

METALLIS RESOURCES INC.
Management's Discussion and Analysis
Nine months ended September 30, 2021

Introduction

This Management Discussion and Analysis ("MD&A") is dated November 26, 2021 and should be read in conjunction with Metallis Resources Inc.'s ("Metallis", "the Company", "we", "our") condensed interim financial statements for the period ended September 30, 2021 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. The financial data included in this MD&A had been prepared in accordance with International Financial Reporting Standards ("IFRS") and related interpretations. 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, 2021 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 Stock Exchange under the symbol "0CVM". 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.

Comments on COVID-19:

The coronavirus disease COVID-19 was declared a pandemic in March 2020. This contagious disease outbreak has continued to spread and new variants are emerging, as global public health issues continue. The rollout of approved vaccines began in December 2020, but the impacts of new variants, the timelines for global populations to be sufficiently vaccinated, the uptake rates of vaccination and the long term efficacy of the vaccines cannot be determined. The outbreak has adversely affected global workforces, economies and financial markets. It is not possible at this time for the Company to predict the duration or magnitude of the continuing adverse results of the outbreak nor its effects on the Company's business or operations. To date, the Company's capitalized property expenditures as at September 30, 2021 of \$11.7 million have not suffered an impairment as a result of the pandemic.

The Company's top priority remains the health and safety of its workers. In April 2020, the Company's Health, Safety, Environment and Social Responsibility Committee adopted the initial COVID-19 BC Health Authority protocols and guidelines for all of our operations. We developed a Worksafe BC compliant COVID-19 Safety Plan which we coordinated with similar plans developed by our exploration subcontractors, and which allowed us to reopen our head office in May 2020. We have regularly updated the Safety Plan in accordance with updates from the BC Health Authority. In addition, we utilized health measures such as work-from-home policies, enhanced on-line communication capabilities and set limits to the number of people working at the head office and at other work locations. These actions have ensured the continuation of the Company's operations and will continue to be utilized, when and as required.

Key stakeholder, the Tahltan First Nations, established very rigorous health and safety measures to keep COVID-19 out of their communities, while allowing members to remain employed in the mining and other industrial and business sectors. Those measures have been mostly successful to date. The Tahltans' COVID-19 protocols are regularly updated for their communities and are also shared with their exploration and other business 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", "expand", "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 coronavirus disease 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 and Recent Highlights

Metallis 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 Property is centered at 56°29' N latitude and 130°40' W longitude in the north-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 to the north, Eskay Mining Corp.’s VMS discovery to the east, 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 east.

The Company has incurred total cumulative Property exploration costs of \$12.5 million before tax credits and other expense recoveries. A total of 19,807 meters (“m”) have been drilled by the Company on the Property, including 4,785m in 2021. The Company’s exploration has identified multiple targets and mineral deposit types including shear vein gold, epithermal gold-silver, porphyry gold-copper and magmatic nickel-copper. Our exploration work has led to certain geological understandings which has changed our key target focus. The following list represents the key targets and opportunities currently being analyzed by the technical team:

1. Cliff Porphyry System with upside in copper-gold grades and size potential;
2. Miles Porphyry System and its shallow high-grade gold and deeper copper-gold potential;
3. Cole Porphyry System and its shallow high-grade gold and deeper copper-gold potential;
4. Mount Dunn and Rhyolite Ridge stratigraphy and potential of VMS mineralization.
5. King East Target with Porphyry, Vein stockwork gold and/or VMS potential; and
6. Thunder North (K-9) Target and its nickel-copper potential.

Drilling in 2020 confirmed increasing metal grades with depth and has yielded several long intervals of mineralization, as further discussed below. The team is excited about the upcoming results from its 2021 exploration and drilling program focused on the gold-rich mineralization along the Cliff-Miles porphyry corridor.

Corporate Outlook

The Company collaborates proactively with its stakeholders and has a good working relationship with the Tahltan Central Government, its First Nations stakeholder whose ancestral lands include the Property. A \$3.7 million financing completed during the current period sufficiently funded the Company to undertake its drilling campaign of 4,785m and also provided working capital for the ensuing year and 2022 Phase I exploration work. The Company is awaiting the assay results from its 2021 drilling. To date about 45% of the assays have been received and are being interpreted. A main goal of this year’s drilling was to expand the near-surface gold zones and define the depth potential of porphyry style mineralization at Kirkham Property.

External influences have been favorable to the exploration sector, as the Company was able to complete its private placement financing during the first half of 2021 when market liquidity and

trading values were stronger than they are currently. The Golden Triangle region in BC continues to be a significant draw for Canadian mining investment, highlighted by recent mergers and acquisitions including Newmont Corporation's acquisition of GT Gold, Newcrest Mining's acquisition of Pretium's Brucejack mine and Hochschild Mining's acquisition of the Snip mine. Recent upticks in global inflation, combined with government deficit spending and supply chain disruptions have introduced new market risks and uncertainties which are generally positive for precious metals prices.

2021 Exploration

The 2021 exploration field season at the Kirkham Property began on July 5, 2021 and ended on October 26th 2021. The exploration camp this year was located 2 km east of the McLymont hydroelectric power station in northwest British Columbia. Ahead of the field work the Company completed all of the key contracts including drilling, camp, and helicopter services, paying deposits and retainers of \$228,000. Metallis' geological team, during the 1st phase of exploration program (July 5 to July 23), completed detailed field investigations, completed over 6,000m of drill core re-logging and interpreted the 846 km² ZTEM™ survey data leading to an optimization of the drill collars and drill pad locations. The 2021 drilling program started on July 27 and continued through the season, ending on October 26 totalling 4,785m spread over 7 holes. This years' drilling program was focused on targeting the near-surface gold and deeper gold/copper mineralization associated with potassic stockwork zones clustered along the 4 km long Cliff-Miles porphyry corridor.

Field Exploration Program Highlights:

1. Field mapping and cross-sectional work established a distinct N030° trend of the mineralized porphyry intrusions at the Cliff-Miles porphyry targets, which opened up a huge unexplored area to the north and northwest. Using company's multi-disciplinary datasets, the reconnaissance mapping outlined several areas of sulphide mineralization within Hazelton Group rocks widely exposed in the western part of the property.
2. A total of 8.6 line-km of high-resolution Induced Polarization ("IP") was completed over the Cliff-Miles targets. The 3D-IP survey and modeling outlined a series of resistivity and chargeability anomalies coincident with gold-bearing silicified zones along the Cliff-Miles porphyry corridor.
3. A total of 846 km² ZTEM™ survey was completed over the entire Kirkham property. The ZTEM resistivity contrast highlighted the dimensions and depth potential of the Cliff, Miles, and Cole porphyry centers. The data is further processed and interpreted for deformed stratigraphy and VMS targets in the Hazelton group rocks widely exposed in the western half of Kirkham property.
4. Selective rock-chip and soil sampling grids over ZTEM™ and conductive anomalies highlighted the potential of vein-stockwork and volcanogenic massive sulphide ("VMS") mineralization at King East, Mount Dunn, and Rhyolite Ridge prospects at the Kirkham property.

2021 Drilling Program Highlights:

The 2021 drill program (the "Program") consisted of a total of 4,785 m in seven deep holes. The Program was focused on targeting two distinct types of mineralization at the 4 km-long Cliff-Miles Porphyry corridor, the main ore stage copper-gold mineralization which extends down to an

approximate 800m depth and the overlapping central 2 km-long gold-rich zone. Stockwork and disseminated Cu-sulphide mineralization has been intersected in all holes. The visuals of mineralization, supported by systematic portable X-ray Florescence (or “pXRF”) spot probing has indicated a gradual increase in copper content with depth. The high-grade copper-gold mineralization constrained along the highly silicified porphyry and host rocks is also coincident with IP resistivity-highs and gold-in-soil geochemical anomalies.

1. The initial two drill holes, KH21-39 and KH21-40, evaluated the southern block of the Cliff zone where previous holes KH18-13 intersected 245.5 m @ 0.40 CuEq.* and KH20-36 intersected 490.8m @ 0.33 g/t AuEq* including 56.2m @ 0.50 g/t AuEq*.
2. Drill holes KH21-41, and KH21-42 cut across the central Cliff-Miles zone and has highlighted an interplay of Feldspar Porphyry “(FP)”, highly silicified and well-mineralized Medium Porphyry “(MP)” and host siliciclastic rocks. These altered rocks are known to carry significant amounts of gold as intersected last year in drill hole KH20-37, which returned 83.0m @ 0.68 g/t AuEq including 32.0m @ 1.24 g/t AuEq*. (See NR March 23, 2021).
3. Further to the north, drill holes KH21-43, KH21-44 and KH21-45 all intersected multiple cross cutting porphyry dikes and highly silicified siliciclastic rocks cut by late-stage gold-bearing quartz-carbonate ± sulphide veins.
4. Over 250 drill core samples were collected for selective short wave-length Infrared (“SWIR”) analysis of the alteration mineralogy and temperature stabilities, leading to vectors toward the hot and well-mineralized core zones of the Cliff porphyry system. A total of 56 polished thin sections were also prepared for petrographic determination and control of mineralization under the Scanning; Electron Microscope (“SEM”) at the University of British Columbia, Mineral Deposit Research Unit (“UBC/MDRU”).

All the drill core samples have been delivered to the laboratory and the Company is waiting for most of the assay results. This year, due to a massive increase in drilling activity in the Golden Triangle, all labs are facing unprecedented volumes of samples and backlogs are anticipated.

2020 Exploration Summary

The Company’s field exploration camp, built and operated by Matrix Aviation Solutions Inc. (“Matrix”), was situated at the McLymont Staging Area located approximately 12 km north of the Property. The 2020 work program was concentrated at the Cliff, Miles and King East Targets. The Company drilled six holes totalling 3,820m, with five of the holes at Cliff/Miles and one hole at King East.

The 2020 drilling program utilized results from 3D modeling, surface mapping and Induced Polarization (“IP”) survey over the 4km long Cliff-Miles Porphyry corridor, which is part of the 7.5km long HM complex. (See News Release September 8, 2020). Discovery holes KH20-37 at Miles and KH30-34 at Cliff successfully tested the deeper IP resistivity anomalies whilst cutting across the HM dikes and a succession of calcareous and siliceous rocks. The core is shown to carry high-grade gold which is unusual in a typical porphyry system. The assays from each of the 2020 drill holes at Cliff/Miles confirm that gold-grades are more consistent and improve with depth.

Summary of 2020 drilling assay results at Cliff/Miles:

Hole_ID	From	To (m)	Length**	Au (g/t)	Cu	Ag (g/t)	Mo	AuEq
KH20-34	453.0	594.0	141.0	0.51	0.08	1.76	36.53	0.64
incl.	540.0	594.0	54.0	1.03	0.05	1.97	41.23	1.13
KH20-35	68.0	83.0	15.0	0.15	0.14	0.55	103.08	0.36
	284.0	538.0	254.0	0.19	0.10	1.34	12.80	0.33
incl.	306.0	339.0	33.0	0.41	0.17	3.47	8.69	0.66
	627.0	645.0	18.0	0.23	0.14	2.13	313.56	0.54
KH20-36	211.0	407.2	196.2	0.20	0.09	0.49	21.05	0.33
	448.0	701.8	253.8	0.24	0.06	0.51	54.71	0.34
incl.	448.0	504.2	56.2	0.36	0.09	0.40	88.04	0.50
KH20-37	133.0	139.0	6.0	1.33	0.02	2.53	4.52	1.38
	496.0	579.0	83.0	0.63	0.03	0.41	26.07	0.68
incl.	547.0	579.0	32.0	1.21	0.02	0.35	7.37	1.24

**Gold equivalent (“AuEq”) grades are for comparative purposes only. Calculations use metal prices of US\$1,700/oz gold, US\$20/oz silver, US\$3.0/lb. copper and US\$9.0/lb. Molybdenum.*

***Lengths are meters of downhole drilled core lengths. Drilling data to date is insufficient to determine true width of mineralization. Intervals are calculated using a notional 0.20 g/t AuEq, a maximum of ten meters of internal dilution for porphyry-style mineralization and no top cut is applied. Recovery is assumed to be 100% as no metallurgical data is available.*

The **Highlights and Summary Descriptions of each hole are tabulated below:**

- KH20-37 intersected **1.21 g/t Au** over **32 m** within a broader gold zone of **0.63 g/t Au** over **83 m** associated with highly silicified limy siltstone and sandstone units proximal to the Porphyry intrusions; KH20-37 also intersected near surface epithermal quartz-carbonate-sulphide veins containing 1.33 g/t Au over 6m including 3.97 g/t Au over 1.8m;
- KH20-34 confirms the southern extension of the gold zone, approximately 1.2km south of discovery Hole KH20-37. (See News Release February 10th, 2021). KH20-34 intersected one of the best intervals on the project to date, highlighted by **1.13 g/t AuEq** over **54 m** (“m”) within a broader interval of **0.64 g/t AuEq** over **141 m**;
- KH20-35 intersected a broad interval of **0.33 g/t AuEq** over 254 m in sericitic alteration defining the northwestern edge of the porphyry system at higher elevation. A deeper interval of **0.66 g/t AuEq** over 33 m confirmed that the gold-grades improve with depth; and
- KH20-36 confirmed that the Cliff Porphyry System (“Cliff”) maintains its tabular shape and returned 196 m of **0.33 g/t AuEq** and 253 m of **0.34 g/t AuEq** including 56 m of **0.50 g/t AuEq**. It provided a true test of the Cliff at higher elevation.

The 3D geological modeling and structural analysis, identified a combination of dip-slip and strike-slip faults leading to variable thicknesses, dip, and plunge of the HM. This work helped design the 2020 deep drilling program along the Cliff-Miles porphyry corridor.

The discovery of significantly higher gold grades in sediments in KH20-37 and KH20-34 now expands the mineralized corridor as a very large (200m wide x 2 km long and 600m deep) linear

zone coincident with prominent IP Resistivity anomalies. The gold zone is oriented in a northeast direction and remains open in all directions. The remnant potassic alteration in all of the drill holes highlight the potential of copper-gold core at depths below 600m.

Drilling from east to west at 60° inclination was exceptionally effective in cutting across the gold zone. It also tested part of a large resistivity anomaly and confirmed the presence of deeper high-grade gold mineralization within the explanatory siliceous sediments.

The gold-rich mineralization in KH20-37, KH20-34 and previous drill holes confirm that mineral grades increase with depth. The gold grade in KH20-37 is twice that encountered in MD09-03 and MD09-05 which barely tested the upper part of the IP Resistivity High, 400m directly above the 83m intercept being reported. The structural setting and the assays from the 2020 drill program highlight the substantial upside potential for expansion of the gold zone along strike and again, as is the case with Red Chris and Saddle North, confirm that grade increases with depth. The Company now has enviable options including a near-surface bulk-tonnage and potential deep high-grade underground-style mineralization.

Cliff-Miles Porphyry Corridor

Cliff/Miles 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 Hawilson Monzonite Complex (“HM”). The system is near the Triassic-Jurassic unconformity, referred to as the “Red Line” which is a key geologic guide for copper-gold mineralization. The Company has recently received Re/Os age dates from the Cliff-Miles porphyry (187.2 Ma) confirming that it belongs to the fertile episode of calc-alkalic porphyry intrusions of the Jurassic age Texas Creek Plutonic Suite. This plutonic suite also hosts the nearby Deep Kerr Deposit of Seabridge Gold’s KSM project, which has an inferred resource of 1.92 billion tonnes grading 0.41% copper and 0.31 g/t gold, containing 19.0 million ounces of gold and 17.3 billion pounds of copper (Seabridge New Release Feb 16, 2017).

The latest drilling and 3D modelling of the geophysical surveys has highlighted enormous upside potential for the expansion of the Cliff porphyry system. The presence of remnant potassic alteration and improving grades with depth has confirmed the vertical and lateral continuity of copper-gold mineralization.

Metallis geologists continued to utilize the surface mapping, sampling, ground IP and airborne ZTEM™ results to target the Cliff porphyry system, which have a potential vertical extent of over 1,000m. Leapfrog numeric modeling compiled by Dr. Michelle Campbell and Terraspec vectoring from Dr. Farhad Bouzari have highlighted substantial untested gaps in the Cliff-Miles porphyry corridor. Metallis’ V.P. of Geoscience Services, Dr. Raziqie stated “The 3D geological and geophysical modeling of IP and ZTEM datasets has highlighted 3 major blocks, each of which show significant volume potential of high-grade copper-gold mineralization to be tested in future exploration programs.”

Cole Target:

The Cole Porphyry system defines the northern extent of the 7.5 km long Hawilson Monzonite Complex. The Cole target is represented by NNE-trending (015°) linear monzodiorite porphyry intrusions hosted by Stuhini group rocks and unconformably overlain by Hazelton group rocks to the west. Multiple sub-parallel porphyry intrusions and hydrothermal breccia bodies along faults result in an extensive (800m x 1,000m) footprint of sericitic alteration including a linear (300m x 50m) zone of gold-bearing pyrrhotite-pyrite and quartz-carbonate

veins. The first drilling at Cole in 2018 intersected multiple cm-scale gold-bearing massive sulphide veins highlighted by 137 g/t Au over 0.6 m, 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).

Cole target is a structurally controlled porphyry system with gold-rich mineralization occurring along the hanging and footwall of the northerly trending Adam fault system. Elevated gold-grades are commonly associated with quartz-carbonate-sulphide veins constrained along NE-trending, syn-mineral conjugate faults. 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.

The Company's technical team is encouraged by the results from field mapping and drill data, which has provided significant data points to reconstruct the geology and structure of the complicated Cole porphyry system with a vertical extent of approximately 1,000m. The exploration and drilling programs to date, provided a much better understanding of the control of mineralization which will allow the team to delineate the high-grade zones in future programs. The Company's technical team is planning to conduct an Induced Polarization ("IP") survey followed by 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.

King East Target:

King East prospect extends over an area of 2 km x 3 km, representing a cluster of northerly trending monzonite dikes, sericitic alteration, veins, and elevated gold-in-soil values; all together highlighting the potential of a porphyry system at depth. To the south, the Upper Triassic Stuhini Group sediments are intruded by a zoned intrusion and associated alteration halo. Gold (\pm silver) mineralization is hosted in predominantly sub-vertical vein stockwork and subordinate vein breccias. As such, the style of mineralization is similar to the high-grade gold mineralization at the Valley of the Kings which is part of Pretium Resources Inc.'s properties.

An evaluation of the soil grids highlighted several zones of anomalous Gold (>50ppb up to 6,000 ppb) and Copper (>50ppm up to 2,500ppm) values coincident with the margins of the altered intrusion. Trench chip sampling in the same area returned values up to 1.74 g/t Au over 6.0 m in siliceous siltstone. (See map).

Based on the surface geochemistry and coincident resistivity anomalies from the recently flown ZTEM™ survey, the Company is developing a strategic exploration program targeting the porphyry, vein-stockwork gold, and sedimentary exhalites in the folded stratigraphic sequence near the eastern border of Kirkham next to Eskay Mining Corp.'s TV prospect which is represented by vein-stockwork gold mineralization, highlighted by 140.3m of 2.6 g/t AuEq, including 47.8m of 5.2 g/t AuEq. (See Eskay Mining news release November 8, 2021).

Thunder North:

Thunder North prospect lies on the southern flank of the Nickel Mountain Gabbro complex. Following Garibaldi Resources' 2017 discovery of massive Ni-Cu sulphides at their E&L project, the Metallis team carried out multiple surface exploration programs and evaluation of VTEM magnetic and conductive anomalies clustered along the Nickel Mountain gabbroic complex. 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.

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 differentiated mafic intrusions with chaotic textures and breccias are recognized as an important feature of nickel sulphide ore deposits.

Ground-based follow-up at Thunder North was focused on the ultramafic intrusions at “K9 Creek” and Texas Creek suite “Lehto Pluton” complexes, 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 at Metallis’s “K9 Creek” target are located only ~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, and recently flown ZTEM™ resistivity and magnetic 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 as seen in the E&L Gabbros and Pyroxenite varieties.

Community relations

In early 2021, 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 first 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.

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. However, most community events in Tahltan territory have been suspended, delayed or temporarily cancelled due to COVID-19. Business activity throughout their traditional territories is being carefully managed by the TCG with rigorous 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 largely kept their communities free of COVID-19, critically important due to a high proportion of elders, senior citizens and limited local medical resources.

The Company and Tahltans held a ZOOM meeting in January 2021 where we discussed our 2020 exploration and drilling programs. 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 also prevented any visits. The Company hires Tahltans each exploration season and will continue to do so. For more information about the TCG, visit www.tahltan.org.

Reclamation

The Company upholds high environmental standards with respect to all of its environmental interactions. It remediates and 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 2022.

QAQC and Analytical Procedures

Metallis Resources Inc. has implemented a rigorous quality assurance / quality control (QA/QC) program to ensure best practices in sampling and analysis of diamond drill core and surface rocks and soils. The drilling samples including 1-3m intervals of HQ and NQ drill core were delivered to ALS Global prep facilities in Terrace and Langley BC, where the samples were 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 ALS Global in Vancouver using multi-element 4-Acid digest ICP-MS package (ME-MS61). Gold was analyzed by fire assay technique Au-ICP21. Gold grades ≥ 1 0 g/t were analyzed by fire assay and gravimetric finish. In addition to the internal QAQC program by ALS, Metallis inserted 10% lab certified standards, field blanks and duplicates into the overall sampling stream. ALS is a global testing, inspection and certification business and is an ISO/IEC 17025:2005 accredited laboratory independent of the Company.

Quarterly Information

	Three Months Ended September 30, 2021	Three Months Ended June 30, 2021	Three Months Ended March 31, 2021	Three Months Ended December 31, 2020
Total assets	\$14,441,206	\$14,348,637	\$10,980,505	\$11,519,497
Total liabilities	(635,238)	(341,983)	(114,547)	(326,416)
Shareholders' equity	13,805,968	14,006,654	10,865,958	11,193,081
<i>Select operating expenses:</i>				
Advertising, marketing, promotion	262,412	92,507	184,049	33,541
Consulting fees	114,264	225,392	117,831	163,405
Professional fees	6,083	4,226	2,897	31,684
Regulatory and transfer agent	4,585	20,058	11,565	8,921
Share-based compensation	403,682	231,054	10,754	160,156
Net income (loss)	(604,368)	(594,370)	(337,877)	(321,869)
Earnings (loss) per share- basic	(0.01)	(0.01)	(0.01)	(0.01)

	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

Results of Operations

Three months ended September 30, 2021 compared to three months ended June 30, 2021:

In the current quarter, the Company began its drilling program at Kirkham (in late July) after completing Phase I field work as described under "2021 Exploration" earlier in this MD&A.

The Company had a net loss for the current Q3 2021 period of \$604,368 (Q2 2021 - \$594,370), composed of operating costs of \$841,205 (Q2 2021 - \$632,935) and other income totalling \$236,837 (Q2 2021 - \$38,565). The other income is comprised of other income on settlement of flow-through premium liability of \$233,523 (Q2 2021 - \$34,128), interest income of \$3,641 (Q2 2021 - \$4,856), finance income of \$324 (Q2 2021 - \$419) and amortization of discount of \$651 (Q2 2021 - \$838).

Other income on settlement of flow-through premium liability of \$233,523 (Q2 2021 - \$34,128) reflects the incurrence of qualifying exploration costs during the current period which totalled \$2,335,225 (Q2 2021 - \$310,146), reducing the spending obligation remaining in respect of the \$3,045,000 flow-through private placement completed in Q2 2021 to \$679,884, which must be spent on qualifying exploration costs by the end of 2022.

Interest income was earned from short-term money market instruments during the current and prior periods. Finance income and amortization of discount reflect period to period changes in net investment in lease and lease liability, respectively.

Operating costs increased \$208,270 in the current quarter, primarily due to increases in share-based compensation of \$172,628 and advertising marketing and promotion of \$169,905, which were offset by a reduction in consulting fees of \$111,128. These changes total a net increase for the quarter of \$231,405. All other operating expenses showed a net reduction of \$23,135, including declines of office and general of \$10,319 and regulatory and transfer agent fees of \$15,473.

Share-based compensation is calculated via the Black-Scholes option model. In the current quarter, 1,900,000 stock options were granted at an exercise price of \$0.39 per share for 5 years, while in the prior period, 670,000 stock options were granted, with 550,000 exercisable at \$0.45 per share for 5 years and 120,000 exercisable at \$0.50 per share for 2 years. No stock option grants in either period were for investor relations, and accordingly, all options vested on grant. Due to the higher number of options granted in the current quarter, the share-based compensation is higher.

With regard to corporate communications initiatives, advertising, marketing and promotion expenses increased \$169,905 to \$262,412 in the current period. Through 2021 until late summer, the Company executed a more aggressive marketing strategy as a response to the investor and capital markets which moved heavily on-line through the pandemic. The Company engaged a digital marketing agency to execute a short-term lead generation campaign at a cost of US \$120,000 in the first quarter of the year, US \$50,000 in the second quarter, and US \$198,000 in the current quarter. This campaign involved the setup of a landing page, banner ad campaign to drive traffic to the information lander, and then a follow-up retargeting program for future press releases. This was done to introduce the Company to new investors, to re-engage investors with news flow as it is disclosed, and to maintain public awareness about the Company through this uncertain, pandemic-impacted period, especially through the periods prior to the release of drilling assay results. Management believes that such endeavors may serve to increase trading liquidity as the results of exploration are disseminated, but doesn't expect these initiatives to continue into the final quarter of the year.

In addition, the Company has continued its more traditional marketing channels, including periodic print-based advertisements in such market-specific publications like Resource World, and Canadian targeted email campaigns. Such advertising costs were \$Nil in the current period and \$7,345 in the prior period. Community based platform branding programs are also underway with reasonable monthly fees for two communications platforms totalling \$5,000 per month.

The reduction in consulting fees of \$111,128 is mainly due to higher fees from third party agreements during the prior period. One agreement in particular built upon the 2020 contracts with German-based marketing agencies that were engaged to help the Company navigate the European capital markets, facilitate institutional and resource fund introductions and develop strategies for increasing investor interest and inquiries about Metallis. At the end of the current period, the terms of those third-party consulting contracts had ended, and the agreements were not renewed.

The Company's investor relations consultant is Nicosia Capital Corp. ("Nicosia"), which provides communication services and market awareness services. Nicosia does not provide market-making services. Nicosia was paid \$21,000 (Q2 2021 - \$24,500) during the period. Nicosia and its employee Frank Lagiglia manage these third-party services, assessing the results of the marketing and branding activities undertaken by the Company. Nicosia also communicates with investors and shareholders, addresses investor inquiries and holds regular meetings with management. In October 2020, the Company granted Mr. Lagiglia 100,000 stock options exercisable for five years at \$0.40 per share. The stock options vest quarterly over a one-year period.

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. Such costs were \$20,064 (Q2 2021 - \$30,383) during the period.

Management has kept its expected quarterly operating costs at \$250,000, the same as Q2, which was \$50,000 higher than Q1. This estimate does not include share-based compensation which is a book entry estimate and not a cash disbursement. It is reasonable to assume that some level of continuing expenditures will be required for digital marketing as more business and investor outreach is conducted online while in-person meetings, trade shows and other people-centric forums remain very slow to return from pandemic-related curtailments and may not return as they were. Despite optimism about future travel and the return of face-to-face meetings, for the present, it is imperative that the Company continue to monitor and assess its internet-based advertising initiatives. Included in the \$250,000 estimated quarterly operating cost estimate is \$50,000 for these initiatives and \$25,000 as a general contingency. General operating costs such as management fees, regulatory fees, rent, professional fees and office and general expenses are expected to remain similar to recent periods.

In the current quarter, the primary changes in cash include disbursing \$1,821,909 (Q2 2021 - \$362,504) on property exploration, \$80,000 (Q2 2021 - \$228,000) for exploration subcontractor deposits, and \$278,938 (Q2 2021 - \$418,233) on operating activities. The Company drilled 3,348m during the period ended September 30, 2021 and incurred drilling costs of \$852,210, field camp/accommodations costs of \$306,499 and helicopter costs of \$524,860. These exploration disbursements total 92% of the total exploration funds disbursed during the quarter.

Three months ended September 30, 2021 compared to three months ended September 30, 2020:

The Company had a net loss of \$604,368 (Q3 2020 – income of \$10,404) during the period. Operating costs were \$841,205 (Q3 2020 - \$201,476) and other income totalled \$236,837 (Q3 2020 - \$211,880).

Other income is detailed on the statements of operations and comprehensive income (loss) and includes interest income, finance income (from premises sublease), amortization of discount (interest on lease liability) and other income on settlement of flow-through share premium liability.

The main component of the other income items is other income on settlement of flow-through share premium liability which was \$233,523 in the current period and \$204,895 in the comparative period, recorded as a result of the Company incurring certain qualifying exploration costs which reduces the flow-through share premium liability.

Operating costs increased \$639,729 during the period compared to last year. This increase is mainly composed of a \$403,682 increase in share-based compensation and a \$208,929 increase in advertising, marketing and promotion expenses which together comprise 96% of the total change in operating expenses.

In the current quarter, 1,900,000 stock options were granted at an exercise price of \$0.39 per share and following the Black-Scholes pricing model, the fair value of the option grant was estimated at \$403,682, while in the comparative period, no stock options were granted or vested and therefore no share-based compensation was recognized.

With regard to advertising, marketing and promotion, we have previously discussed that beginning in Q3 2020, the Company began to move its community, investor and shareholder outreach efforts on-line, as did most other public companies that required new platforms to interact with stakeholders. At that time, we spent \$40,612 on a US focussed branding and awareness campaign consisting of native advertising on online market sector publishers, design and hosting of content landing pages for conversion of targeted audience to qualified email leads, along with placement of retargeting cookies for later advertising campaigns through digital ads. Moving forward one year to the current period finds us having utilized further retargeting campaigns which included landing pages in conjunction with developing our social media channels (also discussed in the above section, “*Three months ended September 30, 2021 compared to three months ended June 30, 2021:*”). The Company incurred total advertising and marketing costs of \$262,412 during the current period of which 96% was incurred on web-based branding and market awareness and investor engagement forums during these challenging periods in the exploration mining sector.

Consulting fees during the period consist of related party fees of \$57,000 (Q3 2020 - \$54,000) and third-party fees of \$57,264 (Q3 2020 - \$41,000). Of these third-party amounts, \$24,954 (Q3 2020 - \$14,750) is for head office HR and \$32,310 (Q3 2020 - \$26,250) are fees to German-based companies that were engaged to offer capital markets assistance and make introductions to investors and market participants. The pandemic necessitated the establishment of a presence in Europe, especially Germany, where many Canadian exploration companies list their shares due to strong relative investor interest. Similarly to our email advertising and branding campaigns, these German consulting contracts also ended in Q3 2021, and we expect to see much lower third party consulting fees in Q4 2021.

Nine months ended September 30, 2021 compared to nine months ended September 30, 2020:

The Company had a net loss of \$1,536,615 (2020 - \$239,939) for the nine-month period, comprised of operating costs and other income and expenses. Operating costs rose from \$497,699 in 2020 to \$1,854,468 in 2021. Other income and expenses totalled income of \$317,853 (2020 - \$257,760). The other income/expenses are comprised of interest income, finance income, finance expense, gain on settlement of accounts payable and other income on settlement of flow-through premium liability, the last of which is the largest component at \$276,873 (2020 - \$227,786).

The significant increase in operating costs compared to last year is mainly due to three factors: Share-based compensation was \$645,490 (2020 - \$Nil), advertising, marketing and promotion

increased \$464,672, and third-party consulting fees increased \$183,767, which together comprise 95% of the total increase in operating costs.

Share-based compensation is a book entry for the estimated fair value of vested stock options, following the Black-Scholes Pricing Model with the current period amount of \$645,490 composed as follows: An amount of \$222,280 was determined and recorded as the fair value of 670,000 stock options that were granted to consultants in April 2021, \$403,682 was estimated as the fair value of 1,900,000 stock options that were granted and vested in September 2021 and a further \$19,528 was recognized as share-based compensation in respect of investor relations stock options that were granted in 2020 but which vested in the current period. No stock options were granted or vested during the period ended September 30, 2020.

Advertising, marketing and promotion costs increased from \$74,296 in 2020 to \$538,968 in 2021. We have noted that the Company began investing in online-based marketing campaigns to reach investors and engage stakeholders starting a few months after the COVID-19 pandemic began. We continued those efforts into September 2021 at which time the contracted terms of those marketing campaigns ended. Such expenditures over the past year have served to increase public awareness earlier in the exploration season, introduce the Company to new market participants, expand the Company's communication portals and maintain trading liquidity. The Company expects to continue certain advertising and marketing expenses such as a monthly Stockhouse.com subscription, occasional magazine advertisements, video interviews and re-circulation of press releases through web-based marketing agencies, with all these costs totalling \$69,714 (2020 - \$33,684).

Consulting fees for the current period are \$457,487 (2020 - \$254,720) with the related party fee portion increasing \$19,000 from \$162,000 to \$181,000 and third-party fees increasing \$183,767 to \$276,487 from \$92,720. As discussed, in September 2020 the Company decided to build its profile in Germany by entering into agreements to provide advice and introductions to the capital markets in Germany, and to diversify investor interest during the pandemic. The agreements had terms that ended in September 2021. For the current period, the Company spent \$127,450 on these fees, compared to \$20,000 in 2020. In the current period, the Company also engaged a Toronto-based capital markets and corporate finance firm to expand the awareness of the Company through its investment banking division at a cost of \$60,000, the contract of which ended in June 2021. The balance of \$89,037 was for consulting fees to regular Company workers at the head office.

During the nine-month period, a total of \$2,827,443 (2020 - \$1,578,059) was capitalized to exploration and evaluation assets. In both periods, it was during Q3 when the overwhelming majority of these expenditures were recognized, making up 83% (2020 - 89%) of the year-to-date expenditures, due to the drilling programs that began in Q3 in both 2021 and 2020. However, in 2021, the drilling program ran from July 27 to October 23 while in 2020 the drilling program ran from September 8 to November 4. In both years, the Company used a single drilling rig. Accordingly, the current period includes 65 days of drilling compared to 22 days in 2020 which explains the \$1.3 million increase in exploration costs compared to 2020.

With regard to cash flows, the inflows from equity issuances were \$3.8 million (2020 - \$Nil). The Company disbursed \$2.5 million (2020 - \$1.1 million) on exploration and \$1.3 million (2020- \$0.5 million) on operations, including exploration advances. Overall, cash resources in 2021 remained substantially the same, beginning and ending the nine-month period at \$2.3 million. In 2020, cash resources declined from \$1.6 million to \$0.8 million.

Liquidity and capital management

The Company endeavors to maintain appropriate levels of capital and liquidity. Sufficient liquidity is required to meet liabilities and obligations as they become due. The Company has no commercial operations or source of revenue, and no externally imposed capital requirements other than those specified under continuous listing requirements. The Company's capital is therefore its issued share capital. The capital required for operations and property exploration is expected to continue to come from the issuance of common shares or units for the foreseeable future. The Company's objectives of capital and liquidity management are to fund critical exploration work, meet on-going liabilities, maintain creditworthiness, minimize shareholder dilution and to ultimately maximize returns for shareholders over the long term. The Company continually assesses 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.

At the date of this report, the Company has total working capital of \$1.2 million as follows:

<u>Working capital, November 26, 2021</u>	
	(\$000's)
Cash and cash equivalents	\$ 1,206
Receivables	166
Prepaid expenses and retainers	14
Due from related parties	48
Accounts payable and accrued liabilities	(147)
Flow through premium liability	(68)
Short term lease liability	<u>(30)</u>
Total net working capital	<u>\$ 1,189</u>

Management believes its has sufficient working capital for the ensuing year.

Outstanding share information

There are 52,839,878 common shares outstanding as of the date of this report, unchanged from September 30, 2021. During the nine-month period ended September 30, 2021, the Company issued 8,779,445 shares of which 1,175,000 shares were for stock options exercised at \$0.10 per share and 7,604,445 shares were issued under a private placement (the "Financing"). No shares were issued during the three-months ended September 30, 2021.

On May 10, 2021, the Company announced the closing of the Financing, a two-tranche non-brokered placement totalling \$3.7 million consisting of 6,090,000 flow-through units at a price of \$0.50 per unit and 1,514,445 non-flow-through units at a price of \$0.45 per unit.

Each flow-through unit consists of one flow-through common share and one-half of one non-flow-through, non-transferable share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share at a price of \$0.70 per share for a 2-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 of December 31, 2021. A flow-through share premium is calculated at the time of issuance as the price differential between the two types of units or shares concurrently issued. Qualifying exploration expenses incurred subsequent to the

flow-through financing will “flow” to the flow-through subscribers as a deduction on their personal income tax returns.

Each non-flow-through unit of the Financing consists of one common share and one-half of one non-flow-through, non-transferable share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share at a price of \$0.65 per share for a 2-year period.

Total finders’ fees of \$13,800 were paid and 27,600 finders’ warrants were issued in respect of the Financing, exercisable at \$0.50 per share for a two-year period, and which were valued at \$6,207 following the Black-Scholes pricing model. Other Financing issuance costs of \$21,688 were incurred for filing fees, legal fees and associated transfer agent fees.

Stock options

At the date of this report, there are 4,880,000 stock options outstanding, unchanged from September 30, 2021. During the period ended September 30, 2021, stock options were granted as follows:

- 550,000 stock options were granted to consultants, exercisable at \$0.50 per share for five years and which fully vested upon grant;
- 120,000 stock options were granted to a consultant, exercisable at \$0.45 per share for two years and which also fully vested upon grant; and
- 1,900,000 stock options were granted to directors, officers and consultants, exercisable at \$0.39 per share for five years and which fully vested upon grant.

The fair values of the option grants listed above were \$194,735, \$27,545 and \$403,682 respectively, following the Black-Scholes pricing model.

During the period ended September 30, 2021, directors, officers and consultants exercised all 1,175,000 outstanding stock options at \$0.10 per share which would have otherwise expired on April 23, 2021.

The following weighted average parameters were used for determination of fair value of the options granted in the current period (described above), as well as for the determination of the fair value of Finders’ Warrants issued under the Financing:

Risk-free interest rate	0.64%
Expected life	4 years
Annualized volatility	102.8%
Forfeiture rate	0%
Dividends	0%
Weighted average fair value of options	\$0.26

Changes in stock options:

	Number of stock options outstanding	Weighted average exercise price
Balance, December 31, 2020	3,485,000	\$ 0.59
Options exercised	(1,175,000)	0.10
Options granted	2,570,000	0.42
Balance, September 30, 2021 and November 26, 2021	4,880,000	\$ 0.62

The outstanding stock options at the date of this report are as follows:

Expiry Date	Number of Options	Vested and exercisable	Exercise Price (\$)
August 18, 2022	760,000	760,000	0.39
April 23, 2023	120,000	120,000	0.45
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	450,000	0.40
April 12, 2026	550,000	550,000	0.50
September 27, 2026	1,900,000	1,900,000	0.39
Total outstanding options	4,880,000	4,880,000	0.62

Warrants

As at the date of this report, there are 11,788,154 share purchase warrants outstanding, unchanged from September 30, 2021 as follows:

	Number of Warrants outstanding	Weighted average exercise price
Balance at December 31, 2020	8,906,903	\$ 0.73
Warrants expired	(948,571)	1.60
Warrants issued	3,829,822	0.69
Balance at September 30, 2021 and November 26, 2021	11,788,154	\$ 0.65

Outstanding warrants:

No. of warrants outstanding at September 30, 2021	Number of Warrants exercised	No. of warrants Outstanding at November 26, 2021	Exercise Price	Expiry Date
380,555	-	380,555	0.65	April 30, 2023
2,985,000	-	2,985,000	0.70	April 30, 2023
24,000	-	24,000	0.50	April 30, 2023
376,667	-	376,667	0.65	May 7, 2023
60,000	-	60,000	0.70	May 7, 2023
3,600	-	3,600	0.50	May 7, 2023
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
11,788,154	-	11,788,154		

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), Mr. Dave Dupre (Vice-President of Exploration), and Dr. Abdul Razique, Vice-President, Geoscience Services who was promoted on June 1, 2021 from the position of Chief Geologist.

Dr. Razique is responsible for all the technical services including, but not limited to, planning and designing of the exploration surveys and overseeing drilling programs. He has taken a lead role in the Company, continuing to build on a strong geological team focused on generating robust 3D geological models for the exploration and discovery of porphyry, shear-vein gold and Volcanogenic Massive Sulphide (“VMS”) deposits at the Kirkham Property.

During the period ended September 30, 2021, there were no changes to the Company's Board of Directors. 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) 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;
- d) 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;

- e) Magma Geosciences Inc. is a company controlled by the Vice-President of Geoscience Services (the position was established June 1, 2021), and which provides geological consulting services to the Company, the amounts of which are capitalized as geological costs under exploration and evaluation assets; and
- f) Etruscus Resources Corp., a public company related through two common directors and a common officer, subleases office space from the Company, shares certain administrative expenses and also shared an exploration camp this past summer.

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 period ended September 30, 2021	Transactions for the year ended December 31, 2020	Balance receivable as at September 30, 2021	Balance payable as at December 31, 2020
Avanti Consulting Inc.	(a)	\$ 113,000	\$ 132,000	\$ -	\$ -
Lever Capital Corp.	(b)	68,000	84,000	-	-
D.G. Dupre and Associates Inc.	(c)	48,500	60,000	-	-
DRW Geological Consultants Ltd.	(d)	-	2,500	-	(210)
Magma Geosciences Inc.	(e)	44,000	-	-	-
Etruscus Resources Corp.	(f)	-	-	15,380	-
Total		\$ 273,500	\$ 278,500	\$ 15,380	\$ (210)

The Company subleases ½ of its office space to Etruscus Resources Corp. (“ETR”), a public Company related by two common directors and a common officer. The sublease began July 1, 2019 under a three-year term. The companies also share certain office expenses, and some exploration costs are shared or reimbursable. Accordingly, day-to-day operations occasionally have non-significant receivables or payables due from or to ETR, respectively.

Loans to related parties:

During the period ended June 30, 2021, directors and officers exercised 850,000 stock options for cash proceeds of \$85,000. Income tax and CPP was recorded in respect of the option benefit at the time of exercise. The Company remitted the amounts to the Canada Revenue Agency (“CRA”), and recorded the amounts as loans receivable, totalling \$48,119. The loans have a one-year term, are payable on demand and mature on May 15, 2022, with interest at CRA prescribed rates, currently 1%. As at September 30, 2021, accrued interest receivable was \$180 for total loans and interest receivable of \$48,299.

Advisory Board

On April 13, 2021, the Company announced the appointments of Dr. Michelle Campbell and Mr. Charlie Greig to its Technical Advisory Board, which now also includes founding member Lawrence Roulston (appointed April 2014), Stephen Wetherup (appointed April 2017), Dr. Farhad Bouzari and Mr. Andrew McIntosh (both appointed April 2020).

Dr. Campbell and Mr. Greig joined the team with a singular objective of providing technical and strategic guidance on the 2021 drilling program at the Kirkham Property. The clear deliverable of the upcoming program will be to target the deeper higher-grade copper-gold mineralized zones of the 7.5 km-long Hawilson Monzonite porphyry complex lying within the Property. These two highly qualified additions to the Advisory Board bring a wealth of knowledge to the table, which includes their recent work on major resource projects in the immediate area.

Charlie Greig – Principal, C.J. Greig and Associates Ltd.

Charlie Greig is a geologist with forty years of geological experience, mainly in the exploration sector. He was most recently the VP Exploration for GT Gold until its acquisition by Newmont Corporation earlier in 2021. He has worked on exploration projects, mainly as a mapper, ranging from grassroots to development. Charlie has mapped, or worked on, several projects which have subsequently been taken to production, including La India in Mexico (Grayd–Agnico Eagle), Wolverine in Yukon (Atna-Westmin, Yukon Zinc), Alamo Dorado in Mexico (Corner Bay-Pan American Silver), Bisha (Nevsun) and Emba Derho (Sunridge Gold) in Eritrea, and Brucejack (Pretium) in B.C. He has also worked on a number of other advanced exploration projects including Asmara (Adi Nefas, and Debarwa, for Sunridge Gold), Red Mountain (Lac Minerals, Seabridge, IDM, Ascot), Casino (Western Copper and Gold), Silbak Premier-Big Missouri (Westmin, Ascot Resources), and the recently discovered Saddle North porphyry Cu-Au and Saddle South epithermal Au-Ag zones for GT Gold, for which he was awarded the 2020 H.H. “Spud” Huestis Award by AME (the Association for Mineral Exploration of British Columbia) for significant contributions to enhancing the mineral resources of BC and the Yukon Territory.

Dr. Michelle Campbell – Senior Geologist, PhD., Seabridge Gold

Dr. Campbell obtained her Ph.D. in economic geology from Oregon State University in 2020, and her M.Sc. in geological sciences from UBC in 2012. She has worked for several different mineral exploration companies in Canada and Australia during the last 14 years. Since 2013, Dr. Campbell has worked in British Columbia's Golden Triangle and her Ph.D. research focused on the magmatic evolution, hydrothermal alteration, and geochronology of Seabridge Gold's KSM porphyry Au-Cu-Mo-Ag district. Dr. Campbell's expertise includes the interpretation and modelling of geochemical, shortwave infrared, and mineralogical data in porphyry-copper systems.

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

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.

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.

COVID-19

Future economic and business impacts caused by the pandemic cannot be estimated. The nature of the COVID-19 pandemic is changing as new variants emerge and governments continue to adjust their protocols. There is currently no certainty regarding the long-term effectiveness of vaccines developed or under development. Future operating disruptions and volatile supply chain disruptions may continue to occur as a result of the pandemic. Government regulations may change at any time, impacting operating procedures, including possible economic closures. Financial markets continue to be impacted by the pandemic.

Climate Change

Global reporting standards for climate change risks are not yet firmly established, but several international reporting frameworks are currently being used, mostly by blue-chip entities. The extent of climate change and its impact on the Company's future operations cannot be determined. However, it is important to note that climate change may create environmental conditions that affect the Company's ability to execute its exploration programs or access its properties, and it may also affect the regulatory environment. Future mine development would need to recognize carbon impacts and be accompanied with decarbonization strategies.

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 continue 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 could 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 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 all key stakeholders in the planning and development processes, being transparent through communications, dialogue and education, and providing additional social governance and environmental sustainability reporting. Garnering community and public support for continued exploration, future mine development and construction includes public engagement and involvement of all 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 current Communication and Opportunity Sharing Agreements in place. The Tahltans' fundamental 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 apprised of 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, net investment in sublease, accounts payable, lease liability and amounts due to related parties.

As at September 30, 2021, the Company had cash and cash equivalents of \$2.3 million (December 31, 2020 - \$2.3 million) comprised of cash in bank of \$1.1 million (December 31, 2020 - \$1.1 million) and Guaranteed Investment Certificates and money market instruments totalling \$1.2 million (December 31, 2020 - \$1.2 million).

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 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, 2021 are the same as those described in the annual financial statements for the year ended December 31, 2020.

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 is 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 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 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 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 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, 2021, the Company had cash and cash equivalents of \$2.3 million (December 31, 2020 - \$2.3 million) to settle total current liabilities of \$0.6 million (December 31, 2020 - \$0.3 million). At September 30, 2021, there are no long term liabilities. Previously the only long term liability was the lease liability, which has a term ending on June 30, 2022. The Company has sufficient liquidity for its 2022 Phase I field exploration programs and its expected working capital requirements over the ensuing year.

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 convertible debt, joint ventures, 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, 2021, are the responsibility of management. In the preparation of these reports, judgements and estimates, previously discussed in this MD&A, 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 accurately 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 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.