement of flow-through premium liability reflects the incurrence of qualifying exploration costs during the period, with most of this year's exploration occurring in the current period. These flow-through qualifying expenditures proportionately reduce the flow-through premium liability, offsetting the amount to "other income on settlement of flow-through premium liability". As at September 30, 2020, there were no remaining qualifying expenditures yet to be incurred in 2020 in relation to the flow-through private placement of \$1.85 million completed in October 2019. Finance income and amortization of discount reflect period to period changes in net investment in lease and lease liability.

Operating costs rose \$61,231 or 44% in the current period, largely a result of an increase of \$52,122 in advertising, marketing and promotion. During the period, the Company engaged Think Ink Marketing Data and Email Services, a California limited liability company, to place targeted digital media advertising to target retail investors specifically. They did this by utilizing well know publishers such as Yahoo Finance to place native ads through media buys and then retargeting investors through other platforms at a later stage. We also used their email distribution lists to disseminate our press releases. Our goal was to elevate the brand awareness of Metallis in the US to a new audience of investors. Management felt that such an endeavor was needed during the

pandemic, which caused a tightening of the overall liquidity in the mining sector, after an initial market rebound from April through June.

While changes in operating costs from period to period are expected, some differences bear explaining. Of note, comparing the current and prior quarters, consulting fees rose \$11,780, office and general expenses rose \$12,066, and regulatory and transfer agent fees declined \$13,878. With regard to consulting fees, the Company has engaged a group in Germany to provide capital markets assistance and strategies for getting more investor interest and inquiries about Metallis. Office and general expenses include corporate and liability insurance premiums, communications, supplies, website hosting and IT fees, printing costs and dues, fees and subscriptions, with changes expected from period to period. Specifically, in the current period more press releases were issued, a new exploration insurance policy was bound, and more IT website costs were incurred. As for regulatory and transfer agent fees, they declined because the Q2 comparative included a US\$12,000 annual OTCQB listing fee, resulting in comparatively higher costs for that quarter.

Investor relations fees are paid to Nicosia Capital Corp. (“Nicosia”), the Company’s investor relations consultant since 2018. Fees paid during the current period were \$13,500, the same as in Q2 2020. Subsequent to September 30, 2020, the Company granted 100,000 stock options to Frank Lagaglia, (the principal of Nicosia), exercisable at \$0.40 per share for 5 years. The stock options vest over a one-year period. These are the Company’s first grant of stock options to Nicosia or its principal.

Management expects its operating costs for the foreseeable future to average \$175,000 per quarter, an increase of \$25,000 per quarter compared to expectations in recent quarters. The increase reflects higher advertising, marketing and IR costs which are needed to maintain market liquidity in these uncertain times. The impacts of COVID-19 on travel and face-to-face interactions have necessitated additional spending on marketing and on-line advertising initiatives to improve shareholder liquidity and assist with fundraising goals.

During the current period, the Company disbursed \$938,717 (Q2 2020 - \$57,220) on property exploration, as the field program began mid-July, and the drilling program began in late August. The Company also received the 2019 BC Mineral Exploration tax Credit of \$282,788 in the current period.

In the current period, the Company spent \$256,178 (Q2 2020 - \$129,901) on operating activities. The higher outflow compared to Q2 reflects the payment of operating costs of \$195,822, deposit and retainers of \$31,283 and payments of accounts payable of \$22,041, which together comprise 97% of the expenditures on operating activities.

Net cash in the current period accordingly decreased \$897,924 (Q2 2020 - \$200,457 decrease).

Three months ended September 30, 2020 compared to three months ended September 30, 2019:

The Company had net income during the current period of \$10,404 compared to a net loss of \$88,866 in 2019, with operating expenses rising \$38,244 or 23%, to \$201,476 (2019 - \$163,232). Other income and expenses totalled income of \$211,880 (2019 - \$74,366). Other income and expenses, detailed on the statements of operations and comprehensive income (loss), includes interest income, finance income (from premises sublease), amortization of discount (interest on lease liability), other income on settlement of flow-through share premium liability and unrealized gain (loss) on marketable securities.

The increase in operating costs is primarily due to an increase in advertising, marketing and promotion of \$33,928 and an increase in consulting fees of \$9,050. All other operating expenses totalled \$52,993 (2019 - \$57,727) with small fluctuations from period to period. This was expected as the Company's staffing and premises remained the same as last year. As noted above, in the section "*Three months ended September 30, 2020 compared to three months ended June 30, 2020:*", the increase in advertising, marketing and promotion was due to the engagement of a US based digital advertising group, and consulting fees increased due to the engagement of a Germany-based capital markets advisory firm. Consulting fees to related parties did not change between the two periods.

Other income noted above was largely the result of recognizing "Other income on settlement of flow-through share premium liability"; this book entry offsets the reduction of flow-through premium liability and is recorded each period end, proportionate to the qualifying exploration expenditures incurred in that period as a percentage of the flow-through funds originally raised. Both the current and comparative period amounts relate to a flow-through private placement completed in October 2019. About ½ of the flow-through premium liability remained on the balance sheet at the end of 2019 (\$227,786), because the exploration and drilling season in 2019 was completed soon after the flow-through financing was completed and only a portion of the funds had been spent by the end of 2019. In the current period, sufficient exploration costs were incurred to extinguish the \$204,895 flow-through premium liability that still remained on the books as at June 30, 2020, while in the comparative 2019 period, only \$54,331 of the liability had been extinguished.

In 2019, an unrealized gain on marketable securities of \$10,125 was recorded. The marketable securities consisted of 225,000 shares of Seahawk Ventures Corp., a Canadian public company, which were all sold in October 2019.

Nine months ended September 30, 2020 compared to nine months ended September 30, 2019:

The Company had a net loss of \$239,939 (2019 - \$402,130) for the nine-month period. While operating costs were relatively consistent at \$497,699 in 2020 and \$473,555 in 2019, increasing by 5%, the other income/expense items totalled income of \$257,760 in 2020 and \$71,425 in 2019. Other income and expenses are detailed on the statements of operations and comprehensive income (loss) and include interest income, finance income (from premises sublease), amortization of discount (interest on lease liability), other income on settlement of flow-through share premium liability and unrealized gain (loss) on marketable securities. The higher net other income amount in the current period is mainly attributable to greater other income on settlement of flow-through share premium liability, a result of incurring sufficient qualifying exploration expenditures in the current period, and as described two paragraphs above.

While the nine-month operating expenses increased in 2020 by 5%, the analysis of certain operating expense components provides better insight and understanding of how the expenses differed between the periods. Advertising marketing and promotion increased \$29,786. As noted above, the Company engaged a US marketing firm this year to introduce new investors to the Company, to complement other Canadian-based web marketing activities that occurred in both periods. Investor relations fees increased \$1,000 per month in 2020, increasing the period costs by \$9,000. Office and general expenses declined \$8,535, as higher costs were incurred in 2019 due to the move of the Company's head office on July 1, 2019, and because lower costs were incurred in 2020 when COVID-19 forced the closure of the office from mid-March to late May. Regulatory and transfer agent fees declined \$8,883 in 2020 simply because the 2020 Annual General and Special Meeting of the Company was held in September while in 2019 it was held in June. As a result, the

comparative period includes those AGSM costs while those 2020 costs were not billed until October. Those meeting costs are approximately \$7,000 per year and include printing, mailing, proxy tabulation and scrutineer fees.

With regard to cash flows, the inflows from equity transactions in the current period were \$10,000 from share subscriptions compared to \$1,422,970 in 2019 composed of \$419,770 from the exercise of warrants and \$1,003,200 from the closing of the first tranche of a private placement. Cash spent on exploration during the period was \$1.1 million in 2020 compared to \$1.3 million in 2019. In 2019 the drilling season ran from July 4 to October 19 while in 2020 it ran from September 8 to November 4. As a result, current period drilling costs were approximately \$400,000 while in the 2019 comparative period about \$700,000 was incurred.

The final key cash flow variance in the current period were the receipts in 2020 of the 2018 and 2019 BC Mineral Exploration Tax Credits which totalled \$809,081, while none was received in 2019. The 2017 BC METC was received in 2018, before the comparative period began.

Overall, cash declined during the nine-month period by \$832,805 in 2020 and \$552,230 in 2019.

Liquidity and capital management

Capital is defined as the Company's share capital. The Company's objectives when managing capital are to fund critical exploration work, meet its on-going liabilities, continue as a going concern, maintain creditworthiness and to ultimately maximize returns for shareholders over the long term. The Company has no revenues and must proactively undertake equity financings or other equity/debt/joint venture arrangements well in advance of expected working capital deficiencies. The execution of such activities requires the Company to continually manage its internal, exploration and financing risks and their potential impacts on operations. This approach has allowed the Company to maintain sufficient capital balances over recent years to mitigate unexpected cash flow shortfalls.

The capital for operations and property exploration has historically come primarily from proceeds from the issuance of common shares. Most recently, a private placement financing in October 2020 raised \$3.3 million, sufficient for the ensuing year's working capital requirements and the 2021 exploration programs. Depending on the results from the 2020 exploration and drilling, additional funding may still be required in 2021, depending upon the scope of exploration undertaken. The recently completed private placement included \$1.4 million of flow-through financing which will be spent on qualifying exploration expenditures over the rest of 2020 and in 2021. The balance of the financing, \$1.9 million, is unencumbered and available for both further property work and general working capital.

At the date of this report, the Company has total working capital of \$2.7 million as follows:

<u>Working capital, November 25, 2020</u>	
	(\$000's)
Cash and cash equivalents	\$ 2,853
Receivables	121
Due from related parties	13
Accounts payable and accrued liabilities	(225)
Short term lease liability	(37)
	<hr/>
Total net working capital	<u>\$ 2,725</u>

Outstanding share information

The total number of common shares outstanding as of the date of this report is 44,060,433 shares, an increase of 7,904,666 shares from September 30, 2020 due to the completion of a two-tranche private placement on October 16, 2020, as follows:

Total proceeds of the two-tranche financing were \$3,314,350, consisting of 4,855,000 non-flow-through units at \$0.40 per unit for proceeds of \$1,942,000 and 3,049,666 flow-through units at a price of \$0.45 per flow-through unit for proceeds of \$1,372,350.

Total finders' fees paid in the two-tranche financing were \$24,150 plus 53,666 finders' warrants exercisable into common shares at a price of \$0.40 per share for a three-year period.

Each non-flow-through unit consists of one common share and one non-flow-through, non-transferable share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.60 per share for a 3-year-period.

Each flow-through unit consists of one flow-through common share and one non-flow-through, non-transferable share purchase warrant entitling the holder to purchase one additional non-flow-through common share at a price of \$0.68 per share for a 3-year period.

The flow-through shares will qualify as "flow-through shares" for the purpose of the Income Tax Act (Canada) (the "Act"). The proceeds of the flow-through private placement will be incurred on "Canadian exploration expenses" (within the meaning of the Act). The Company will renounce these expenses to the purchasers with the effective date no later than December 31, 2020, and as required under the Act.

Stock options

At the date of this report, there are 3,485,000 stock options outstanding, an increase of 450,000 stock options from September 30, 2020. On October 6, 2020, the Company granted 450,000 stock options to consultants, exercisable at \$0.40 per share for five years. 100,000 of the stock options are in respect of investor relations and vest over a one-year period. Expiry dates of all options are as follows:

Outstanding stock options as at November 25, 2020:

<u>Expiry Date</u>	<u>Number of Options</u>	<u>Vested and exercisable</u>	<u>Exercise Price (\$)</u>
April 23, 2021	1,175,000	1,175,000	0.10
August 18, 2022	760,000	760,000	0.39
July 13, 2023	1,000,000	1,000,000	1.35
August 9, 2023	100,000	100,000	1.05
October 6, 2025	450,000	350,000	0.40
Total outstanding options	3,485,000	3,385,000	0.59

Warrants

As at the date of this report, there are 8,906,903 share purchase warrants outstanding as follows:

No. of warrants outstanding at September 30, 2020	Number of Warrants issued	Number of Warrants Exercised	No. of warrants outstanding at November 25, 2020	Exercise Price	Expiry Date
948,571	-	-	948,571	\$ 1.60	January 26, 2021
-	4,805,000	-	4,805,000	0.60	October 7, 2023
-	2,383,000	-	2,383,000	0.68	October 7, 2023
-	7,000	-	7,000	0.40	October 7, 2023
-	50,000	-	50,000	0.60	October 16, 2023
-	666,666	-	666,666	0.68	October 16, 2023
-	46,666	-	46,666	0.40	October 16, 2023
948,571	7,958,332	-	8,906,903		

Directors, Officers and Related Parties

The directors of the Company are Fiore Aliperti, Jon Lever, Michael Sikich and Dr. David Webb. The officers are Mr. Aliperti (CEO), Mr. Lever (CFO), and Mr. Dave Dupre (Vice-President of Exploration).

During the period ended September 30, 2020, there were no changes to the Company's Board of Directors or the management team.

The following related parties include directors and key management personnel, including those entities in which such individuals may hold positions that result in them having control or significant influence over the financial or operation policies of these entities:

- a) Avanti Consulting Inc., a company controlled by the current Chief Executive Officer and director, provides consulting services to the Company;
- b) Lever Capital Corp., a company owned by the current Chief Financial Officer and director, provides consulting services to the Company;
- c) The Company's Corporate Secretary provided general administrative services, bookkeeping and corporate secretarial services to the Company up to July 8, 2019 when she resigned as an officer;
- d) D. G. Dupre and Associates Inc., a company that is controlled by the Vice-President of Exploration, provides geological consulting services to the Company, the amounts of which are capitalized as geological costs under exploration and evaluation assets; and
- e) DRW Geological Consultants Ltd. is a company controlled by a director of the company and which provides occasional geological consulting services to the Company, the amounts of which are capitalized under exploration and evaluation assets.

The aggregate value of fee-based transactions (exclusive of share-based compensation) and outstanding balances relating to the above noted related parties are as follows:

		Transactions for the nine- month period ended September 30, 2020	Transactions for the year ended December 31, 2019	Balance payable as at September 30, 2020	Balance payable as at December 31, 2019
Avanti Consulting Inc.	(a)	\$ 99,000	\$ 132,000	\$ -	\$ -
Lever Capital Corp.	(b)	63,000	84,000	-	-
S. Oates	(c)	-	43,800	-	-
D.G. Dupre and Associates Inc.	(d)	45,000	57,500	-	-
DRW Geological Consultants Ltd.	(e)	2,300	6,000	-	-
Total		\$ 209,300	\$ 323,300	\$ -	\$ -

Other related party transactions

During the period ended September 30, 2020, the Company recorded receivables of \$5,497 (December 31, 2019 - \$943 payable) due from Etruscus Resources Corp. ("ETR"), a public Company related by two common directors and a common officer. ETR subleases office space from the Company and general day-to-day operations occasionally have receivables or payables due from or to ETR, respectively.

Advisory Board

There were no changes to the Company's advisory board during the three-month period ended September 30, 2020. Previously, on April 29, 2020, the Company announced the appointments of Dr. Farhad Bouzari and Andrew McIntosh to the Company's Technical Advisory Board, joining founding member Lawrence Roulston (appointed April 2014), Jeff Kyba (appointed April 2017) and Stephen Wetherup (appointed April 2017). Both Dr. Bouzari and Mr. McIntosh bring a high level of technical expertise, adding invaluable knowledge to support the work being carried out on the Property.

Dr. Farhad Bouzari:

Dr. Bouzari obtained his Ph.D. from Queen's University in 2003. Over the past 25 years he has worked extensively on porphyry and allied deposits, their features and establishing techniques to improve exploration decision-making. Since 2006 he has been Research Associate with the Mineral Deposit Research Unit - MDRU. His experience lays with the anatomy and evolution of porphyry systems particularly their distal and deep features and application of mineralogical and geochemical techniques in exploration targeting. Dr. Bouzari's experience includes research on various regions and deposits in British Columbia such as Copper Mountain, Woodjam, Highland Valley Copper, Mount Polley, Mount Milligan and Red Chris. Currently, Dr. Bouzari is the principle investigator of the MDRU's project on porphyry vectoring techniques in advanced argillic altered rocks of British Columbia.

Andrew McIntosh:

Mr. McIntosh has a B.Sc. and over 25 years of mineral exploration experience. Andrew has worked for companies such as Teck, Cominco, BHP and Highland Valley Copper along with the Geological Survey of Canada. He has also provided consulting services to numerous companies as a geologist and data specialist. He has worked for McElhanney since 2001, where he is currently a project manager for GIS, LIDAR mapping, and geological data services.

Dr. Bouzari's expertise of the space-time evolution and vectorizations of porphyry deposits, in tandem with the GIS and 3D modelling work of Mr. McIntosh helped the exploration team produce a robust geological and alteration model of all the porphyry systems along the 7.5km Hawilson Monzonite Complex. This model supported the team's efforts in identifying deeper targets that were drilled this year.

Off Balance Sheet Arrangements

As of the date of this report, the Company does not have any long-term commitments or off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

Risk Factors

Investing in common shares of the Company has risks. Prospective investors should carefully consider the risks described below, together with all of the other information included in this MD&A before making an investment decision. If any of the following risks materialize or occur, the business, financial condition or results of operations of the Company could be harmed. In such an event, the trading price of the common shares could decline, and prospective investors may lose part or all of their investment.

Financing

The Company may not be successful at raising future financing and if it expends all of its cash on hand, it could therefore become insolvent or face bankruptcy proceedings. Without sufficient funds, it may not be able to carry on operations, and it may not be able to continue to develop or even maintain its exploration and evaluation assets. If the only alternative is to sell the Company's assets, any funds received may not be sufficient to allow the Company to continue as a going concern.

Possible Trading Suspension or Delisting

The Exchange may suspend from trading or delist the securities of the Company where the Company has failed to submit documents to the Exchange in the time periods required or has otherwise failed to meet minimum standards. Suspension from trading of the common shares may, and delisting of the common shares will, result in the regulatory securities authorities issuing a consolidated interim cease trade order against the Company. In addition, delisting of the common shares will result in the cancellation of all currently issued and outstanding common shares of the Company held by insiders. Trading in the common shares of the Company may be halted at other times for other reasons also.

Dilution

If the Company issues treasury shares to finance acquisition or participation opportunities, or to raise exploration funds and working capital, shareholders suffer dilution of their investment and unusually large financings could result in a change of control of the Company.

Reliance on Management

The Company is relying solely on the past business success of its directors and officers to identify, acquire and develop strategic assets of merit. The success of the Company is dependent upon the efforts and abilities of its directors and officers and from the results of exploration. The loss of any of its directors or officers could have a material adverse effect upon the business and prospects of the Company.

Title to mineral resource properties

Although the Company conducts title reviews of its properties in accordance with industry practice, title to mineral exploration permits and mineral claims cannot be guaranteed and may be subject to regulatory changes and possible expropriation or cancellation. To the extent financing is not available, resource property fees and claim payments, work commitments, rental payments and option payments, if any, may not be completed and could result in a loss of property ownership or earning opportunities for the Company.

Industry and mineral exploration risks

Mineral exploration is highly speculative in nature, involves many risks and is frequently non-productive. There is no assurance that the Company's exploration efforts will be successful. At present, the Company's Property does not contain any proven or probable reserves. Success in establishing reserves is a result of several factors, including the quality of the project itself. Substantial expenditures are required to establish reserves or resources through drilling, to develop metallurgical processes, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Because of these uncertainties, no assurance can be given that planned exploration programs will result in the establishment of mineral resources or reserves. Furthermore, the Company may be subject to industry risks which could not be reasonably predicted in advance, such as labour disputes, natural disasters, or estimation errors.

Community relations

Increasing public scrutiny of mining projects and a general global increase in environmental concerns has been addressed by the mining industry by including both the local and broader communities and other stakeholders in planning and development processes, and being transparent through communications, dialogue and education. Garnering community and public support for continued exploration, future mine development and construction includes public engagement and involvement of key community stakeholders throughout the exploration and development process. The Company's resource properties lie within the traditional territory of the Tahltan Nation, a key stakeholder with which the Company has executed Communication and Opportunity Sharing Agreements. The Tahltans' main areas of concern are environmental stewardship and the sharing or transfer of economic benefits. The Company regularly updates the Tahltans to keep them aware of corporate changes and the progress of exploration, while the Tahltans keep their industry partners current with their community activities and health and safety measures. The lack of a social license to operate could impair the value of the Company's resource properties or delay or prevent exploration, development or construction activities.

Financial instruments

The Company's financial instruments consist of cash and cash equivalents, receivables, deposits and accounts payable.

As at September 30, 2020, the Company had cash on hand of \$20,552 and Guaranteed Investment Certificates of \$740,272, for total cash and cash equivalents of \$760,824.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (loss).

Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). Any fair value changes attributable to changes in credit risk for liabilities designated at fair value through profit and loss are recorded in other comprehensive income (loss) and any fair value change in excess of the amount attributable to changes in credit risk is recognized in profit and loss.

The Company classifies its financial assets and financial liabilities in the following measurement categories:

- i) those to be measured subsequently at fair value (either through other comprehensive income (loss) or through profit or loss); and
- ii) those to be measured at amortized cost using the effective interest method.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Except for cash and cash equivalents, all financial instruments held by the Company are measured at amortized cost, although the fair values of these financial instruments approximate their carrying value due to their short-term maturities. The fair values of cash and cash equivalents are measured at fair value through profit or loss and any changes to fair value subsequent to initial recognition are recorded in profit or loss for the period in which they occur. Finance income and finance costs arising from financial assets and financial liabilities respectively, are recorded in profit and loss.

Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values, as follows:

The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data, with fair value measurement derived from valuation techniques.

The fair values of cash and cash equivalents and marketable securities are measured based on Level 1 inputs of the fair value hierarchy.

Critical judgements and estimates

In preparing these condensed interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty for the period ended September 30, 2020 are the same as those described in the annual financial statements for the year ended December 31, 2019.

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Significant assumptions about the future and other sources of estimation uncertainty that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- a) The carrying value of the investment in exploration and evaluation assets and the recoverability of the carrying value, which are included in the statement of financial position;
- b) The Company has taken steps to verify title to exploration and evaluation assets in which it has an interest, but these procedures do not guarantee the Company's title. Properties may be subject to prior agreements or transfers and title may be affected by undetected defects;
- c) Significant judgment is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognized when, despite the Company's belief that its tax return positions are supportable, the Company believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made;
- d) The inputs used in accounting for share-based compensation expense in the statements of operations and comprehensive income (loss), including share price volatility and risk-free interest rates, and similar inputs used in accounting for the valuation of finders' warrants;
- e) The valuation of flow-through share premium liability, while following IFRS

methodology, is an estimate;

- f) The significant judgements, estimates and assumptions made by management as they relate to IFRS 16 - Leases, primarily include evaluating the appropriate discount rate to use to discount the lease liability, the determination of the lease term when the lease contains an extension option, and assessing if the Company is reasonably certain that it would exercise an extension option; and such judgements, estimates and assumptions affect the present value of the lease liabilities, the value of the right-of-use assets, the value of the net investment in sublease and the amounts recognized in income and expense, including depreciation, rent expense, finance expense and finance income; and
- g) The assumption that the Company is a going concern and will continue operating for the foreseeable future, being one year, is a judgment.

Financial Risks

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

Credit Risk

Credit risk arises from the potential that one or more counterparties fail to meet their obligations. The Company is normally exposed to credit risk through its cash and cash equivalents and receivables. The Company manages credit risk associated with its cash and cash equivalents by using reputable financial institutions, from which management believes the risk to be remote. Receivables generally consists of recoverable Canadian sales taxes, accrued interest and Canadian mineral exploration tax credits receivable, which management believes the collectability of these amounts to be assured.

The Company shares an office with ETR and is expected to have amounts due from or to ETR at each period end. These amounts are considered at low risk of default, due to their relatively small scale, management having some influence over the operations of ETR and the early stage of ETR's exploration cycle. Accordingly, collection of amounts due from related party is also believed to be assured.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2020, the Company had cash and cash equivalents of \$760,824 (December 31, 2019 - \$1,593,629) to settle total current liabilities of \$557,245 (December 31, 2019 - \$334,514). Long term liabilities consist of a lease liability of \$29,583 (December 31, 2019 - \$57,448). With the closing of a \$3.3 million private placement in October 2020, the Company has sufficient liquidity for its field exploration programs, including drilling, and working capital requirements over the ensuing year. Additional funds may be required depending on the scope of exploration work undertaken in 2021.

The Company has historically relied on equity financings and asset sales to satisfy its capital requirements and will continue to depend upon equity capital as necessary and may also enter into earn-in arrangements or the sale of certain property interests if necessary or advantageous to the

Company. There can be no assurance the Company will be able to obtain its future financings on acceptable terms. The ability of the Company to continue on this course will depend, in part, on the prevailing market conditions and the market interest in financing the Company's mineral property exploration programs, and the scope of such programs.

Interest rate risk

The Company is not exposed to risk in the event of interest rate fluctuations. The Company has no long-term debt other than a lease liability, has not entered into any interest rate swaps or other financial arrangements that mitigate the exposure to interest rate fluctuations, and current interest rates remain historically low. For these reasons, the Company believes it is not subject to material risks should interest rates change.

Foreign currency risk

The Company's functional currency is the Canadian dollar and an immaterial amount of transactions are in other currencies. Management believes the foreign exchange risk derived from currency conversions is not significant and therefore does not hedge its foreign exchange risk.

Management's Responsibility for the Condensed Interim Financial Statements

Information provided in this report, and the Company's condensed interim financial statements for the period ended September 30, 2020, are the responsibility of management. In the preparation of these reports, judgements and estimates are sometimes necessary to make a determination of future value for certain assets or liabilities. Management believes such judgements and estimates have been carefully exercised and are properly reflected in the condensed interim financial statements. Management maintains a system of internal controls to provide reasonable assurances that the Corporation's assets are safeguarded and to facilitate the preparation of relevant and timely information.

Corporate Governance

The Company's Board of Directors and its committees substantially follow the recommended corporate governance guidelines for public companies to ensure transparency and accountability to the shareholders. The current Board of four individuals is comprised of two independent members and two executive officers. The Audit Committee consists of three members comprised of two independent directors and the chief executive officer. The Compensation Committee consists of three members, of which two are independent, and the Health, Safety, Environment and Social Responsibility Committee consists of two members.